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FACULTY OF ARTS
DEPARTMENT OF SOCIOLOGY AND SOCIAL WORK

**THE EFFECTIVENESS OF GOVERNMENT INITIATED YOUTH
ENTREPRENEURSHIP SUPPORT IN BUSIA COUNTY**

BY
MANG'ENI AUMA SUSAN
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DECLARATION

This research project is my original work and that to the best of my knowledge has not been submitted in any other institution of higher learning for award of a degree in any program

Signature.....

Date.....

Mang'eni Auma Susan

C50/65063/2013

This research project has been submitted for examination with my approval as the University supervisor.

Signature.....

Date.....

Dr. Karatu Kiemo

Department of Sociology and Social Work

University of Nairobi

DEDICATION

This work is dedicated to my late parents. They are the foundation of my education and cornerstone of my hard work.

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My heartfelt gratitude goes to everyone who assisted me in bringing this project to completion. To my supervisor, Dr. Kiemo, I'm highly indebted for the many hours you invested in guiding me through this project. Your intellectual disposition and your passion to bring out the best in me has led to this great height.

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LIST OF ABBREVIATIONS

AGPO	Access to government procurement opportunities
CRB	Credit Reference Bureau
FIs	Financial Institutions
GEM	Global Entrepreneurship Monitor
ICT	Information communication Technology
IFMIS	Integrated financial management system
KER	Kenya Economic Report
KI	Key informant
KIPPRA	Kenya Institute for Public Policy Research and Analysis
LPO	Local Purchase Order
LSO	Local Service Order
NYDA	National Youth Development Agency
OECD	Organization for Economic Cooperation and Development
SMEs	Small Medium enterprises
UNCTAD	United Nations Conference on Trade and development
YAGPO	Youth Access to government procurement opportunities
YBI	Youth Business Index
YEDF	Youth Enterprise Development Fund
ZDA	Zambia Development Agency

ABSTRACT

Entrepreneurship has gained increasing attention from governments and development actors across the world as an alternative source of employment and wealth creation for the youth. The Kenya government has for the last two decades invested in interventions aimed at enabling youth entrepreneurship in the economy. YEDF and AGPO are such interventions that enable youth entrepreneurs' access to finance and government procurement opportunities respectively. The study assessed the effectiveness of government initiated Youth entrepreneurship interventions in Busia County. The objectives of the study were to determine the rural youth entrepreneurial profile; the level of access and utilization of YEDF and AGPO; establish barriers to the effective access and utilization of YEDF and AGPO and finally determine measures for enhancing effective access and utilization of YEDF and AGPO. The study population entailed YEDF beneficiaries in Busia County spanning the period between 2016- 2018. A multi-stage sampling that employed both probability and non-probability techniques was used to draw the appropriate sample for the study. The first stage of sampling employed purposive techniques in selecting the three (3) constituencies out of the seven (7) that constitute Busia County. Matayos, Funyula and Teso South were purposively selected to ensure regional and ethnic balancing in the study. Proportionate stratified sampling technique was then used to draw a sample size of 104 from a study population of 141 and thereafter convenience sampling was used to draw the sample for the study. The study findings indicate a low access and utilization of YEDF and AGPO initiatives in Busia County. Barriers were identified, the key one being the inadequacy of the initiatives models in addressing the specific entrepreneurial needs of the youth entrepreneurs within the rural contexts such as Busia County. Recommendations were made including the need for the government to review the youth entrepreneurship support models and align them to the specific entrepreneurial needs of the youth in different context for the maximum impact.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Entrepreneurship is increasingly attracting significant attention globally as an appropriate intervention for improving the livelihoods of the unemployed youth owing to its potential for self-employment and economic growth. Most developing countries Kenya included, are bombarded with a youth bulge¹ a phenomenon that can be turned into a dividend if well exploited or deepen youth unemployment consequently casting a bleak future for the majority of the potentially productive segment of the population (World Bank Report, 2016).

The young people in Kenya aged between 15-34 years account for about 35% and 60% of the total population and the Kenyan labor force respectively (KIPPRA *Kenya Economic Report*, 2015). Consequently 78% of the Kenyan population falls below the age of 35 years, and the youth unemployment rate stands at 40% constituting 72% of the total unemployed in the country (World Bank Kenya report, 2016). Further, 62.2% of the youth are found in the rural areas (Kenya National Bureau of Statistics Census report, 2009), putting therefore more pressure on the government to avail economic empowerment opportunities to the youth in rural areas, not only as a measure of enhancing their livelihoods but also as a way of deterring the high prevalence of rural urban migration.

The challenge of unemployment and underemployment in Kenya nonetheless, remains significantly a challenge of the youth across the board (UNDP human development report, 2009). Available statistics point to lack of appropriate skills among majority of youth entering the job market. KIPPRA (2015) notes that whereas over one million youth enters the Kenyan labor market annually, most of them lack competitive skills for the existing job market.

The Kenyan government for over a decade has increasingly invested in measures that promote entrepreneurship among its youth as a potential way of getting them to the labor market (Vision

¹ Youth bulge is a phenomenon that occurs when over 20% of the total population of a country is occupied by young people between the age of 10-24

2030 flagship report, 2014). The Youth enterprise Development Fund (YEDF) launched in 2006; the Uwezo Fund (2013) and the 30% Access to Government Procurement Opportunities² (AGPO) also initiated in 2013, are some of the Kenya government youth interventions aimed at promoting youth entrepreneurship by enabling access to finance and sustainable markets (Vision 2030 *flagship report*, 2014 & Ng'ang'a, 2017).

Youth entrepreneurship is regarded not only as a driver for job creation, but also as a contributor to sustainable economic growth in the sense that as entrepreneurs create new businesses, they also drive and shape innovations thereby speeding up structural changes in the economy and consequently leading to a competitive business environment that enhances productivity (Global Entrepreneurship Monitor, 2013).

Studies have shown that many young people across the world are more confident than their adult counterparts to venture into business (Youth Business International, 2016). Sub Saharan Africa which is most affected by the youth unemployment and now the youth bulge (World Bank Kenya report, 2016), shows positive response among its youth who exude confidence in their capability and opportunity for business startups³. However, this confidence is often lowered by the existing barriers that tend to hinder youth entrepreneurial intentions including lack of capital, limited market, lack of business skills and financial literacy, lack of links to professional networks, complex regulatory environment, lack of property rights, and over regulated information and communication technology sector (Global Entrepreneurship Monitor, 2016).

Youth access to finances is recognized world wide as a constraining barrier for youth start-ups and growth of enterprises. Collateral requirements, high banking fees, inadequate youth friendly products, and lack of financial literacy are key bottlenecks that impede the youth from accessing finance for their start-ups or expansion of their business from the conventional debt financing institutions (Mabasa, 2017 & UNCTAD *policy guide on youth entrepreneurship*, 2015). The 2018 global entrepreneurship index report, lays emphasis on the need for the youth to access Financial

² In 2013 the government made changes to the procurement law to accord the youth, women and persons with disability with 30% access to government procurement opportunities.

³ Youth Business International. Generation Entrepreneur, the state of global youth entrepreneurship 2013

services arguing that these services help the youth to build assets and become better prepared to face the increasing business financial needs.

Kenya is ranked positions 12 and 109 regionally and globally respectively in 2018 Global Entrepreneurship index. Accordingly, the report indicates that Kenya scored highly in the area of product innovation but poorly in start-ups skills, risk acceptance, internationalization and risk capital areas. The report confirms opportunities in innovation as well as major barriers confronting Kenya youth entrepreneurs in their attempt to access finance and support networks.

Globally, the need to incentivize youth entrepreneurship as a measure of increasing opportunities for job creation has been recognized and many countries have developed measures aimed at enhancing entrepreneurship skills, access to finance and markets among others (UNCTAD 2015). South Africa and Zambia like their Kenyan counterpart, have established National Youth Development Agency (NYDA) and Zambia Development Agency (ZDA) respectively to enable youth entrepreneur's access financial and market linkages (Mabasa, 2017). The agencies run programs that provide business skills, seed capital and market linkages to the youth entrepreneurs (ibid).

In Kenya, YEDF and the AGPO are the leading government youth entrepreneurship support initiatives promoting youth entrepreneurship by enabling access to finance and sustainable markets (Vision 2030 flagship report, 2014 & Ng'ang'a, 2017). The YEDF mandates include provision of easy access to credit, provision of business development services and market linkages (YEDF strategic plan, 2013-2017). The fund has now been in existence for over a decade and over KES 9.3 billion affordable loans have been disbursed to over 260,553 youth and further, 300,000 youth trained on enterprise development (Vision 2030 *flagship progress* report, 2014).

Equally, the Youth Access to Government procurement opportunities (YAGPO) is an affirmative action aimed at increasing participation of youth in government procurement. The initiative came to being following the Presidential directive in 2013 that directed 30% of all government

procurement opportunities to disadvantaged groups in the economy including, youth, women and persons with disability (Gatere & Shale, 2014). So far as at September 2017, a total of 25,549 youth enterprises had been registered and certified of AGPO and over 23,626 tenders awarded to the youth (Ng'ang'a, 2017).

Most of government entrepreneurship incentives are however faced with challenges of inability of the majority of the targeted youth to access them (GEM, 2011). This is attributed to the generic nature of national level programmes that often lack the insight and nuanced adaptation necessary to be effective in a wide range of varied local contexts (Chigunta et al., 2005). Most empirical studies also note that, these initiatives have little systematic impact evaluation and lack robust evidences about what works best in different contexts (GEM, 2011).

In a study on rural youth entrepreneurship in Kenya and Uganda; Namatovu, Dawa, Mulira, Katongole & Nyongesa (2012) established that, the rural youth entrepreneurs in Kenya despite the existence of YEDF, experienced binding constraints including limited access to finance and inadequate markets for their products. Further, the study notes that the YEDF model does not take into consideration specific challenges facing the rural youth arising from their geographical isolation with limited opportunities and exposure, compared to their urban counterparts.

Equally, AGPO uptake is still considerably low among the target groups (Ng'ang'a, 2017). In a study, to assess the influence of the AGPO on women entrepreneurs, Nganga cites challenges such as stringent regulations involved in acquisition of the AGPO certification, corruption during the awarding of tenders and lack of financing to service the tender as deterring the access and utilization of the AGPO initiative. Other challenges included the delayed payment from the exchequer, tender notices, which don't reach in time all the target beneficiaries (ibid).

1.2 The Problem Statement

The Kenyan government continues to invest in measures seeking to promote entrepreneurship among the youth as an alternative source of job and wealth creation (Vision 2030 flagship status

report 2014). YEDF and AGPO are some of the government youth entrepreneurship support initiatives aimed at enabling access to finance and sustainable markets.

However, whereas these initiatives are conceptually laudable, majority of youth entrepreneurs across the country are yet to benefit from them as evident in the existing empirical findings. The Kenya youth survey (2016) by Aga Khan University established that only 52% of the youth surveyed reported to be aware of the government youth entrepreneurship support initiatives out of which 76% had not benefitted from them.

The situation is exacerbated among the rural youth entrepreneurs owing to their geographical isolation, which exposes them to poor infrastructure, high poverty levels, low literacy levels, lack of role models and social networks, and lack of capacity to exploit the existing opportunities compared to their urban counter parts (Namatovu et al, 2012).

Further, empirical findings reveal that most of the existing youth entrepreneurship programmes in Kenya assume homogeneity of youth entrepreneurs. KIPPRA (2015) economic report, shows that YEDF and AGPO initiatives have best fit all models that are not tailored to specific socio-economic realities of different contexts within which the youth entrepreneurs belong.

The study sought to investigate the effectiveness of the government youth entrepreneurship support initiatives, specifically YEDF and AGPO in enabling youth entrepreneurship in Kenya. The study interrogated the level of access and utilization of the initiatives by the youth entrepreneurs with an aim of identifying barriers and measures for adapting the initiatives for maximum impact. The study was conducted in Busia County, which has a rural population of about 80% (Busia County Development profile, 2013).

1.3 Research questions

1. What is the entrepreneurial profile of rural youth entrepreneurs?
2. What is the level of access and utilization of YEDF and AGPO initiatives?

3. What barriers do youth entrepreneur experience during the access and utilization of YEDF and AGPO initiatives?
4. How should YEDF and AGPO be adapted for maximum impact in the rural context?

1.4 Objectives of the study

1. To establish the entrepreneurial profile of the rural youth entrepreneurs
2. To investigate the extent to which the rural youth entrepreneurs access and utilize YEDF and AGPO initiatives.
3. To establish barriers to effective access and utilization of YEDF and AGPO initiatives by the rural youth entrepreneurs.
4. To establish measures of adapting YEDF and AGPO programmes in the rural context for maximum impact

1.5 The significance of the study

The study sought to establish the level of access and utilization of YEDF and AGPO initiatives on youth entrepreneurship in the rural context with an aim of identifying barriers and consequently measures of adapting the initiatives to enhance their effectiveness.

Accordingly, the identification of barriers, in away highlighted the importance of contextualizing environment in which the youth belong, during the design, and implementation of youth entrepreneurship interventions. The study findings therefore informs, policy actors and programme implementers on how to prioritize and adapt government youth entrepreneurship support initiatives in the rural context for maximum impact.

Further, there's limited empirical data on youth entrepreneurship and specifically on the youth entrepreneurship in the rural context. The limited attention accorded the concept of youth entrepreneurship lack in-depth analysis from researchers because the youth are often treated like a homogenous group (Chigunta, 2002 & Schoof, 2006 cited in Namatovu et al, 2012). The study findings will therefore contribute to the wanting empirical literature.

1.6 Scope and limitations of the study

The study focused on the status of access and utilization of YEDF and AGPO initiatives within Busia County, between the period spanning 2016-2018. The study interrogated the effectiveness of the two initiatives with regard to their models i.e. their design and implementation process and their attendant influence on their access and utilization by the rural youth entrepreneurs. Therefore the study was limited only to assessing the access and utilization of the initiatives by the rural youth entrepreneurs and not so much on the resultant impact of their entrepreneurial activities.

The study also focused only on the already engaged youth entrepreneurs by YEDF and not potential youth entrepreneurs because the experience is central in informing the assessment of the effectiveness of the initiatives. Similarly owing to logistical implications, the study only covered three (3) of the seven (7) constituencies of Busia County namely Matayos, Funyula and Teso South constituencies.

1.7 Definitions of Key terms

The study adopted operational definitions of the following terms appearing frequently in the text.

Access in this text refers to the means or opportunity that entrepreneurs have to approach YEDF and AGPO initiatives.

AGPO beneficiaries refers to youth entrepreneurs who have engaged AGPO

Enterprise is the business activity performed by the youth entrepreneur

Key informants are YEDF officers interviewed in the study.

Fund refers to YEDF

Utilization refers to acquisition and usage of YEDF and AGPO initiatives by the youth entrepreneurs.

YEDF beneficiaries are the youth entrepreneurs who have engaged YEDF

YEDF officers refers to the officers of the YEDF deployed within Busia County

Youth refers to an individual aged between 18-35 years old

Youth entrepreneur refers to a youth who is in business and is a beneficiary of YEDF and AGPO initiatives.

Youth entrepreneurship refers to any attempt by the youth to a new business or new venture creation, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

The chapter reviewed empirical and theoretical literature underpinning the concept of youth entrepreneurship from the global and local perspectives. The chapter is organized in line with the study objectives and presents contending perspectives on government youth entrepreneurship interventions, the rationale, access and utilization in the rural context and the key barriers.

2.2 The Evolving Concept of Entrepreneurship

There's yet to be established an agreeable definition of the concept entrepreneurship among the scholars. Most scholars are divided between the supply side definition, which tend to define entrepreneurship based on the personal traits of the entrepreneur and the demand side definition that conceptualizes entrepreneurship from the function of the entrepreneur in the economy (Low, 2009). The lack of a clear theoretical sound definition and an appropriate measure of entrepreneurship hinders effective policymaking and research (ibid).

Richard Cantillon (1755), regarded as the progenitor of the entrepreneurship concept, defined an entrepreneur as an individual who capitalizes on the discrepancies created by the demand and supply which avails opportunities for buying cheaply and selling highly in a foreseeable future (Rocha, 2012). Cantillon's work formed the basis for emergence of contending perspectives by his successors that hinge on ownership/operator, risk taking and uncertainty and innovation attributes of an entrepreneur that continue to inform the prevailing definitions (Drucker 1974, Kirzner 1999, Knight 1921 & Schumpeter 1911)

Rocha (2012) observes that the current entrepreneurial literature has gained entrance into economic thought following the explicit role of small businesses in the economic development, an aspect that had eloped classical thinkers. Casson (2003) cited in Low (2009) postulates that, as the field of economic entrepreneurship develops, the function of entrepreneurs in the economy

receives more attention, hence shifting the literature from the supply side (trait based) to the demand side approach.

Schumpeter (1931), is credited to have imbued life into entrepreneurship by bringing it to the economic frontage when he visualized an entrepreneur as an individual who innovates new combinations i.e. product, process, organization, market, and sources of raw materials thereby speeding up structural changes in the economy through creative destruction to the passive market (Low, 2009 & Rocha, 2012).

The increased global attention to entrepreneurship justifies the functional perspective of it. Many economies both developed and developing appreciate the central function that small enterprises play in the economy (GEM, 2016). Entrepreneurship therefore is regarded mostly from an economic functional perspective.

2.3 The rationale for youth entrepreneurship in the economy

Youth entrepreneurship is increasingly being promoted globally as an appropriate intervention for confronting youth unemployment challenges across many economies (UNCTAD, 2015).

Chigunta (2005) defines youth entrepreneurship as the practical application of enterprising qualities such as initiative, innovation, creativity, and risk taking into work environment; either in self employment or in employment in small start ups, using appropriate skills necessary for success in that environment and culture.

Further, Chigunta (2005), notes that youth entrepreneurship presents immense benefits to the society not only for its job creation potential but also the opportunity to promote a strong and diverse cultural identity, as well as raising the degree of competition in the market hence creating better goods and services for the consumer.

Youth entrepreneurship has grown its significance owing to the propensity of the youth to engage in self-employment compared to the adults (GEM, 2011). However, the rate of self –employment among the youth is considerably less because of barriers related to lack of awareness, orientation

of education and training, fewer financial resources, limited social networks and market barriers (OECD & EU Commission, 2014).

Green (2013) observes that youth entrepreneurship has the potential of deepening the human capital such as self-reliance and skills development among the youth, leading to an increase in their level of happiness. A young person, who establishes a successful enterprise in a socially excluded community, will most likely act as a role model to his/her fellow young people who could in turn look at entrepreneurship as a mechanism for solving their socio-economic disadvantages thereby improving their livelihood (ibid).

In Kenya, the establishment of the Youth enterprise Development Fund in 2006 marked the government traction towards youth entrepreneurship. The fund, one of the flagship programmes of the Kenya Vision 2030, has a strategic focus on enterprise development as a key strategy of increasing economic opportunities for and participation of youth in the nation building (YEDF strategic plan, 2013-2017). Kenya is among developing countries hit by the youth bulge and as such, faced with the predicament of finding ways of creating enough jobs to accommodate the exponential growth of the youth population in order to reap the youth bulge dividend (GOK *Ministerial Statement on Youth Employment*, 2014).

The Kenyan vision 2030 propels youth entrepreneurship as a major opportunity for youth economic empowerment. The underlying assumption is that through small businesses, youth shall be able to do business that creates for them employment opportunities and make them important participants in the economic development agenda of the nation (Kenya vision, 2030).

Conversely, entrepreneurial scholars caution against over-reliance to youth entrepreneurship as a ‘mass’ or a wide ranging solutions which can cure all society’s ills (Green, 2013). In other words they warn that much as countries promote youth entrepreneurship, it will be fallacious to expect every unemployed youth to successfully venture into entrepreneurship.

Pantea (2014), in support of Greene (2013), observes that entrepreneurial activities involve high opportunity costs and require capacity to accept responsibility for assets and liabilities which majority of the youth may not have within their reach. Besides, youth entrepreneurs are often subjected to similar biases operating in the labour market such as having to secure trust from older and more influential skeptical creditors, suppliers and clients (GEM, 2016).

Nonetheless, the success for youth entrepreneurship just like the larger entrepreneurship in an economy depends not only on the drive, creativity and innovativeness of the youth entrepreneurs; but to a larger extent on the entrepreneurship infrastructure in the economy. Dollinger (1999) posits that; for the entrepreneurship to flourish; two conditions must exist. First, there must be freedom to establish an economic venture, and the freedom to be creative and innovative with the enterprise. Secondly, there must be prosperity; favorable economic conditions that give entrepreneurial organization the opportunity to gain and grow.

2.4 The youth entrepreneurial profile

UNCTAD (2015) guidelines on youth entrepreneurship obligates governments, to underscore the heterogeneity of youth by taking into account the various differentials of youth including age cohort, gender, education level and geographical location when developing youth entrepreneurship strategies. The guidelines emphasize the need to understand the dominant characteristics of the youth within a given context.

Green (2013, notes that youth entrepreneurial needs and motivations differ across contexts and therefore no youth entrepreneurship intervention can be regarded, as panacea for all young people entrepreneurial needs. The self-employment decision by young people tends to reflect a complex mix of push and pull factors, which are varied, in different contexts. According to Green, the decision to venture into self-employment could be informed by unemployment situation as well as an availability of resources and opportunities for entrepreneurship.

Global Entrepreneurship Monitor (2011) presents three scenarios upon which the individuals are motivated into entrepreneurship. The literature contends that individuals are necessity, opportunity, or growth driven. Necessity driven entrepreneurs are those who have few or no other

income generation or employment opportunities and thus become entrepreneurs to sustain their livelihood by necessity rather than choice. Opportunity driven entrepreneurs are those that pursue a perceived market opportunity and choose business despite having at their disposal alternative means for income generation such as an employment, while growth oriented entrepreneurs are those aimed at growth or have plans to create jobs from their enterprises (ibid).

Further, GEM literature contextualizes various environments through which entrepreneurs belong including factor, efficiency and innovation driven economies. Others include Conflict and peaceful contexts as well as rural and urban contexts. Most economies in the developing world are factor driven (ODI & YBI, 2012). Entrepreneurs in the factor driven economies; rural context included, experience challenges such as small market size, poor infrastructure, lack of finance, lack of government support programmes, low literacy levels and lack of technological skills (ibid).

IFAD (2015), teaser on youth access to rural finance, enumerates rural specific challenges hindering access to finance to include long distances to reach financial service providers, financial products that are inadequate for seasonal based economies and farms related risks, the minimum age requirements to obtain credit, limited experience with financial services and the traditional prejudice that financial institutions have against young people who they consider less bankable due to their low savings, lack of conventional collaterals and high credit risk.

The Kenyan young entrepreneurs are mostly necessity driven. The main reason why entrepreneurship is being promoted in the Kenya is its potentiality to create job opportunities for the unemployed youth (Vision 2030). YEDF and AGPO initiatives are therefore expected to create an enabling environment through which the youth that can have access to meet their financials and market needs.

Properly designed youth entrepreneurship support initiatives should be able to recognize the needs of the youth across the various youth contexts. South Africa's Youth Enterprise development strategy (2013-2023) for instance prioritizes the needs of youth requiring specialized policy consideration e.g. youth in rural areas and young black South Africans etc. (UNCTAD, 2015).

The Kenya government has also developed measures to ease regulations and processes involved in public tendering that previously were challenging to the youth and other disadvantaged groups such as women and persons with disability (Ng'ang'a, 2017). The government for instance, relaxed bid bonds requirements for all AGPO reserved tenders, pre-qualification is now automatic to AGPO certified businesses and has also introduced an e-citizen online portal which make the processes for registration and application for various licenses convenient (ibid).

2.5 Government youth entrepreneurship interventions

Youth entrepreneurship support initiatives are crucial in addressing barriers that youth entrepreneurs face in the entrepreneurial environment. UNCTAD (2015) guidelines on youth entrepreneurship, calls on nation to develop youth entrepreneurship strategies aimed at erasing entrepreneurial barriers facing youth entrepreneurs including lack of financing, small and unsustainable market size, complex regulatory frameworks, lack of entrepreneurial skills and limited information and networks.

A number of countries have initiated strategies and institutions to ensure promotion and inclusion of the youth in the economy. South Africa, Singapore, Kenya and Malawi just to mention but a few are some of the countries that have embarked on initiatives such as provision of business development services and institutional financing to the youth as away of building their capacity in entrepreneurship (Mabasa, 2017).

The concept of incentives in the economy can be traced back to ancient manuscripts such as the Holy Bible. Mathew 25: 14-30 brings forth *'The parable of the three servants'*. The servants were entrusted with keeping the money of their master while he was long gone on a trip. The master divided the money to the three servants in different proportions of five bags, two bags and one bag of silvers. Two servants who received five bags and two bags respectively invested their portions, each doubling their portions. The third servant however, dug a hole and hid the master's money. Upon return, the master, was impressed by the servants who invested their money and rewarded them abundantly. The servant who had hid his money was admonished and forced to surrender his

money. The master was angry that the servant could not even invest the money in the bank to accrue some interest if at all he had no project to invest in.

The parable helps us to understand the purpose of the incentives in the economy. It's clear that incentives are conditions created by the state to bring value not only to the individual entrepreneur but to the economy as well. The master expected to benefit from the profits and that is why he was hostile to the servant who failed to invest. The second lesson is that of innovativeness. The entrepreneur ought to harnesses the opportunity availed by the incentives and make choices that create value for his/her enterprise and the economy, like the two servants did with their portions.

In the modern times, South Africa established *Umsobomvu* Youth fund in 2001 to provide a platform for job creation, skills development and transfer for South Africa's young people (The Umsobomvu Youth Fund report, 2004). In 2006, Kenya followed suit and established the Youth enterprise Development Fund to promote entrepreneurship among the youth through enabling access to finance, entrepreneurial skills development and market linkages (YEDF strategic plan, 2013- 2017). Additional affirmative funds were established by 2014, including Uwezo fund, Women Fund, Disability Fund and Medium and Small Enterprises Fund were in place to enhance the efforts of entrepreneurship development (Vision 2030 flagship progress report, 2014).

Equally, the government established AGPO in 2013, as an affirmative action measure, aimed at giving preferential treatment to youth, women and persons with disability towards access to government procurement opportunities (Ng'ang'a, 2017). The procurement laws were amended in 2013 to accord these disadvantaged groups 30% of all government tenders. The empirical research shows that the AGPO initiative has seen the increase in the number of the youth trading with the government and as at September 2017 a total of 25,549 youth enterprises had been registered and certified of AGPO and over 23626 tender awarded to the youth since its inception (ibid).

The government has also flexed the regulatory processes by introducing a one-stop shop- Huduma centers in all the 47 counties to facilitate easy access to business regulatory requirements (World Bank, *Easy of doing business in Kenya*, 2016).

Most of the government youth entrepreneurship interventions are however faced with challenges of inability of the majority of the intended youth to access them (GEM, 2011). This is attributed to the generic nature of the national level programmes that often lack the insights and nuanced adaptation necessary to be effective in a wide range of varied local contexts (Chigunta et al. 2005). Most empirical studies also note that, these initiatives have little systematic impact evaluation and lack the robust evidence about what works best in different contexts (GEM 2011, KIPPRA, 2015 & YBI, 2016).

In 2009, the South Africa's Umsobomvu youth fund was merged with the National Youth Commission to form the National Youth Development Agency (Mabasa, 2017). Subsequently in 2013, the NYDA changed its youth enterprise-business model from fixed interest loan structure to a micro-finances grant provision system (ibid). In Kenya, the Youth entrepreneurship support interventions have received a fair amount of criticism. The Kenya Youth survey (2016) by the Aga Khan University, established that only a small proportion of Kenya youth population were in a position to access, utilize and report successes of the government youth entrepreneurship support initiatives. KIPPRA (2015) equally observed that both YEDF and AGPO initiatives had assumed homogeneity of youth entrepreneurs and hence designed and implemented products that tended to be one size fit all, thereby ending up not fitting properly into the financial needs of varied youth entrepreneurs.

The effective access and utilization of the government youth entrepreneurship aided programmes, is mostly hampered by limited awareness, bureaucracy and lengthy procedures, business models that are not in tandem with the prevailing socio-economic realities of the youth entrepreneur, lack of entrepreneurial skills, corruption among others. In a study to determine whether YEDF serve young people, Sikenyi (2017), observed a low uptake and repayment rates of YEDF by the youth more so in the rural areas. Likewise, Ng'ang'a (2017) while assessing the influence of AGPO on youth, women and persons with disabilities reported a low uptake of AGPO as a result of complex regulatory requirements, lack of financial capacity to finance AGPO tenders, delayed contract payments from the government, lack of awareness among others.

2.5.1 The Youth Enterprise Development Fund initiative

The Youth Enterprise Development Fund was established in 2006 vide a legal Notice *No. 167* of 2006 as a revolving fund to accord the Kenyan youth entrepreneurs easy loans for business start-ups or expansion (YEDF Strategic plan, 2013-2017). The fund was later transformed into a State Corporation under State Corporation Act in May 2011 through a legal Notice *No. 63* of 2007 (ibid).

The fund's key mandates include:

1. Facilitating easy access to credit for youth entrepreneurs
2. Equipping the youth with business development and entrepreneurship skills to enable them actively participate in enterprise development in the country
3. Linking youth enterprises with larger well established enterprises
4. Facilitating the youth to access employment opportunities abroad
5. Enabling youth enterprises to access markets for their goods and services and
6. Providing youth oriented commercial infrastructure for youth enterprises.

The Fund's activities are decentralized to constituencies so as to reach out the targeted youth beneficiaries at the grassroots (YEDF brochure on loan products, 2017).

The fund disburses both group and individual based loan products. The tables 2.1 and 2.2 show the range of YEDF loan products offered at the group and individual/company levels respectively.

Table 2.1: YEDF Group based loan products

Loan product	Description	Maximum loan	Repayment period	Security required
1. Rausha	Targets start-ups business by groups. Lent to the group as a whole.	100,000	12 months repayment period with a 3 months grace period	Group members guarantee approach
2. Inua	Is an expansion loans to groups with existing business	Minimum 100,000. Groups can gradually borrow up to 1million	12 months	<ul style="list-style-type: none"> - Secured by chattels for upto 500,000 - Conventional security sought for loans above 500,000
3. Special loan	Targets groups running business r projects which generate income periodically e.g. agribusiness	From 100,000-500,000	36 months repayment period	Conventional securities such as title deeds, logbooks required
4. Smart loans	Available for individual groups members whose groups have successfully repaid the subsequent loans	Upto 100,000	12 months	Ground members guarantee each other.

Source: YEDF (2017) loan products brochure

Table 2.2: YEDF individuals, Company or partnerships loan products

Loan product	Description	Maximum loan amount (KES)	Repayment period	Security required
1. Vuka loan	For start up, business expansion or asset financing	Start-up up to 500,000; Business expansion and asset financing up to 5,000,000	1-6 years	Conventional security required for loans over KES 100,000
2. Trade finance	Local purchase order (LPO) financing.	70% the LPO value	90 days	6.5% commission & Further 1.5% interest if beyond 90days
Agribusiness	Start-ups or agribusiness expansion	300,000	3 years	Conventional securities, guarantors, lease of the land, bank statements
Talanta loan	Targets youth in creative and performing arts.	300,000	6-24 months	Conventional security required for loans above 300,000

Source: YEDF (2017) loan products brochure.

The fund has been in existence for over a decade and over KES 9.3 billion affordable loans have been disbursed to over 260,553 youth and further, 300,000 youth trained on enterprise development (*Vision 2030 flagship progress report, 2014*).

However, critics of the fund still believe that its impact is yet to be felt by majority of the youth entrepreneurs. Namatovu et al, (2012), in the study on rural youth entrepreneurship in Kenya and Uganda, points out that the rural youth entrepreneurs in Kenya despite the existence of the fund, still face binding constraints including limited access to finance and inadequate markets for their products. Majority of the respondents in the study cited family and personal savings as their

sources of capital. They decried stringent requirements attached to YEDF loans including the requirement for conventional securities as restrictive and untenable owing to the fact that they have no right to property ownership (ibid).

2.5.2 The Youth Access to Government procurement opportunities initiative

The Youth Access to government procurement opportunities is an affirmative action in the government procurement process that aims at increasing participation of youth in government procurement. The initiative came about following the Presidential directive in 2013 that committed 30% of all government procurement opportunities to the disadvantaged groups in the economy including, youth, women and persons with disability (Gatere & Shale, 2014).

The new law demands that the implementation of AGPO should be reflected in the public procurement entity's budget, procurement plans, tender notices and contract awards. The law also calls for submission of quarterly compliance reports as a measure towards monitoring the effective implementation of the AGPO by the relevant authority.

Ng'ang'a (2017) established that since the inception of AGPO in 2013, a total of 25,549 youth enterprises had been registered and certified of AGPO as at September 2017. Further, over 23626 tenders had consequently been awarded to the youth through AGPO.

The study findings also indicate some of the benefits that the beneficiaries accrued from the AGPO initiative including increased profit, increased number of employees, increased amount of stock, provision of basic needs such as payment of children school fees, property purchases among others.

However, the study also outlined some challenges raised by the respondents, which are causal to the low uptake and consequently the success of the initiative including stringent regulations involved in acquisition of the AGPO certification, corruptions during the awarding of tenders, lack of financing to service the tender, delayed payment from the exchequer, lack of awareness with regard to advertisement of tenders which doesn't reach in time all the respondents.

These challenges could prove adversarial to the rural populace, which is marginalized in terms of infrastructure and is faced with enormous socio-economic challenges including access to finance, knowledge and skills, awareness and networking among others.

2.6 Barriers to access and utilization of youth entrepreneurship interventions in rural Kenya

Rural contexts are characterized with socio-economic disparities including limited finances, limited government support, low levels of education, small market size, inappropriate education systems, inadequate skills training opportunities, poor infrastructure, insecurity of persons and properties and nature dependent agriculture (Namatovu et al, 2012). These disparities make it challenging for the rural youth entrepreneurs to access and effectively utilize youth entrepreneurship support interventions.

GEM (2011) categorizes these disparities into: knowledge and skills; cultural factors; individual confidence and attitudes; access to finance and networks. Others are of infrastructural, economic, political and environmental nature. Lack of knowledge and skills is often seen as being synonymous with the rural context. The lower levels of education means that the youth entrepreneur will have difficulties in reading, writing and comprehending numerical questions, hence struggling with essential activities such as writing business plan, book-keeping, communication with customers and banks, business registration, networking, applying for tenders, (ibid).

Sikenyi (2017), also observes that the youth entrepreneur in the rural areas do face constraining cultural norms such as gender biases, where for instance property rights are discriminative to women and youth, the negative perceptions, which often associate rural areas with primitiveness and under development hence making it unattractive for business linkages. Discrimination against property rights means that the youth can't afford conventional collaterals for accessing credit in FIs.

UNCTAD (2015) equally notes that the rural contexts are characterized by individuals with low esteem, lack of confidence and self-defeating attitudes owing to disadvantaged livelihoods as a result of the lack of exposure and the business role models. YBI (2012) attributes the lack of confidence and the belief to succeed among the youths in the rural areas to deficiency of innovativeness and risk taking attributes.

The 2018 Global entrepreneurship index scores Kenya poorly in areas of start-ups, risk acceptance and risk capital (GED, 2018). This in away confirms risk averseness among the youth entrepreneurs fearing failure of their business, which also indicate that the entrepreneurial culture is yet to catch up with them.

Another majorly cited barrier is limited access to finance. Youth entrepreneurs in the rural areas have limited capacities of raising capital from families given the high levels of poverty, which conditions most of their meager income to basic needs, hardly leaving no residuals for savings (Kerr & Nanda, 2009). This means in essence that majority of the youth lack the finances to meet the basic logistical requirements for accessing credits and the government tenders, such business registration costs, business permits, physical office space, etc. In addition, rural areas are underserved by financial institutions (FIs), compared to urban areas making it costly and time consuming for the youth entrepreneurs to physical access the financial services (ibid).

Access to information and social networks is very essential to entrepreneurs (2018 Global entrepreneurship index report). However, according to YBI (2012), the rural areas owing to their geographical isolation and negative perception, youth entrepreneurs do face challenges in establishing business networks and linkages, with fellow young entrepreneurs, professionals, and potential business partners and suppliers.

YBI (2012) further notes that, the lack of basic infrastructure such as electricity, water, mobile phone network, Internet connectivity; unfavorable complex legal systems makes it difficult to access services such as business registration, tax compliance, and other general formalization requirements of a business venture; do in a way bear on the youth entrepreneurs hence dimming their prospects.

YEDF and AGPO are expected to enable the youth navigate through financial and market challenges and boost their enterprises. However, empirical studies show that most youth entrepreneurs are unable to effectively access and utilize these initiatives owing to barriers arising from the complexity and bureaucratic modalities of the initiatives, lack of awareness, lack of

entrepreneurial skills among the youth, corruption and poor infrastructure (Kamau 2013, KIPPRA 2015, Ng'ang'a, 2017 & Sikenyi, 2017).

Sikenyi (2017), faults the age-based eligibility of these initiatives⁴. He argues that the age-based criterion fails to take to account the unique experiences among youth in various geographical regions in the country i.e. youth in pastoral communities, youth with disabilities, rural vs. urban youth hence locking out most disadvantaged young people. The age-based definition, according to Sikenyi, tends to ignore the cultural and socio-economic cleavages that shape youth livelihoods in various contexts.

In the study to determine the role of YEDF on the growth of Micro and Small enterprises, Kamau, (2013) notes that the YEDF's funding modality is too complex and bureaucratic leading to products that do not suit the financials and markets needs of the youth in different contexts; lengthy procedures which occasions delays in loan disbursements and the loan amount threshold that is too little to make any significant move for a business start up. He observes for instance that YEDF group start up loans⁵ of Kshs. 50, 000 is too little to effect any significant change in a group of about 10 people. Sikenyi (2017) also observed that youth had to wait for between 6- 12 months for their loan to be processed.

2.7 Theoretical frameworks underpinning youth entrepreneurship interventions

2.7.1 Economic theory of entrepreneurship

The theory is a build up on the works of the proponents of the entrepreneurial thinking which views entrepreneurship from a functional perspective (Casson 2003). The central argument of theory is that economic gains are the main factors that influence entrepreneurial activity. The entrepreneur finds motivation in an environment with economic incentives such as industrial policy, taxation policies, financial and resources sources, availability of infrastructure, investment opportunities, marketing opportunities, availability of information regarding the conditions of the

⁴ One must be aged between 18-35 years to be eligible for YEDF and YAGPO

⁵ YEDF 2017 loan products brochure.

market among others. The entrepreneur is therefore a risk taker because he can never fully predict about favorable economic conditions in future.

2.7.1.1 Schumpeterian perspectives

Schumpeter (1911) perspective on the role of the entrepreneur in the economy is the premise on which the economic theory of entrepreneurship is modeled on. Schumpeter's entrepreneur brings about new combinations, which results in processes that serve as impulses for the motion of the market economy. Through the concept of creative destruction, Schumpeter views an entrepreneurs as an innovator who implements entrepreneurial change within the economy by creating new products, new markets, new methods of production, exploiting new sources of supply and establishing new firm through re-engineering organizations and business processes (Low, 2009).

Rocha (2012) regards Schumpeter's entrepreneur to be very central in the economy in that through innovations, he creates value and new jobs for the economy by innovating and transforming inventions and ideas into economically viable entities that spur economic growth.

2.7.1.2 Baumol perspectives

Baumol (1968) builds on the Schumpeterian perspectives and designates the entrepreneur's role to a functionary one, in the process of the production. Baumol argues that entrepreneurship is another factor of production, just like the standard triumvirate: land; labor and capital, an entrepreneur is equally a deployable scarce resource in the sense that, the way we deploy resources to harness the nature's providences is the same way the entrepreneur's potential in the economy should be harnessed.

Baumol's central argument is that there must be right incentives in the economy for proper functioning of entrepreneurship. He observes that, human creativity and productive entrepreneurship are needed to combine the inputs in profitable ways as well as an institutional environment that encourages productive entrepreneurship and human experimentation. Baumol avers that creativity can best be nurtured if conditions that allow entrepreneurship pursuit of self-interest to accord with social wealth creation are put in place.

2.7.2 Resource based theory

Dollinger (1999) a resource-based theorist tend to agree with Baumol on the need for favorable conditions. In trying to critique those who focus so much on the innate characteristics of an entrepreneur or simply the supply side, he posits that the individual choice of what industry to enter and what business to do is not enough to ensure success but rather the nature and the quality of resources i.e. capabilities and strategies the entrepreneur possess and the resources he acquires from the environment.

Environment according to Dollinger (1999), poses both opportunities and threats for a new venture creation. The entrepreneur challenge therefore, is to harness the opportunities from the environment and combine them with resources already possessed (personal) to configure the new venture into a successful organization.

2.7.3 Opportunity based theory

The proponents of this theory include Drucker (1985) and Stevenson (1990). They vent criticisms on Schumpeterian claims of the central and unambiguous role of an entrepreneur in the economy (Kwabena, 2011). Their central argument is that the entrepreneur, does not cause change but rather explores opportunities, which the change in the economy brings about. The theory view an entrepreneur as an opportunist who is always searching for change, responds to it and exploits it as an opportunity to earn economic gains. For instance changes in technology would propel an entrepreneur to develop products that conform to that particular change.

The above theoretical perspectives help to decipher, the differentials in entrepreneurship in various contexts and offers an explanation as to why entrepreneurship succeeds in certain contexts while it fails in others. Incentives are critical conditions that help to cushion entrepreneurship and maximize its value in the economy. The economies with favorable conditions for entrepreneurship will most likely see the upsurge of entrepreneurs and the eventual economic growth.

2.8 Conceptual framework

The independent variables in the study are the modalities of YEDF and AGPO initiatives including their eligibility requirements, the awareness levels, their products and procedures. The dependent variable is the enabled youth entrepreneurship through the youth entrepreneur's level of access and utilization of YEDF and AGPO initiatives, while the intervening variables entail the demographic characteristics of the youth entrepreneur and the prevailing entrepreneurial ecosystem.

The conceptual framework is premised on the understanding that both YEDF and AGPO initiatives were initiated to enable youth entrepreneurship in the economy by facilitating youth entrepreneur's access to business finance and government markets respectively. Therefore the level of access and utilization of the programmes by the youth entrepreneurs is dependent on the adequacy of both YEDF and AGPO models i.e. the manner in which the initiatives are designed and implemented.

The conceptual framework demonstrates how the adequacy of YEDF and AGPO models impact on their effectiveness with regard to the level of access and utilization by the youth entrepreneurs. An adequate model would be responsive to the entrepreneurial profile of the youth and the prevailing entrepreneurial ecosystem. Likewise specific entrepreneurial needs of the youth entrepreneur and the surrounding ecosystem determines the youth entrepreneur's drive for access and utilization of the YEDF and AGPO initiatives

Independent variable

Intervening variable

Dependent variable

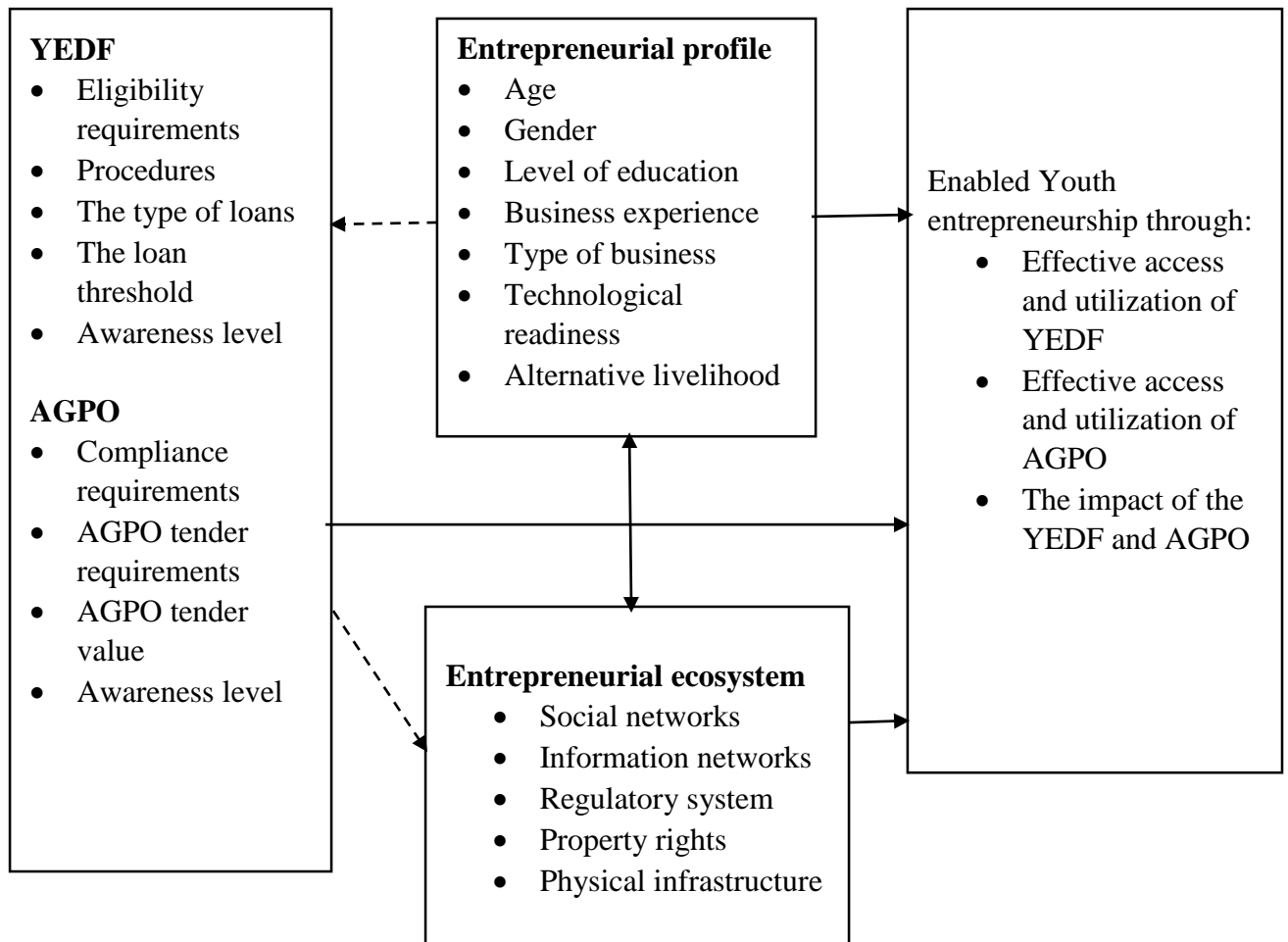


Figure 2.1: Conceptual framework

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter discusses the research methodology that was employed in the study including the description of the study area, the research design, sampling techniques, tools for data collection, data analysis and data presentation.

3.2 The study area



Figure 3.1: Map showing the study area (Busia county)⁶

Source: Modified from the research gate

The study was conducted in Busia County within three of its seven constituencies namely, Funyula, Matayos and Teso South. Busia County is situated in western Kenya and serves as a gateway to east and central Africa. It has a population of 743,946 (2009 census) and the population is projected to hit 899,525 by 2020 (Busia CIDP, 2018-2022). The youth population (18-35) as at 2009 was 154,673, and is projected to rise to 186,731 by 2020 (ibid). Busia County has a higher dependency ratio of 100:107. The unemployment rate is 66.7%. According to the CIDP (2018-2022), most existing labor is directly from school and does not have prerequisite entrepreneurial skills or the necessary job experience. The main economic activities are agriculture, fishing and the cross border trade.

⁶ Busia County has 7 administrative units namely Bunyala, Samia, Butula, Matayos, Nambale, Teso south and Teso North sub-counties as shown in Figure 1. Equally the County has 7 political units namely Budalangi (Bunyala), Funyula (Samia), Butula, Matayos, Nambale, Teso South and Teso North constituencies.

3.3 Research design

The study employed a mixed study design where both quantitative and qualitative approaches were used. The quantitative approach was employed on YEDF beneficiaries while the qualitative was used on the programme implementers (key informants) of YEDF and AGPO initiatives within the study area.

The study population was obtained from YEDF database within Funyula, Matayos and Teso South constituencies and involved persons aged between 18-35 years who had engaged with YEDF in the last 3 years and had either benefitted or were yet to benefit from YEDF and AGPO initiatives. The assumption was that the YEDF initiative had been in existence longer compared to the AGPO programme and had therefore reliable records for youth entrepreneurs within the study area. The county YEDF officers were integrated in the study as key informants to give more insights.

3.4 Unit of observation and analysis

The units of observations were the individual beneficiaries and implementers of YEDF and AGPO programmes; while the units of analysis were the modalities of the YEDF and AGPO programmes.

3.5 Sample size and Sampling techniques

The study employed a multi-stage sampling. The first stage of sampling entailed the selection of three constituencies out of the seven constituencies that constitute Busia County. This was done purposively to ensure the regional spread and ethnic consideration. Busia County has two major tribes, the Luhyas, which occupy mostly the Southern and Central parts, and the Iteso that occupy the Northern part⁷. Through purposive sampling, Funyula constituency was selected to represent the southern part; Matayos constituency represented the central part while Teso South constituency represented the Northern part. The purposive technique was used at this first stage of sampling to ensure representativeness of the data given that the two tribes differs culturally and hence may present varying socio-economic contexts of youth entrepreneurs.

⁷ Busia County CIDP 2018-2022

The second stage of sampling entailed the selection of appropriate sample size for the study. The study employed proportionate stratified sampling to determine the size of the sample per each constituency within the study. The study population was obtained from the three constituencies and was estimated at **141** i.e. 54, 51 and 36 for Matayos, Funyula and Teso South constituencies respectively. A sampling formula shown below was used to determine a sample size of **104**, which was proportionally distributed as shown in the table 3.1 below. The sample formula was used to ensure a random sample size.

The third and final stage of sampling entailed drawing the individual sample from the sample frame availed by the respective constituencies. This was done through the convenience technique, where individuals within the sample frame were reached out through the phone and only those who were found available for the study were sampled. This went on until the appropriate sample for each constituency under the study was drawn.

Sample Size determination formula

The sample size (n) is calculated according to the formula:

$$n = [z^2 * p * (1 - p) / e^2] / [1 + (z^2 * p * (1 - p) / e^2 * N)]$$

Where:

z = 1.96 for a confidence level (α) of 95%,

p = proportion (expressed as a decimal): 0.5

N = population size: 141

e = margin of error: 5%

Sample size is therefore computed as follows:

$$n = [1.962 * 0.5 * (1 - 0.5) / 0.025] / [1 + (1.962 * 0.5 * (1 - 0.5) / 0.025 * 141)]$$

$$n \approx 103.81$$

The sample size (with finite population correction) is equal to **104**

Table 3.1: The study population and sample size distribution in the study area

Constituency	Study Population size (N)	Proportion (%)	Sample size (n)
Matayos	54	38	40
Funyula	51	36	37
Teso South	36	26	27
Total	141	100	104

3.6 Data collection

The data was collected through self-administered questionnaires that were distributed to the respondents by the help of the respective YEDF officers within the study area. Further, the researcher designed interview schedule that guided discussions with the key informants.

3.7 Reliability and Validity

The questionnaire included a number of control questions to cross check the reliability of the responses. For instance Q53 in the youth entrepreneur questionnaire was a control question of Q51, similarly, Q55 was a control question for Q 52 (See appendix II). The researcher also conducted test and re-testing on 5 respondents to measure the stability of the instrument. On the validity, the researcher subjected the questionnaire to YEDF officers to validate the content and its scope and the questionnaire was amended accordingly to incorporate their views.

3.8 Data analysis and presentation

The data entry and coding was done through the aid of MS Excel. Descriptive statistics such as frequency counts and percentages were used in the analysis.

3.9 Response Rate

A total of 104 questionnaires were issued to the individual youth entrepreneurs and 88 questionnaires were returned. The response rate of the study was 85%. According to Mugenda & Mugenda (2003), a response rate of 50% is adequate for analysis and reporting, response rate of 60% is good while response rate of 70% and above is excellent. The study therefore returned an excellent questionnaire response rate. Further, the researcher sought the opinion of key informants i.e. the YEDF fund officers in Busia County. Three youth fund officers were targeted and they all responded posting a response rate of 100%.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

The chapter presents the primary data, its analysis and interpretation. The chapter has been organized in accordance with the study objectives including the study findings on the entrepreneur's profile, the level of access and utilization of YEDF and AGPO, identified barriers and the suggested measures for enhancing access and utilization of YEDF and AGPO by the rural youth entrepreneurs.

4.2 Demographic characteristics of the respondents

The demographic characteristics of the respondents including age, gender, marital status and the level of education were sought to help establish the demographic profiles of the target beneficiaries of YEDF and AGPO initiatives

Youth entrepreneurs are heterogeneous; they differ significantly in their entrepreneurial needs, motivations and expectations. An understanding of their demographics was important in enabling the study measure whether YEDF and AGPO were responsive to the rural youth needs. The table below presents the findings followed by analysis of each attribute.

Table 4.1: Demographics (Gender, Marital status, age and level of education)

Gender	Frequency (n)	Percentage (%)
Female	46	52
Male	42	48
Marital Status		
Married	47	53
Single	35	40
Separated/Divorced	4	5
Others (<i>complicated status, none response</i>)	2	2
Education Background		
Diploma	23	26

Certificate	21	24
Secondary	21	24
Primary	12	14
Degree/Masters/PhD	10	11
Non-response	1	1
Respondents age category (Years)		
25-29	43	49
30-34	27	31
20-24	18	20

4.2.1 Gender characteristics

The study findings show a fair gender representation with female youth entrepreneurs having a slight majority of 4% over their male counter parts. This implies therefore that the propensity for entrepreneurial intention and action in the rural economy may not be pegged on the gender of the entrepreneurs.

4.2.2 The Marital status of the respondents

Similarly to gender, the distribution of married respondents against unmarried was near equal as 53% of the respondents were established to be married, the rest were single, separated or divorced deriving therefore a conclusion that marital status of the rural youth does not necessarily weigh on their participation in entrepreneurship.

4.2.3 Respondents level of education

The study established that 85% respondents had attained at least secondary education level implying thereof that majority of the respondents had achieved the basic literacy expectation i.e. they could read and write. Further, 54% of the respondents had attained tertiary level education i.e. certificate, diploma and degree/masters/PhD and hence could be presumed to have formal skills and knowledge necessary for entrepreneurial engagement. The finding is in complete contrast with the existing empirical literature, which has tended to portray rural areas with low levels of education.

4.2.4 Age distribution of the respondents

The age of the respondent was sought to determine the most predominant age of the youth entrepreneurs who benefit from YEDF and AGPO interventions. The targeted beneficiaries for the initiatives are age defined in accordance with the 2010 constitution of Kenya definition of the youth. The study established that majority of the respondents were above 25 years. The youngest respondent was 20 years old, while the oldest was 34 years. The modal age cohort was the 25-29 years at 49%. This implies that whereas the age eligibility of YEDF and AGPO begins at 18 years, the youth do not seem to engage at that early age in the entrepreneurial activities.

The findings could also be explained by the fact that in those early ages of youth, majority of them are assumed to be still in school undertaking formal education in secondary school or higher education.

Further, given that national identity status formalization in Kenya begins at the age of 18 years it could also be that most youth in the early ages of between 18 and 20 years are engrossed in the process of acquiring national identity cards without which they cannot be eligible for YEDF and AGPO initiatives. The findings brings into fore the question of age eligibility as contended by Sikenyi (2017), who observed that the age based definition of YEDF and AGPO tended to ignore the cultural and socio-economic cleavages that shape youth livelihoods in various contexts.

The high participation of older youth in YEDF and AGPO could also be attributed to high unemployment rate among such cohorts. Whereas the young youth would possibly be preoccupied in formal education, the aged youth would most likely be in the labor market confronting the unemployment challenges hence the possibility of seeking self-employment through entrepreneurship.

4.3 Type of enterprises

The type of enterprise was sought to enable an understanding of the market profiles of the YEDF and AGPO beneficiaries. Small market size is one of the highlighted barriers affecting rural youth entrepreneurship (Namatovu, et al 2012). The following table presents the findings.

Table 4.2: Type of enterprises

	Frequency (n)	Percentage (%)
Agribusiness/food supplies	26	30
Hospitality/catering/event organization/preforming arts	19	22
ICT services	13	15
Construction/works/	9	10
Security/cleaning services	9	10
Other (<i>Boda boda, driving, Mpesa</i>)	4	5
Construction/works/ Manufacturing/mechanic	3	3
Professional/Consultancy/Research Services	3	3
Non response	2	2
Total	88	100

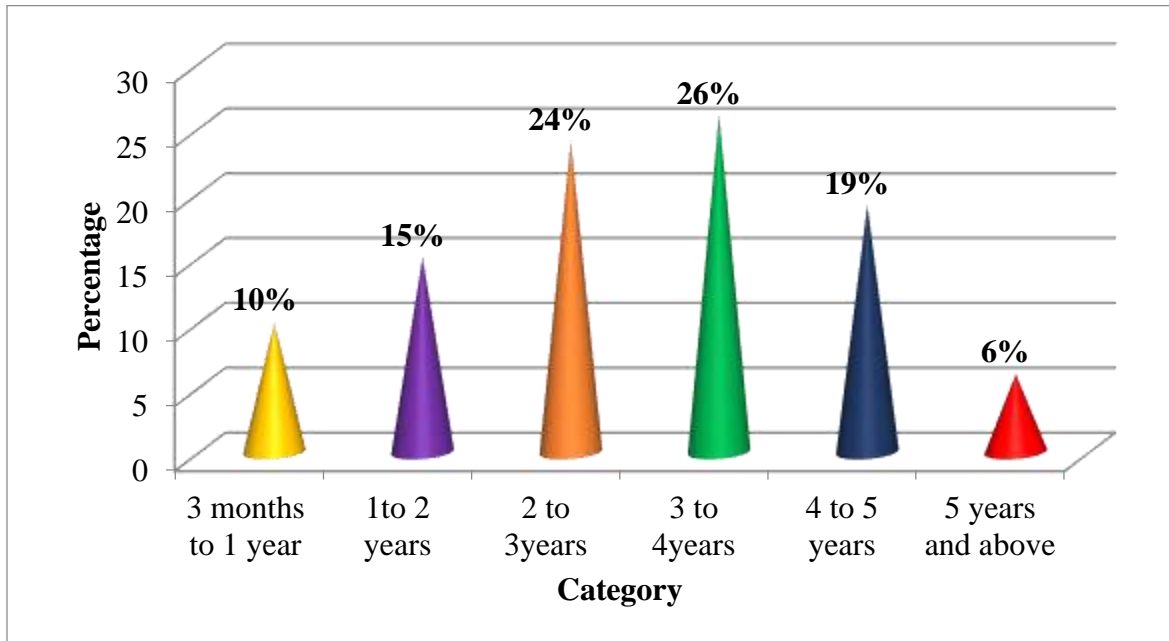
The findings show Agribusiness/food supplies at 30%, hospitality/catering/event organization/preforming art at 22%, and ICT services at 15% as the most common sectors preferred by the respondents. Further, the three sectors fall in the larger service sector, implying therefore that the rural youth entrepreneurs find it easier to make an entry into the service sector. The challenge however, is that the sector could be saturated and therefore highly competitive to overwhelm the youth entrepreneurs capacity.

Like any other rural economy, agriculture is the considered backbone of the economy, and its therefore expected to provide more opportunities for business than any other sector. However the study findings does not give the impression of agricultural supremacy as a sector, implying therefore that the business opportunities in the sector have not been fully exploited to the optimum by the youth entrepreneurs.

4.4 Duration of the enterprises

Many studies have established that most businesses go under within the first three years of their establishment (GEM, 2016). Determining the stages of enterprises is therefore critical in understanding their specific business needs. The figure below presents the study findings.

Figure 4.1: Duration of the enterprises



The study established that half of the enterprises at 51% had surpassed the 3 years survival expectancy, while the other half were still in their nascent stages and hence their survival was uncertain. However, given that the study did not interrogate the yearly returns of the business, as it was limited in the scope, it is difficult to determine whether the businesses were flourishing or were dormant. A thriving business experience is essential to the access AGPO and YEDF initiatives. AGPO high-end tenders require some considerable amount of business experience and a proof of financial stability. Likewise, YEDF high-end loans require some conventional collateral including bank statements of which a thriving business that has existed for over three years should be having.

4.5 Alternative source of livelihoods for the respondents

Alternative livelihood is a major driver to entrepreneurship. GEM (2011) notes that most entrepreneurs in the rural context are necessity driven i.e. they engage into entrepreneurship in order to earn a livelihood. The respondents were asked if they have an additional source of income to their enterprises. The findings are shown in the table below.

Table 4.3: Alternative source of livelihood

Alternative source of livelihood	Frequency (n)	Percentage (%)
The business is the only source of income	65	74
Have alternative source(s) of income	21	24
Non response	2	2
Total	88	100

The study established that majority of the respondents at 74% considered their enterprises as their only source of livelihood. The study therefore confirms the findings by GEM (2011), that majority of the youth entrepreneurs in the rural context are necessity driven. The study established a correlation between the level of education and the alternative source of livelihood. The more educated the respondent was, the more he considered his/her enterprise as his only source of livelihood. This therefore implies that most of the respondents are in business for self-employment.

4.6 The level of Access and utilization of YEDF

YEDF is a government youth entrepreneurship support intervention aimed at promoting youth entrepreneurship by enabling financial access. YEDF was established in 2007 as revolving fund to principally offer cheap loans, business development services and market linkages to youth entrepreneurs (YEDF strategic plan, 2013-2017). To measure the level of access and utilization of YEDF, the study investigated the level of access to loans, business development services and market linkages.

4.6.1 Access and utilization of YEDF loans

YEDF's core mandate is to offer cheap and easy loans to youth entrepreneurs at conditions and interest rate below the market rate. In assessing its influence on the rural youth entrepreneurs, the study sought to establish the respondent's experience on loan eligibility and procedures, loan products, loan threshold and loan disbursement period. The findings are presented below.

Table 4.4: Access to YEDF loans

Category	Frequency (n)	Percentage (%)
Loan applications status		
Applicants	70	70
Non-applicants	18	18
Types of loans applied		
Group based loans	53	76
Individual/company/partnership	16	23
Asset financing	1	1
Loan outcome		
Successful	55	79
Not successful	15	21

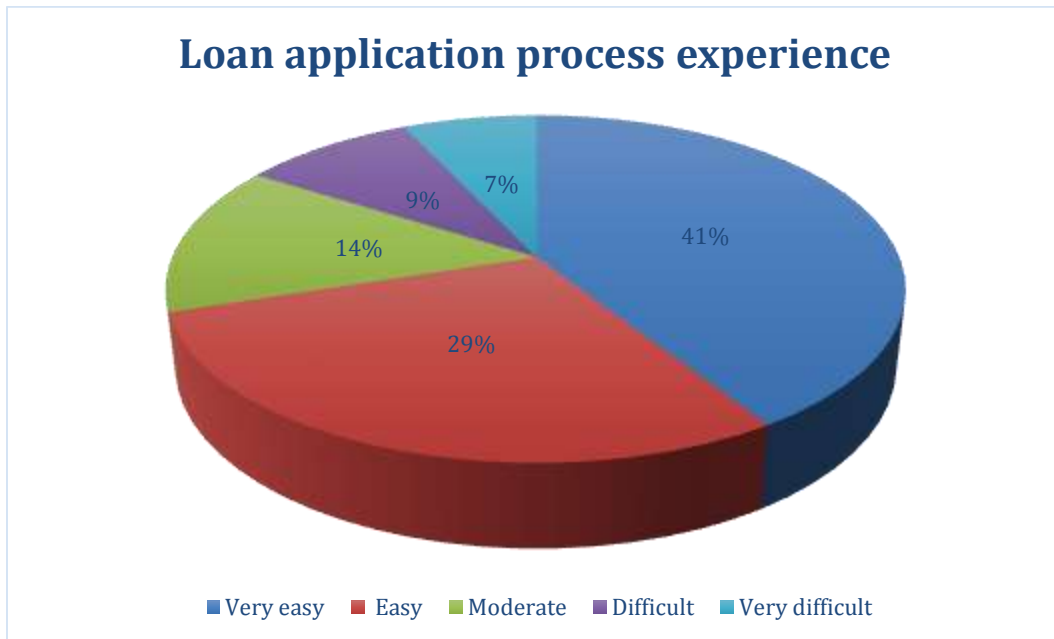
The findings show that 80% of the respondents met the basic loan eligibility requirements such as age, business registration certificate etc. and had approached the fund for the loans. The study also established that the most sought after loan by the applicants was the Group based loan at 76%, followed by the individuals/company/partnerships at 23% and lastly asset financing which recorded only one (1) applicant. The finding corroborates with KI insights as shown in the following excerpt

In the last three (3) years, a total of 450 applications were made for group based loans category in Busia county compared to 55, 38 and 15 applications for individuals, LPO financing, company and partnership categories respectively. The high traction towards group-based loans is because most of the group based loans are collateral free; and also group formation for the purposes YEDF loan access does not involve a lot of requirements and logistics as a minimum of 5 individuals can come together so long as 70% of them are between the ages of 18-35, apply for the group registration from the department of social services found within sub county headquarter and pay a registration fee of only Kshs.1000. Other YEDF products, including Individual/company/partnership and asset financing products, requires a lot of documentations including tax compliance certificates, business registration costs etc. which might prove untenable by the rural youth.

On loan applications outcome, the study established that 79% of group-based applications were successful. The study established that the high number of successful loans correlates with the high preference for group based loans at 76% implying therefore that nearly all the group based loans applications end up being successful compared to other products. According to KI,

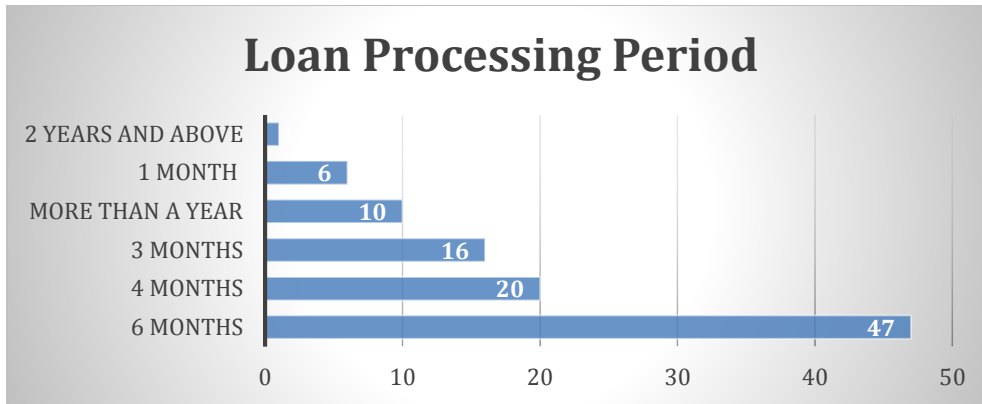
The group based loans applications in Busia are successful because of their low risks owing to the fact that members guarantee each other in the group and collaterals are not required.

Figure 4.2: Loan application experience



The study established that the YEDF loan application process was still challenging to a number of respondents. In this study, 30% of the respondents still found the process not easy to navigate. This could be attributed to the low levels of education by a section of the respondents or as well as the lack of awareness about YEDF products as was established in the study.

Figure 4.3: The loan-processing period



The time taken to process YEDF loan was established to be variedly long at averagely six (6) months with the possibility of the applicants having to wait for even more than a year. The long waiting period for the YEDF loans disbursement, could possibly affect a business opportunity that the youth entrepreneur could be seeking funds for, thereby impacting negatively on the youth entrepreneurial growth.

The study also established reasons for lack of access and utilization of YEDF loans from the respondents who did not apply YEDF loans or applied but did not emerge successful gave varying reasons as shown in the table below.

Table 4.5 Reasons for lack of access and utilization of YEDF loans

	Frequency (n)	Percentage (%)
Reason for non-applications		
Complex requirements	6	33
Long waiting period for loan disbursement	5	28
Inadequate loan threshold	4	22
Lack of awareness about YEDF loan products	2	11
Fear of business failure	1	6
Reasons for unsuccessful loan outcomes		
Collateral requirements	10	67
CRB listing	3	20
Business idea not viable	2	13

The study established that a number of the respondents were deterred from reaching out for YEDF loans owing to the perceived complex requirements, alongside long waiting period for loan disbursement and inadequate loan threshold. This implies therefore that over 83% of the respondents found the fund loan modalities and processes to be outside their reach. Other reasons included lack of awareness on the YEDF loan products and the fear of business failure, which raises the question of entrepreneurial culture and preparedness of the rural youth entrepreneurs.

Equally, those who applied for the loans but came out unsuccessful attributed the outcome to lack of collateral requirements at 67%. It also emerged in the study that majority of the loan applicants who were not successful were those that had applied for the loan products other than group based loans including the individual/partnership/company and asset financing. The findings therefore imply that YEDF loans particularly those targeting individuals or company are not reachable by the majority of the rural youth entrepreneurs yet they are the products with significant loan threshold, which can grow business. The findings call for re-examination and adaptation of the loan requirements to fit into the socio-economic realities of the rural youth entrepreneur.

4.6.2 The YEDF loan threshold

YEDF offers variety of loan products targeting groups, individuals, companies or partnerships. The most popular loan product as shown above is the group based loan product. The YEDF loan products have different range of loan threshold (YEDF loan product brochure, 2017). The table below shows the range of the amount of loan given out as established in the study

Table 4.6: The amount of loan received

Category	Amount (Kshs)
Mean	160 681
Minimum	6000
Maximum	700000

The study established that the amount of loan received by the respondents would get as little as Kshs.6000, which was not sufficient for their entrepreneurial needs. The findings imply that the YEDF loan threshold especially for the group-based loans is very low. There's therefore a need for the fund to revise the loan threshold to reflect the market realities.

The study also established that most of the respondents had to look for additional financing from other sources as shown in the table below to meet their financial needs since YEDF loans was not found adequate.

According to KI the findings are attributed to the design of the loans, which is meant to manage credit risks.

Group based loans do not require any conventional collaterals, as such they are designed with a lower loan threshold which graduates over time to higher threshold as a way of managing the high attendant credit risks

Table 4.7: Additional funding sources

	Frequency (n)	Percentage (%)
Group members contributions	17	31
Personal savings/family/friends	20	36
Sale of agricultural surplus	13	24
From Sacco's	5	9
Total	55	100

The findings imply that the YEDF loans was not sufficient for the respondents financial needs as such they turned to other sources for additional funding.

4.6.3 Access to YEDF entrepreneurial skills development

YEDF is mandated as well to provide entrepreneurship training, mentorship and business coaching to youth entrepreneurs. Lack of business skills has been cited as one of the major challenges facing the rural youth entrepreneurs. The study sought to establish the respondents experience on YEDF training programmes including the nature of the training and the quality of the training offered.

Table 4.8: Access and utilization of YEDF training programme

YEDF trainings		
	Frequency (n)	Percentage (%)
Trained	59	67
Not trained	23	26
Non-response	6	7
Areas trained		
Types of loan repayment	33	56
Basic entrepreneurial skills	19	32
Record keeping	4	7
Business management and decision making	2	3
Tender application process	1	2

The study established that 67% of the respondents had undergone YEDF trainings mostly in areas such as loans repayment and basic entrepreneurial skills development. KI also confirmed pre-disbursement trainings on basic business skills. However, the study established that youth entrepreneurs are not adequately exposed to areas such as record keeping, business management and tender application processes which are necessary to successful entrepreneurial venture.

The findings corroborate the views from KI as shown in the excerpt below.

Because of logistical challenges the trainings are confined to pre-disbursement. The training only targets the successful loan applicants and its mainly focuses on the loan repayment

4.6.4 Access to YEDF market linkages

YEDF is mandated to create market linkages for youth entrepreneurs by connecting their enterprises to large enterprises. Namatovu et al (2012) pointed out limited access to sustainable markets as a barrier to rural youth entrepreneurship. The study sought to establish the level of access to YEDF market linkages by rural youth entrepreneur and the benefits accrued so far. The findings are presented in the table below

Table 4.9: Access to YEDF market linkages and recorded benefits to the enterprise

YEDF market linkages		
	Frequency (n)	Percentage (%)
Not linked	82	59
Linked	36	41
Recorded benefits to the enterprise		
Increased cash flow	12	33
Expanded the market/brought in new customers	10	28
Increased product awareness	8	22
Led to new products	4	11
Others (<i>Enabled purchase for assets, increased employees</i>)	2	6

The findings indicate that 59% of respondents were yet to benefit from YEDF market linkages opportunities. The study also established that market linkages are of great significance to the growth of youth entrepreneurship especially on increasing cash flow business expansion and increased product awareness as cited by 41% of the respondents who benefitted from the linkages.

4.7 Level of Access and utilization AGPO

AGPO is considered as a driver to youth entrepreneurship given its affirmative access to the government procurement opportunities. Market availability is a key factor of the economy. The rural economies, according to Namatovu et al, (2012), are mostly affected by lack of market and the small market sizes owing to their infrastructural challenges, low purchase power, etc.

The study assessed AGPO's level of access and utilization with regard, to awareness on the AGPO initiative, compliance status, compliance requirements, information on AGPO tenders, tendering knowledge, tender award processes and tender payment period.

4.7.1 AGPO Compliance status

AGPO certification with regard to the youth category is awarded to youth enterprises upon successful application through Huduma centers (one stop shop for government services) located within the county headquarters across the country (Ng'ang'a, 2017).

The compliance certificate is renewable after two years. Requirements for AGPO certificate include a copy of National ID, business registration certificate or certificate for incorporation for limited companies, copy of CR12 for limited companies, partnership deed for partnership business, a tax compliance certificate and a National Construction Authority certificate in case one is interested in construction business (ibid). The table below presents study findings on AGPO compliance status of the respondents.

Table 4.10. AGPO compliance status

	Frequency (n)	Percentage (%)
AGPO certification status		
Not certified and yet to apply for certification	63	72
Applied for certification but still waiting for certificate	15	17
AGPO certified	10	11
The compliance period (Months)		
Maximum	24	
Mode	3	
Median	3	
Minimum	1	
The duration which applicants have been waiting for the certificate (Months)		
Mean	3	
Median	3	
Mode	3	
Minimum	1	
Maximum	12	

The findings show that 89% of the respondents were not AGPO compliant thereby indicating a very low AGPO compliance status among youth entrepreneurs in the rural areas. Further, the 10 respondents who were compliant, had not been in compliance for long with majority of them being about three (3) months old since acquiring the AGPO compliance certificate implying therefore that AGPO was still a new concept among the respondents. The study also established that it takes averagely three (3) months to get AGPO certificate.

The study further sought to establish the reasons for high non-compliance and the findings are presented in the following table.

Table 4.11: Reasons for non- AGPO compliance

	Frequency (n)	Percentage (%)
Lack of financial capacity to service tenders	32	41
Stringent regulations and complex process for AGPO compliance	16	21
The long waiting period for compliance certificate	14	18
Lack of awareness on AGPO	12	15
Perceived delayed payments for government tenders	3	4
Tendering not being the principle line of business	1	1
Total	78	100

The findings show that 95% of the respondents were deterred from AGPO compliance mainly as a result lack of financial capacity required to service tenders, stringent regulations attached to AGPO compliance, the long waiting period for compliance certificate and limited awareness on AGPO initiative.

Financial capacity is a requisite requirement for public tenders and there's therefore a formed opinion that only those with financial muscles are cut out for government tenders (KI). On stringent rules and regulations the requirements include proof of documentations such tax compliance certificate, valid business or company registration certificate and NCA certificate for those considering construction tenders (Ng'ang'a, 2017). The requirements might prove logistically difficult for the rural youth entrepreneurs who are socio-economically disadvantaged.

The time taken to acquire AGPO certification was established to be an average of 3 months. The long waiting period could be explained by infrastructural challenges in the rural areas which makes the process long owing to the travelling time required to physically access the huduma centers which are hosted at county headquarters.

The findings on the lack of awareness, corroborates the study findings on the source of information with regard to AGPO as shown in the table below. AGPO initiative is a new concept compared to YEDF and therefore requires more awareness efforts.

Table 4.12: Main sources of information on AGPO

	Frequency (n)	Percentage (%)
Government officers	63	72
Media	10	11
Relatives/friends	10	11
Websites	3	3
Other Specify (Huduma center, churches etc.)	2	2
Total	88	100

The findings show government officers at 72% as the leading source of information with regard to creating awareness on AGPO. Despite their efforts though, the level of awareness on AGPO was established to be considerably low making it one of the major impediments to the access and utilization of AGPO by the youth as shown in *table 10* above. The findings imply that the government officers' outreach may not be adequate enough to reach all the youth. The findings also indicate lack of technological readiness among the youth in the rural areas as evident by the low responses on the website as a source of information on AGPO. This in essence confirms a number of empirical findings on the low Internet connectivity and electricity coverage in rural areas as a result of under developed infrastructure (GEM, 2011).

4.7.2. Level of Access and utilization to AGPO tenders

AGPO initiative has been in force since 2013 following the amendments of the procurement laws, which created 30% access to government procurement opportunities by disadvantaged groups including the youth, women and person with disabilities (Ng'ang'a, 2017). The intervention was premised on the fact that the government is the biggest consumer in the economy and therefore an access to its market is crucial for youth entrepreneurial intention and takes off.

The study sought to establish the extent to which youth entrepreneurs exploit their AGPO compliance to access government tenders. The study measured the traction towards AGPO tenders; the tender application outcome, the tender application processes experience. The findings are shown below.

Table 4.13: Access to AGPO tenders⁸

	Frequency (n)
AGPO tender applications status	
Applicants	7
Non- applicants	3
Tender outcome	
Successful	3
Non- successful	4
Total	7
Tender application process experience	
Moderate	2
Difficult	2
Very difficult	3

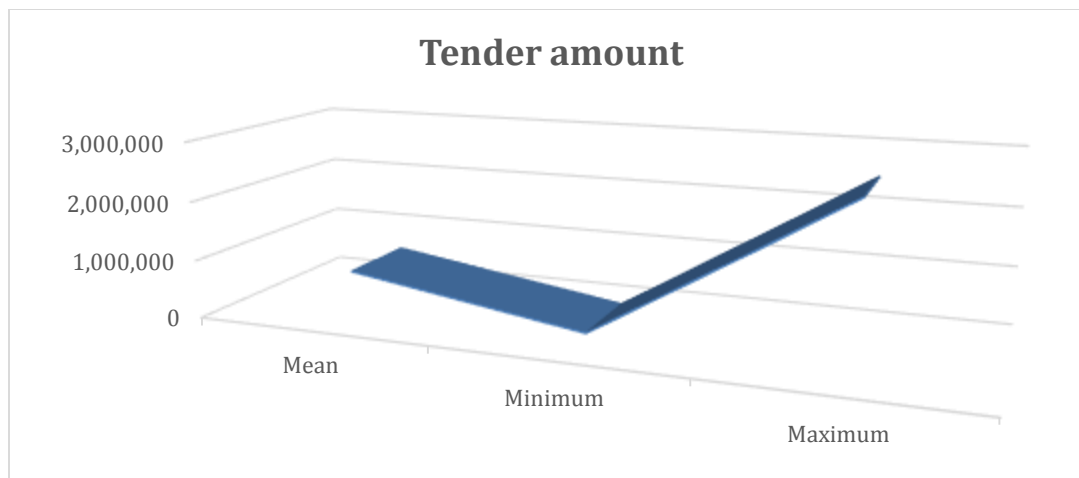
The findings indicate minimal access to AGPO tenders. Only seven (7) out of the 10 AGPO compliant respondents seized the AGPO opportunity and applied for AGPO tenders. Consequently only two (2) out of the seven (7) AGPO tender applicants emerged successful.

On AGPO tenders application process, nearly all the seven (7) respondents who applied for AGPO tenders expressed difficulties in navigating the application process. The findings could lend explanation to the low application status as well as the low successful tender outcomes.

The study also established the average awarded tender amount to be about Kshs.680, 000 as shown in the figure below. This implies that AGPO tenders are usually of smaller amounts and may not create considerable profit margins that can grow enterprises and create wealth for the youth.

⁸ The data has not been presented into percentages because of the frequencies falling below 15%.

Figure 4.4: The tender amount



Further, the study sought to establish the reasons for the low traction towards AGPO tenders and the findings are shown in the table below.

Table 4.14: Reasons for the low traction towards AGPO tenders⁹

	Frequency (n)
Reasons for not applying for tenders	
I was not aware about the tender notification/advert	1
Tender application process is complex and tedious	1
I dint meet the tender requirements	1
Reasons for unsuccessful tenders	
Didn't meet eligibility requirements	2
Didn't meet application threshold	1
Corruption during tender award	1
Total	4

The findings show impediments that made it difficult for the respondents to make through AGPO tenders successfully. The impediments, which borders on lack of awareness on tender notifications, the technicality of tender application requirements, the eligibility requirements and corruption during the tender award process brings to the fore the effectiveness of the design of the initiative and its implementation modalities.

⁹ The data was not converted into percentages because the entries were less than 15%

4.7.3 Financing of AGPO tenders

Financial capacity is a mandatory requirement for AGPO tenders. To win an AGPO tender the youth entrepreneur has to demonstrate the financial ability to deliver the tender and on a timely basis. However, the financial challenges experienced by the rural youth make them fall short of this requirement. The study sought to establish how the AGPO tenderers met the tender financial requirements. The findings are presented in the table below

Table 4.15: Sources of tender financing¹⁰

Sources	Frequency (n)
Borrowed money from FIs	5
Own savings,	1
Contributions from relatives	1
Total	7

The study established that financial institutions (FIs) were the main source for tender financing. The fairly low responses on own savings and contributions from friends are in tandem with the existing empirical findings which posits that rural economies are characterized by very few business supportive networks and role models who can boost rural youth entrepreneurs (YBI 2012). However, access to FIs can be constrained by lack of conventional collaterals thereby not giving express access to the required financing.

4.7.4 Perceived AGPO compliance benefits to youth enterprises

AGPO initiative is expected to enlarge the market size of the youth entrepreneurs by enabling access to the government market. The study sought to establish from the AGPO youth beneficiaries the perceived benefits of AGPO on their enterprises.

¹⁰ The data was not computed in percentages because the total entries were very few and instead frequencies were used in the analysis

Table 4.16: Perceived benefits of AGPO to the youth entrepreneurs¹¹

Category	Frequency (n)
Profit Margin opportunities	5
Increased customer base opportunities	3
Others (<i>more customers, increased employees, increased stock</i>)	2
Total	10

Five (5) respondents cited profit margins opportunities, three (3) cited increased customer base opportunities, and employees while the remaining cited increased stock and increased employees. However, the variance between the profit margins and other cited benefits imply that the profits are small to cause impact on the other beneficial outcomes. This therefore confirms the study findings that AGPO tenders are of small amounts whose outcome cannot contribute much in growing youth enterprises.

4.8 Rural youth entrepreneurs satisfaction with YEDF and AGPO initiatives

YEDF and AGPO initiatives are enablers for youth entrepreneurship in the economy. They facilitate access and to business finance and sustainable markets respectively. The effective access and utilization of the initiatives by the youth entrepreneurs is expected to result to entrepreneurial intentions among the youth entrepreneurs and enable successful youth entrepreneurial activities. However, as it is evident in the study 41% and 88% of the respondents could not access and utilize YEDF and AGPO respectively. Equally, the respondents who benefited still didn't find the outcomes sufficient enough to meet their desired entrepreneurial needs. For instance the study established that majority of YEDF loans beneficiaries could only benefit from the group based loans whose loan threshold was not enough to meet their entrepreneurial needs prompting them to look for additional funding from other sources as shown indicated in the table 4.6 above.

Similarly, majority of the respondents who had AGPO certificate still didn't make through the AGPO tenders owing to requirements, which were out of their reach. The study established the level of satisfaction among the youth and the findings are shown in the following table.

¹¹ The data was not computed into percentages because the entries were few and instead frequencies were used in the analysis

Table 4.17: The level of youth entrepreneurs satisfaction with YEDF and AGPO

YEDF satisfaction	Frequency (n)	Percentage (%)
Not satisfied	72	82
Satisfied	16	18
AGPO satisfaction		
Not satisfied	80	91
Satisfied	8	9
Total	88	100
YEDF contribution to youth entrepreneurship		
None	58	66
Yes	30	34
Total	88	100
Perceived AGPO contribution to youth entrepreneurship		
None	64	73
Yes	24	27
Total	88	100

The study established that 82% and 91% of respondents were not satisfied with YEDF and AGPO respectively with regard to doing business in Kenya. Consequently 66% and 73% of respondents did not think that YEDF and AGPO respectively were contributing to the growth of youth entrepreneurship in Kenya. The findings corroborate the KI views as shown in the excerpt below.

There's high dissatisfaction of YEDF among the beneficiaries in Busia and this is attributed to YEDF long disbursement period occasioned by too much bureaucracies at the fund headquarter, the low YEDF loan threshold, and the demand for collaterals on YEDF high end loans

Table 4.18: Reasons for youth entrepreneurs dissatisfaction with YEDF and AGPO

	Frequency (n)	Percentage (%)
Dissatisfaction with YEDF		
Loan threshold is not sufficient	35	40
Loan requirements are high	28	32
Loan processing takes long	15	17
Legal challenges on business start-up	10	11
Dissatisfaction with AGPO		
Lack of financial capacity to service tenders	30	34
Complex procedures and stringent requirements	18	20
Lack of awareness on AGPO	12	14
Lack of proper and timely communications on tender notices	10	11
Corruption during tender awards	10	11
AGPO not adhered to by all government agencies	4	5
AGPO services are only available at the county headquarters	4	5

The findings show that the high level of dissatisfaction majorly arose from the design of the initiatives and the implementation modalities, which made it difficult for the respondents to access and utilize the initiatives effectively. With regard to YEDF the most accessible loan threshold was found to be inadequate to cater for the entrepreneurial needs of the respondents, this is albeit the fact that the respondents had to wait for at least 6 months for the loan to be disbursed thereby potentially affecting their entrepreneurial intentions. The fact that the respondents had to look for additional funding from other sources shows that YEDF is not principally dependable in its current formations as an enabler for the youth entrepreneurship.

Similarly, AGPO is expected to enable access to government markets for the youth entrepreneurs, however even though AGPO tenders are reserved, the requirements and procedures are still stringent and complex. The study established that 97% of the respondents had not accessed and utilized the AGPO initiatives including compliance and tenders owing to requirements and lack of financial capacity to service the tenders. The findings therefore imply that the manner in which the initiatives are designed and implemented does not take into consideration the peculiar needs of the youth entrepreneurs in the rural context.

4.9. Barriers to access and utilization of YEDF and AGPO initiatives in the rural context

The study established that most barriers impeding the access and effective utilization of YEDF and AGPO initiatives were of design and procedure nature. Whereas the two initiatives are considered enablers for youth entrepreneurship, the manner in which they are designed and implemented does not take into consideration specific needs of the youth in the rural context.

Rural contexts according Namatovu et al, (2012) have needs arising from their geographical isolation including lack of social networks, poor infrastructure, high poverty levels which makes them more vulnerable socio-economically, low levels of education and limited entrepreneurial skills. Besides, rural context features mostly agricultural intensive business opportunities, which are seasonal based.

The respondents identified the following as key barriers, which make it difficult for them to access and effectively utilize the two initiatives. The table below presents the findings.

Table 4.19: Barriers to access and utilization of YEDF and AGPO

	Frequency (n)	Percentage (%)
Barriers to access and utilization of YEDF		
Stringent loan requirements and prolonged procedures (collateral requirements, long pre-disbursement period, CRB certificate,)	43	49
Inadequacy of YEDF products (loans, trainings and market linkages)	26	30
Logistical challenges for business start ups	10	11
Lack of entrepreneurial skills (business viability)	7	8
Limited awareness on YEDF loans products	2	2
Barriers to access and utilization of AGPO		
Perceived Financial capacity for servicing tenders	33	38
Stringent requirements and procedures for AGPO certification and tender application	24	27
Limited awareness on AGPO and tender notices	20	23
Lack of transparency on tender award process	9	10
Inaccessibility of AGPO services	2	2

The study established most binding barriers to the access and utilization of YEDF and AGPO by the rural youth entrepreneurs to emanate from the design, processes and the models of the initiatives. With regard to YEDF 81 % of the respondents cited requirements and prolonged procedures, inadequate products and the limited awareness on loans as the key barriers to their effective access and utilization. Equally, with regard to AGPO, nearly all the respondents blamed their lack of access and utilization to stringent requirements and procedures, perceived lack of financial capacity and lack of transparency during the tender award processes.

4.9.1 Complex requirements and prolonged procedures

The study findings show that majority of the respondents at 74% were driven into entrepreneurship out of necessity and considers their enterprises as their sole source of livelihood. This finding implies therefore that most respondents may struggle to meet most legal and financial requirements for the initiatives. The study established that 80% of the respondents were above 25 years old meaning that it's the older youth who were most actively engaged in the entrepreneurial activities compared to the younger youth. This in essence shows a likelihood of the most active youth having additional responsibilities arising from the marital responsibilities given that more than half the respondents at 53% were established to be married.

Given the above profile, the rural youth entrepreneurs may actually find it difficult to meet the logistical costs attached to the initiatives including company registration, government regulations such as tax compliance, credit bureau clearance, to effectively access both YEDF and AGPO.

Specifically to YEDF, one requires collaterals such as log books and title deeds to access high-end loan products meant for individuals or companies and LPO financing which have significant threshold to meet business needs. However majority of the respondents as established in the study at 76% settled for collateral free group based loans because they could not meet the high collateral requirements for the high end individual and company based YEDF loan products.

Equally for AGPO initiative, majority of the respondents who were not AGPO complaint blamed it on stringent requirements including the business registration status, tax compliance requirements, and the logistical requirement for National Construction Authority (NCA) accreditation for the entrepreneurs interested with construction tender category. Further, AGPO

tender requirements include financial capacity and experience, which could not be met by most of the potential AGPO applicants.

The requirement for credit worthiness of youth entrepreneurs was also cited as a barrier constraining youth access to finances. The KI corroborated the findings as shown below.

YEDF beneficiaries who default on loans or loans from other institutions are listed in CRB and the listing affects their access to future funding. The KI also noted that the fund considers CRB clearance as a requirement for its loans.

On the prolonged procedures, the study established that it takes a minimum of 6 months but could as well take up to more than a year for YEDF loans to be processed and disbursed. The KI attributed the delay to bureaucracies at the YEDF headquarters.

Equally the AGPO compliance process was established to take about a month with a possibility of one waiting up to 3 months depending on the geographical location of the applicants. It was established in the study that the Huduma centers where AGPO applications are conducted are only located at the county headquarter meaning therefore that the youth entrepreneurs from the far flung areas have to contend with the distance and costs of travelling to the headquarter to access the service.

The protracted procedures especially with regard to YEDF loans have the potential of affecting prevailing business opportunities, which are time bound such as AGPO tenders and ventures that are seasonal more so in the service sector including agribusiness/food supplies, hospitality/catering/event organization and ICT services; which are undertaken by the majority of the respondents at 67% as was established in the study.

4.9.2 Inadequacy of YEDF and AGPO models

The study established that most barriers hindering the youth entrepreneurs from effectively accessing and utilizing the YEDF and AGPO initiatives were as a result of models, which do not address the unique realities of the rural youth entrepreneurs. With regard to YEDF, the demand for conventional collaterals such as log books and title deeds to access the high end YEDF loan products is untenable to the majority of the youth entrepreneurs given their socio-economic disadvantages. Beside, the study established a weak entrepreneurial supportive network among

the rural youth entrepreneurs as such finding guarantors for such loan products might prove difficult.

Additionally, the group-based loans have a lower loan threshold, which the study established to be as little as Ksh. 6000. The loan threshold is not enough to meet the entrepreneurial needs of the rural youth entrepreneurs given their socio-economic disadvantages which also impacts on the logistical costs for their businesses. The entrepreneurs tend therefore to look for additional funding from other sources as was established in the study, saddling more in debts. The finding therefore negates the role of YEDF as an enabler of youth entrepreneurship in the economy.

On AGPO, the perceived financial requirements for AGPO tenders are a major deterrent to rural youth entrepreneurs. The study established that nearly all the respondents cited financial capacity as a major impediment to the access and utilization of AGPO tenders. The study also established that FIs were the main sources for AGPO tenders financing but majority of the rural youth entrepreneurs did not have collateral entitlements demanded by FIs. Besides the YEDF groups based loans which were found to be easily accessible to the youth were of a lower threshold and unable to meet the financial needs of most tenders. The other YEDF higher loan products including asset financing were untenable to the rural youth entrepreneurs who could not meet the attendant collaterals.

4.9.3 Limited awareness on AGPO and YEDF products

The study established limited awareness on the YEDF loan products and on the AGPO initiatives. ON AGPO, the study established that 15% of the respondents were not aware of its existence and as such had not made any initiative to apply for the compliance certificate. Further, the respondents who fail to access AGPO tenders yet they were compliant blamed it on the lack of information on tender notices and untimely communication on the same. The study established that major sources of information on both AGPO and YEDF were government officers who may not have the wide reach to all the potential youth entrepreneurs in the rural areas. The mainstream media and websites were not recorded as major sources in the study, bringing to question the physical infrastructural challenges including Internet connectivity and electricity, which are widely experienced in the rural areas.

4.9.4 Lack of entrepreneurial skills by the youth entrepreneur

The study established the fear of business failure among the respondents as one of the impediments towards access and utilization of YEDF and AGPO initiatives. KI attributed the fear of failure to lack of business preparedness among the youth entrepreneurs and the tendency of youth entrepreneurs to enter into sectors, which are already saturated and therefore very competitive in the market and also the low entrepreneurial culture in the rural area as a result the lacking supportive social networks.

The study established that the YEDF training programme majorly focused on the loan repayments and targeted mostly the loan awardees therefore not being sufficient enough to impart an entrepreneurial culture among the potential youth entrepreneurs.

Accordingly it is believed that most SMEs fail within the formative stages hence chances of nascent youth enterprises failing are high especially among rural entrepreneurs who are least exposed to formal and business skills. The study established that only 51% of the enterprises had surpassed the three (3) years life expectancy. The rest were still in their nascent stages and hence their survival was not certain.

4.10 Measures for adapting YEDF and AGPO initiatives in the rural context

The study established the respondent views on enhancing YEDF and AGPO as enablers of youth entrepreneurship in Kenya. The following table presents the findings.

Table 4.20: Proposed measures for adapting YEDF and AGPO in the rural context

	Frequency (n)	Percentage (%)
Enhancing YEDF effectiveness		
Disburse loan on time	33	38
Increase loan amount threshold	28	32
Remove collateral requirements on individuals based loans	12	14
Improve on repayment period by allowing more time	9	10
Ease Loan application procedures	2	2
Remove collaterals such as logbooks and title deeds on LPO financing	2	2
Others (Awareness and timely communication on loan products, intensify entrepreneurial trainings)	2	2
Enhancing AGPO effectiveness		
Procurement entities should provide 50% down payment to AGPO awardees to ease the financial burden for the youth tenderers	24	27
Review on the AGPO certification requirements and Issue AGPO certificate on time	22	25
YEDF LPO financing should be automatic to AGPO youth tenderers	14	16
National Construction Authority letter should be issued automatically	8	9
Offer more tender opportunities for the youth category and increase the scope of AGPO tender value	5	6
Ensure proper and timely communication for tender notices	5	6
Make AGPO certificate acquisition accessible at the ward and location level	4	5
AGPO should offer trainings on tendering process	3	3
The government should ensure strict enforcement by all procurement entities	3	3
Total	88	100

The respondents suggested measures aimed at enhancing both YEDF and AGPO initiatives to make them adaptive to the unique needs of the rural youth entrepreneurs. With regard to YEDF, 94% of the respondents lay emphasis on measures seeking to enhance the model of the funds and procedures including the reduction of the loan disbursement period, increase in the loan threshold, review of collateral requirements and extension of the loan repayment period. The findings in essence imply that the current form and design of YEDF does not enable access and utilization.

On AGPO, key suggested measures included provision of 50% down payment on AGPO tenders to ease the financial burden of youth entrepreneurs, making YEDF LPO financing automatic to youth tenderers, issuing certificate on time, relaxing the requirement for NCA in view of their logistical costs and devolving AGPO services to ward and locational levels.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of the study findings

The study examined the effectiveness of YEDF and AGPO on rural youth entrepreneurs with an aim of establishing barriers that hinders effective implementation of the programmes in the rural Kenya. A total of 88 youth entrepreneurs drawn from Funyula, Matayos and Teso South constituencies participated in the study. Additionally, three YEDF officers based in Busia County were interviewed as key informants owing to their role as YEDF duty bearers.

The study objectives:

1. To Establish the entrepreneurial profile of rural youth entrepreneurs
2. To investigate the extent to which YEDF and AGPO initiatives are accessed and utilized by the rural youth entrepreneurs.
3. To establish barriers which hinder access and utilization of YEDF and AGPO initiatives by the rural youth entrepreneurs.
4. To examine various proposals from the youth entrepreneurs on adapting of YEDF and AGPO initiatives within the rural context.

5.1.1 Entrepreneurial profile of youth entrepreneurs in the rural context

Majority of the respondents in the study, were found to be necessity driven at 74% with their enterprises being their only source of income. Accordingly, contrary to the existing empirical literature, which shows that rural youth entrepreneurs have low education levels, the study established that majority of respondents at 85% had post secondary education qualifications meaning that they had basic literacy skills that could enable them to read and write. Additionally, 54% of the respondents were established to have attained tertiary education including certificate, diplomas, degree, masters or PhDs. The findings on the level of education in the study imply that most respondents given their education qualification were driven into entrepreneurship because they could not find formal employment in the existing labor market.

On business experience, half the respondents were found to have surpassed the three (3) years business life expectancy. However, given that the study did not interrogate further, the yearly returns of the business owing to the limited scope, which didn't look at the impact in detail, it is difficult to determine whether the business flourished as a result of the experience or were dormant. A thriving business experience is critical to the access AGPO and YEDF. AGPO high-end tenders require some considerable amount of business experience and a proof of financial stability. Likewise, YEDF high end loans requires some conventional collaterals including bank statement of which a thriving business which has existed for over three years should be in a position to provide.

On the type of the business, the service sector including Agribusiness/food supplies, hospitality/catering/event organization/preforming and ICT services was found be the most preferred by the youth entrepreneurs constituting about 67% of the respondents. The challenge however, is that the sector could be saturated and therefore highly competitive to youth entrepreneurs successful participation.

5.1.2 Extent to which YEDF and AGPO are accessed and utilized in the rural context

The study established the access and utilization of YEDF and AGPO initiatives by the rural youth entrepreneur to be considerably low and not meeting the rural youth entrepreneurial needs. The study noted that 88% of the respondents were yet to access and benefit from AGPO tenders. Whereas with regard to YEDF 65% of the respondents reported to have accessed and utilized YEDF loans, the study established that the respondents mostly qualified for group-based loans, which has an inadequate loan threshold that is not sufficient to meet their financial needs. In addition, the study also noted that YEDF loans took a longer time to be disbursed and this often compromised available business opportunities for youth entrepreneurs.

5.1.3 Barriers to access and utilization of YEDF and AGPO initiatives in the rural context

The study established that most barriers hindering the access and utilization of YEDF and AGPO initiatives by the rural youth entrepreneur emanate from the design and implementation modalities of the initiatives including their stringent requirements and the protracted procedures, inadequacy

in their models and limited awareness. With regard to YEDF, the following specific barriers were noted:

1. **High loan requirements:** The study established that most of the high end YEDF loan products i.e. for individuals/partnerships/ limited companies, and LPO financing which is critical to AGPO utilization, required securities mostly in the form of car logbooks and land title deeds which are not readily available to the rural youth entrepreneurs owing to their socio-economic status. Majority of the youth entrepreneurs are therefore forced to settle for group-based loans, which other than having a lower loan threshold, have also a high chance of default rate in the event of group disintegration.
2. **Long waiting period for loan processing and disbursement:** The YEDF loan disbursement was found to take an average of 6 months and at times YEDF beneficiaries would wait up to a period of one year. The long waiting period risk compromising business opportunity including AGPO tenders, which are usually time bound.
3. **The inadequate loan threshold:** The YEDF loan amount, which could get as little as Ksh.6000 was found not to be adequate in spurring entrepreneurial start-ups or expansion. This locked many youth entrepreneurs from entrepreneurial activities such AGPO tenders, which requires considerable amount of money to finance.
4. **CRB listing:** The study established that a number of youth entrepreneurs had been listed by CRB over default of either previous YEDF loans or loans from other FIs. As such their credit worthiness was affected and could not qualify for YEDF loans or for any loans from FIs.
5. **Fear of business failure.** The study established that a number of youth shied away from YEDF loans due to the fear of business failure. According to Busia YEDF officers (KI), there's a very low business culture among the rural youth entrepreneurs a result, most of them go for loans to meet personal needs as opposed to business needs. The KI also noted the tendency of youth entrepreneurs to enter into sectors, which are already, saturated and therefore highly competitive in the market.

Equally, with regard to AGPO, the following key barriers were established in the study

1. **Lack of awareness on the AGPO initiative:** The study noted limited awareness on the AGPO compliance and consequently on AGPO tenders. Government officials were cited in the study as the major source of AGPO awareness. This implies then that the youth entrepreneurs who

don't come across government officers either through seminars or barazas were disadvantaged in learning about the initiative. Whereas technology and especially mobile technology will be associated with the youth, the study findings showed otherwise. Website, which would ordinarily pass as a source of information to the youth, had the least reference in the study thereby implying lack of technological readiness among the rural youth entrepreneurs. Same findings applied to mainstream media, which didn't also pass as a major source of AGPO awareness.

2. **Lack of finance to service AGPO tenders.** The Financial capacity of an enterprise is a mandatory requirement for access to government tenders. The study established a low AGPO compliance and low traction for AGPO tenders among the rural youth entrepreneurs. This was highly attributed to lack of financial capacity to service the tenders. Further, the study established that FIs were the main sources of tender financing. However, majority of the youth entrepreneurs could not meet the attached collaterals.
3. **Stringent requirements and complex procedures for AGPO compliance.** The requirements for AGPO compliance including, business registration certificate, tax compliance, CR 12 form, and the NCA certificate (for construction tender category) were found to deter majority of youth entrepreneurs. The logistics needed to acquire the documentations were unreachable by majority of the rural youth entrepreneurs who are disadvantaged socio-economically. The study also established that AGPO registration services are only available in huduma centers situated at the county headquarters and a number of youth entrepreneurs from the far-flung areas found it costly to access them.
4. **Long waiting period for AGPO compliance certificate:** The study established that it takes an average of 3 months for the youth entrepreneurs to get AGPO certification and this impacted on the available business opportunities. The long waiting period was attributed to infrastructural challenges bedeviling rural areas.
5. **Lack of technical know-how on the tendering process:** Technical capacity is a mandatory requirement for government tenders. The tenderer must demonstrate his/her technical capacity during the bidding process. The study found out that majority of the youth entrepreneurs lacked the technical know how to make successful bids.

5.1.4 Measures for adapting YEDF and AGPO initiatives in the rural context

- i. **Adequate loan threshold:** The loan threshold especially for group-based loans should be increased to significant levels, which can meet entrepreneurial needs of the youth entrepreneurs taking into consideration the additional logistics incurred as a result of geographical isolation and infrastructural under development experienced in the rural context. Equally, YEDF Loan products should be diversified to create more individual based products with free collateral
- ii. **Collateral requirements:** YEDF ought to review its collateral requirements and bring them within the reach of the youth entrepreneurs in consideration of their contexts. The conventional collaterals demanded by the YEDF entail logbooks, title deeds and pay slips that are untenable to majority of the rural youth entrepreneur. Collaterals should therefore be revised to include assets such as livestock, which are highly valued in rural areas to open up new financing opportunities to the rural youth entrepreneurs.
- iii. **Entrepreneurial skills development programme:** YEDF should review their training programme and contextualize them to the various needs of their beneficiaries. The fund should also widen the training outreach to all potential youth entrepreneurs so that it is not only limited to YEDF beneficiaries. AGPO implementers should also develop a robust training programme to build the capacity of AGPO tenderers especially on technical tender aspects.
- iv. **Access to government tenders:** Given that financing of tenders is the most identified constraining barrier, the government should consider preferring a commitment of a 50% down payment to successful AGPO tenderers to ease the financial burden experienced by the youth entrepreneurs.
- v. **Linking YEDF and AGPO:** The YEDF LPO financing should be made automatic an AGPO youth tenderer to enhance the efficiency of AGPO as an enabler of youth entrepreneurship.

5.2 Conclusion

YEDF and AGPO initiatives are expected to create an enabling business environment for youth entrepreneurship in Kenya. The study however, established low access and utilization of the

initiatives by the youth entrepreneurs owing to impediments arising from the initiatives' design and implementation. The study established that the current form and the design of the interventions fail to appreciate the heterogeneity of the youth entrepreneurs. This limitation has made the initiatives to be accessible by only a few youth entrepreneurs with majority of the youth finding their conditions out of reach.

The youth entrepreneurs are found in different contexts, with different entrepreneurial needs, which respond differently to a given entrepreneurial intervention. Rural context for instance as established in this study, does exhibit unique needs arising from the geographical isolation, infrastructural challenges, high poverty levels, lack of technological readiness, low purchasing power etc. This in essence affects the propensity of the youth to develop an entrepreneurial intention and subsequently their capacity to undertake a successful entrepreneurial activity.

5.3 Recommendations

The study recommends a review of both YEDF and AGPO initiatives to adapt them to specific needs of the rural context to enable maximum access and utilization by the rural youth entrepreneurs.

5.4 Suggested areas for further studies

1. The nexus between the gender and marital status on the access and utilization of YEDF and AGPO in the rural context:

The study interrogated demographic characteristics of the respondents. However, gender and marital status did not show any significant relationship with regard to access and utilization of YEDF and AGPO. The gender distribution was 52% female and 48% males. Equally marital status recorded 53% and 47% married and unmarried respondents respectively. The outcome could be attributed to the fact that the final study sampling was made through convenience, on the basis of those who were available for the interview. The study therefore recommends further inquiry to establish the influence of gender and marital status on the level of access and utilization of YEDF and AGPO initiatives.

2. The impact of business experience on youth entrepreneurial activities as a result of access and utilization of YEDF and AGPO initiatives:

Whereas the study established that more than half the respondents at 51% had enterprises, which had surpassed the three (3) years survival expectancy, the study was limited in scope and did not interrogate whether the enterprises were impactful. The study therefore suggests a further research on the impact of business experience on youth entrepreneurs as a result of access and utilization of YEDF and AGPO initiatives.

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APPENDICES

Appendix I: Youth fund officers (Key Informants) Interview schedule

Assessment of Youth enterprise Development Fund in Busia County

Name of the constituency _____

Name of the

Interviewer _____

Name of the

Interviewee _____

Date _____

1. How many youth have applied for YEDF in your constituency in the last 3 years?
2. How many youth applied and succeeded YEDF loans in your constituency?
3. What is the most type of loan product applied? Indicate per category

Loan category	Number of applications
Group loans	
Individual loans	
LPO financing	
Company/partnership	

4. For those whose loans application was rejected, what were some of the reasons for their rejection? (a)

Lack of collateral (b) viability of business idea (c) Financial inadequacy (d) others (Explain)

5. What would you say is the repayment rate in your constituency?

6. How do you deal with those who fail to repay?

7. How many of the beneficiaries have benefitted more than once?
8. What sort of challenges do you as Fund officer experience in the process of implementing YEDF?
9. How should these challenges be addressed?
10. Do you offer business development services such as training and capacity building for the target groups?
11. What recommendations will you give for the successful implementation of the YEDF initiative in Busia?
12. How quickly do you process the loan?
13. Give reasons for the timelines

Appendix II: Individual Youth entrepreneur Questionnaire

Assessing the influence of YEDF and AGPO in Busia County

Name of the constituency _____

Name of the Interviewer _____

Name of the Interviewee _____

Age _____

Date _____

Gender (Tick where appropriate)

a) Female

b) Male

c) Other _____ (Give details)

Marital status

a) Single

b) Married

c) Separated/Divorced

d) Others

Educational background (Tick appropriately your highest education level attained)

a) Primary

b) Secondary

c) Certificate

d) Diploma

e) Degree/Masters/PhD

f) Any other training _____(Explain)

1. Which kind of business are you involved in? (Tick one applicable)

a) Agribusinesses/food supplies

b) Manufacturing/mechanics

c) Construction/works

d) Retail/wholesale/trade

e) Hospitality/catering/event organization/performing arts

f) ICT services

g) Professional/consultancy/research services

h) Security/cleaning services

i) Others _____(Give details)

2. How long has your business been in existence? _____

3. Do you have another source of income other than this business?

(a) Yes

(b) No

4. Am going to ask you about your access and utilization of the AGPO initiative. Is your business an AGPO certified? (Tick one that is applicable)

(a) Yes my business is AGPO Certified

(b) No my business is not yet certified but I have applied

(c) No, my business is not certified and I'm yet to apply

5. If your choice above is 4 (c) why haven't you applied for AGPO? (Tick those applicable)

(a) Stringent regulations and complex process for acquisition of the AGPO certificate

- (b) Lack of finance to service the tender
- (c) Delayed payments for tenders
- (d) I'm not aware AGPO exists
- (e) Not necessary for my business
- (f) Other factors _____ (Give details)

6. If the choice to Q3 is 3(a) or 3(b) what made you apply for AGPO?

_____ (Give details)

7. If the choice to Q3 is 3(a) how long have you been AGPO certified? _____

8. If the choice to Q3 is 3(b) how long have you been waiting for the certificate since you applied? _____

9. How did you learn about AGPO?

- (a) Media
- (b) Government officers
- (c) Relatives/ friends
- (d) Websites
- (e) Others _____ (Give details)

10. Ever since you were AGPO certified have you ever applied tenders with the government through AGPO?

- (a) Yes
- (b) No (Move to Question 22)

11. If Yes to Q 10 kindly indicate appropriately the tender outcome:

- (a) Won Number of tenders _____
- (b) Lost Number of tenders _____

12. Why do you think you lost the tender (s) as reflected in 11 (b)? (Tick those applicable)

- (a) Didn't meet the eligibility requirements
- (b) Corruption during the tender award
- (c) Was not aware of the tenders
- (d) Lacked finance to service the tender
- (e) Others _____ (Give details)

13. If your choice in Q11 is (a), was this tender with;

- (a) National government
- (b) County Government

14. If the tender was with the National government, which entity did you win your tender from?

- (a) Ministry
- (b) Parastatal
- (c) Semi-autonomous agency

15. If the tender was with the county government indicate the department.....

16. How much amount was the tender worth? _____

17. How did you finance the tender?

- (a) Borrowed money from financial institutions
- (b) Own savings
- (c) Got finances from relatives and /friends
- (d) Others _____ (Give details)

18. Since you won the contract has there been any benefit to your business?

(a) Yes

(b) No

19. If Yes to Q18 what benefit(s) has your business experienced as a result of the AGPO initiative? (Tick the ones applicable)

(a) Profit margin

(b) More customers

(c) New market routes

(d) Increased employees

(e) Increased amount of stock

(f) Acquired new partners

(g) Others _____ (Give details)

20. If No to Q18 explain your experience _____

21. On a scale of 1 to 5, with 1 being easy and 5 being difficult, how challenging was it to apply for government tender?

(a) 1 Very easy

(b) 2 Easy

(c) 3 Moderate

(d) 4 Difficult

(e) 5 Very Difficult

22. If NO to Q10 above why haven't you ever applied for the government tender through the AGPO? (Tick those applicable)

(a) I have not been aware of the government tender adverts

(b) The tender application process is complex and tedious

(c) I couldn't meet the requirements for the tender

(d) Others _____ (Give details)

23. How did you learn about government tenders especially those reserved for AGPO groups?

(Tick one that is applicable)

(a) Media

(b) Relatives/Friends

(c) Websites

(d) Others _____ (Explain)

24. On average, how many government tenders do you apply annually? _____

25. Are you satisfied with the AGPO initiative with regard to doing business?

(a) Yes

(b) No

26. If No to Q 25 what do you think are the challenges/barriers?

27. Would you say AGPO initiative is contributing to creating an enabling environment for the youth to do business in Kenya?

(a) Yes

(b) No

28. Give reason(s) for your choice in Q 27 _____

29. What aspects of AGPO initiative requirements would you wish the government to review in order to improve your chances of benefitting from it?

30. Now am going to ask you questions with regard to access and utilization of YEDF. Have

you ever applied for a YEDF loan?

(a) Yes

(b) No

31. If No to Q30 why haven't you applied for a YEDF loan (Tick the one which applies)

(a) Am not aware YEDF exists

(b) I cannot meet their loan requirements and procedures

(c) YEDF loan takes long to be processed

(d) The loan threshold is not enough for my business financial needs

(e) Fear of business failure

(f) Others _____ (Give details)

32. If Yes to Q30, what type of loan did you apply for?

(a) Group based loan

(b) Individual/Company/partnership

(c) LPO/LSO financing

(d) Asset financing

(e) Others _____ (Give details)

33. How much was the loan amount? _____

34. Was your loan application successful?

(a) Yes

(b) No (Move to Q37)

35. If yes was the amount enough for your business financial needs?

(a) Yes

(b) No

36. If No to Q 35 where did you get the additional finances to meet your financial needs?

37. If No to Q 34 what reason(s) did YEDF provide? _____

38. How long did the loan-processing take? _____

39. How did you learn about YEDF loan? (Tick one which applicable)

(a) Media

(b) The government officers (public forums)

(c) Relatives/friends

(d) Websites

(e) Others _____ (Give details)

40. On a scale of 1 to 5, with 1 being easy and 5 being difficult, how challenging was it to apply

for a YEDF loan?

(a) 1 very easy

(b) 2 Easy

(c) 3 Moderate

(d) 4 Difficult

(e) 5 Very Difficult

41. YEDF equally offers entrepreneurial skills development. Have you ever received training

from YEDF?

(a) Yes

(b) No

42. If yes to Q41, outline areas which you were trained

on _____

43. If No to Q41 have you ever received training in the course of your business?

(a) YES

(b) No

44. If Yes to Q 43 which organization offered you the training?

45. Give details of areas you were trained in with regard to Q44

above_____

46. YEDF as part of its mandate does facilitate market linkages for youth owned enterprises. Has your enterprise ever been approached in that regard?

(a) Yes

(b) No

47. If Yes to Q 46 explain how your business has

benefitted_____

48. Have you ever approached YEDF for LPO/LSO financing?

(a) Yes

(b) No

49. If Yes to Q 48, was YEDF of help to you?

(a) Yes

(b) No

50. If No to Q 48 what reason(s) did YEDF give? _____

51. Are you satisfied with YEDF initiative with regard to doing business?

(a) Yes

b) No

52. If No to Q51 what are the barriers/challenges you are experiencing?

53. Would you say YEDF initiative is contributing to creating an enabling business environment for the youth in Kenya?

(a) Yes

(b) No

54. Give reasons for your

choice_____

55. What aspects of YEDF requirements would you wish the government to review in order to improve your chances of benefitting from it? _____

Thank You.

Appendix III: Project Schedule

PHASE	ACTIVITY	TIME FRAME
1.	Proposal writing	April 2018- August 2018
2	Pilot study	September 2018
3	Data collection	February 2019- April 2019
4	Data analysis	May-June 2019
5	Report writing	August 2019
6	Final project submission	September 2019

Appendix IV: Project Budget

Item	Description	Cost (Kshs)
Proposal writing	Cost of typing and printing	3000
	Internet costs	2000
	Binding costs	2000
	Travelling costs	20000
Field costs (Data collection)	Field travels	20000
	Field accommodation	10000
	Communications	3000
Data analysis	Cost of typing and printing	6000
	Cost of final documentation	4000
Total Cost		70,000