

**YOUTH ENTERPRISE DEVELOPMENT FUND: Experiences and Lessons from Kilifi
County, Kenya**

BY

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
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DECLARATION

I declare that this research project is my original work and has not been presented for a degree in any other University.

Signature  Date 5TH DECEMBER, 2012

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This research project has been submitted for review with my approval as the University supervisor:

Signature  Date 6TH DEC., 2012

PROF. PRESTON CHITERE

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DEDICATION

I dedicate this research project to my beloved wife Lillian, parents and siblings.

ACKNOWLEDGEMENTS

I thank the almighty God for the strength and ability to accomplish this course. My very sincere appreciation goes to my supervisor Prof. P. Chitere without his keen interest, positive criticism, motivation and guidance; this proposal would not have been completed. To my dear wife, Lillian, dear parents, other family members, and friends, I do extend my most heartfelt gratitude for your valuable encouragement and support both morally and financially during the course of my studies. God bless you abundantly.

ABSTRACT

The study was conducted to establish and analyze the contribution of the Youth Enterprise Development Fund in the growth of youth owned enterprises in Kilifi County, Kenya. The study targeted young entrepreneurs owning business who have benefited from Youth Enterprise Development Fund through the Constituency based loan products and the financial intermediaries.

The researcher reviewed relevant literature by various scholars and other documents such as the Strategic Plan of YEDF and their loan repayment status reports.

The theoretical framework of the study was based on the group entrepreneurship theoretical perspective associated with Gandhiji from India.

The study employed multistage sampling. Cluster sampling was used to primarily cluster the study area into five constituencies and further used purposive sampling to pick two constituencies namely Ganze and Magarini. Purposive sampling method was used to sample five members from each of the 10 groups and this gave a sample size of 50 loaned youth groups. The study employed the use of questionnaires with both closed and open ended questions and structured interviews. Data was analyzed using Statistical Package for Social Sciences (SPSS). Descriptive statistics that involve use of pie charts and graphs was used to analyze the data.

The main findings of the study revealed that majority of the respondents' were men accounting for 56.5% of the respondents. Most of the respondents had attained tertiary education. Majority of the respondents were single accounting to 63.0 % of the respondents. The study further established that the amount of loan given to the respondents was too little to enable the young entrepreneurs engage in a meaningful business with 65.2% getting between 25,000 and 50,000. Majority of the respondents indicated that their business had grown with 67.7% having employed at least on employee in their businesses. Most of the respondents indicated that the procedure followed to access loans from the Fund was not easy to follow through (58.7%).

Following results of the study it is recommended that initiatives aimed at sensitizing the youth on the various loan products offered by YEDF. It is also recommended that YEDF should review upwards the minimum amount of loan given to youth entrepreneurs.

ABBREVIATIONS AND ACRONYMS

C-YES	Constituency Youth Enterprise Scheme
District- YEDFC	District Youth Enterprise Development Fund Committee
Divisional- YEDFC	Divisional Youth Enterprise Development Fund Committee
DYO	District Youth Officer
E-YES	Easy constituency Youth Enterprise Scheme
YEDF	Youth Enterprise Development Fund
ILO	International Labour Organization
YO	Youth Officer
FIs	Financial Intermediaries
MFIs	Microfinance Institutions
NGOs	Nongovernmental Organizations
ILO	International Labour Organization
GEP	Group Entrepreneurship

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CHAPTER ONE

1.0 INTRODUCTION AND PROBLEM STATEMENT

1.1 Introduction

Youth unemployment is one of Kenya's most daunting economic challenges. In trying to solve the problem of youth unemployment, the Youth Enterprise Development Fund was established in June 2006, six months after the establishment of the Ministry of Youth Affairs through an Act of Parliament. Prioritizing job creation in its policy agenda, the Youth Enterprise Development Fund was premised on the recognition that micro and medium enterprise development interventions were likely to have the biggest impact on job creation. The informal (micro and small) sector had, over the last decade, emerged as the main source of employment outside small scale agriculture. During the formation of the Fund, the objective was to increase young entrepreneurs' access to loans, complemented with facilitating linkages in supply chains, creating commercial infrastructure and markets for their products. Unemployment is a very serious problem in Kenya today. In response, the Government has prioritized job creation in its policy agenda. Unemployment is predominantly a youth problem. The youth, defined as persons between the age 15 and 35 years, comprise two thirds of the potentially economically active population. The youth account for over 60 percent of the unemployed.

According to Githu (2007), unemployment is on the increase in both rural and urban parts in Kenya. Although the Kenyan government feels the problem of start up capital, unemployment to the youth was adequately addressed by the official launch of the Youth Enterprise Development Fund; youth unemployment was still relatively high. As a result, some youth got lured into anti-social and risk taking behaviours leading to HIV and AIDS, drug abuse and crime.

Faced with an increasingly young labour force, limited economic growth which can only absorb 25% of the 500,000 young people coming into the labour market annually, and leaving majority of the 75% unemployed, the Youth Enterprise Development Fund (YEDF) need to effectively discharge its mandate or lest a majority of young people were edged out of the development process. The government efforts to put in place policies to address both the immediate and long term challenges facing the youth have not benefited the youth adequately. Foremost is unemployment, which is one of the most daunting challenges facing the youths today.

From the country's trend data on demographic age structure, the youth has persistently continued to form the majority population in the country. This implies that the population of the youth in Kenya far outstrips the available number of salaried jobs necessary to absorb them. Evidence from elsewhere indicated that Micro enterprise development interventions had the biggest impact on job creation for this category of people. It is worth mentioning that the informal sector had, over the last decade emerged as the main source of employment outside the agricultural sector in Kenya. While the informal sector employed close to 8 million people in 2006, the formal wage sector accounted for just 1.8 million people. These figures indicated that in addition to being equipped with skills, young people needed to be given access to capital so that they can start or expand their own business enterprises and change from being job seekers to job creators.

Globalization and technological advances have had a profound impact on labour markets throughout the world, and young people, as new workers, have faced a number of challenges associated with these developments. Trends in the youth labour market tend to reflect changes in the adult labour market, although the effects of any shifts that may occur are often magnified in the employment situation of the young. The decline in skilled jobs in the manufacturing sector in

Kenya, together with the increased demand for professional, specialists and unskilled labour in the growing service industry, has led to a hollowing out of the youth labour market.

The World Youth Report (2003) indicated that an increasing number of young people in the developing countries had reverted to looking for employment in the informal economy, usually characterized by insecurity, poor returns and working conditions. In Kenya for example a rising number of young people work in the informal economy, where they earn low wages and are often subjected to poor or even exploitative working conditions. For young people in both rural and urban areas in Kenya, self employment is the only option for survival. Youth entrepreneurship in Kenya had been encouraged due to the government's inability to supply jobs for the large youthful labour force. This is taking shape through a variety of means, including special programmes that facilitate access to credit, although owing to their lack of collateral and business experience, the private financial institutions consider youth as a very high risk group, making it difficult for them to gain access to private credit- financing. As a soft option many youth in Kenya rely on their own savings or turn to family and friends for entrepreneurship capital. Unfortunately, this applies but only to a minor portion of the youth population, majority do not have such alternatives hence starting their own businesses becomes a pipe dream unless special credit programmes are set up for them.

1.2 Statement of the Problem

Unemployment in Kenya like other developing countries is very high and still on the increase. The most hard - hit population were the youth, being unable to secure formal employment opportunities even after formal schooling; and apart from being the majority of Kenya's population as described by the age structure. This then leads to their lack of gainful contribution

to the economic development of the country despite their enthusiasm, energy and drive. The resulting idleness had sometimes made the youth to drift into undesirable activities which had at times led to wastage in human resource and energy.

Though long overdue, the government has lately tried to address these problems of the youth particularly the unemployment situation in the country. Key among their pledges is the promise to improve the operational infrastructure such that the economy can create new opportunities for at least half a million youth every year in the formal and non formal sector too. Available statistics however, indicated that unemployment problem was far from being over since the underlying child population which acted as a reservoir for the youth was concurrently exploding increasing the youth population exponentially. Recently, the Kenya Government embraced entrepreneurship development strategy through formulation of policies to favor the development of small micro enterprise businesses across the country by the youth. This was applauded with support coming from the development partners and other International bodies, unfortunately, little or no known achievement at all had been envisaged within this noble development.

Further, according to the Economic Survey for 2009, new jobs created in the country declined by 3.64% to 467,300 in 2008 with the private sector, decelerating by 67.7 percent to 23,800 new jobs in 2008. The small and micro-enterprise sector that had overtime been regarded as the main source of employment to the youth in Kenya was now performing dismally, despite efforts by the government to disburse funds through financial intermediaries. The small and medium enterprise performed poorly according to the survey with poor entrepreneurship and management skills among the youths being one of the key attributing factors, lack of better access to technology and lack of efficient skilled personnel in the sector.

Consequently, in spite of the increase in the number of unemployed youths and falling rates of entrepreneurship by the same category of people in both rural and urban parts of Kenya, little had been done to analyze the role of Youth Enterprise Development Fund in employment creation in the informal sector. 76% of the youth are unemployed with 57% being female (Alice, 2007). Unemployment in Kenya is documented as one of the most critical challenge facing the Kenyan youth. The youth aged between 15 and 35 years, constitute about 38 per cent of the population. This was a large section of our population with a critical contribution to the national economic development.

Kilifi County was regarded as one of the poorest areas in the country with very high youth unemployment rates. By the government launching the Fund, it was believed that the county was to be one of the greatest beneficiaries of this government project. This study therefore intended to investigate the role that had been played by the introduction of the YEDF in Kilifi County, its level of achievement and the underlying factors impeding its efficient implementation. Consequently, the slow implementation implied the government's inability to provide complete and efficient timely development to its youthful population. This led to wastage and high dependency burden among the few individuals that feed this non resourceful adult population. Evidence from the Economic Survey of 2009 revealed high dependency on the limited resources and basic services offered by the state by a section of non resourceful population due to their lack of employment

1.3 Research Questions

The study answered the following research questions:

1. What were the characteristics of the individual members loaned by the Youth Enterprises

Development Fund?

2. What is the level of awareness of youth of the Youth Enterprise Development Fund in Kilifi County?
3. What are the levels of performance of enterprises funded by the Youth Enterprise Development Fund in Kilifi County?
4. How easy or difficult is the process of accessing loans and other support services from the Youth Enterprise Development Fund?

1.4 Objective of the Study

Main objective of the study was to assess the effect of the Youth Enterprise Development Fund in the growth of funded youth enterprises through in Kilifi County. The study further aimed at investigating the extent to which the YEDF through its various products had helped youths to earn a living in the study area.

Specific objectives of the Study

- a) To find out the characteristics of the individual members loaned by the YEDF
- b) To determine the level of awareness of youth about the Youth Enterprise Development Fund in Kilifi County
- c) To establish the level of performance of the youths' enterprises funded by the YEDF
- d) To assess the level of accessibility of youth to loans and support services from the Youth

1.5 Justification of the Study

Entrepreneurship determines a country's development. This was the motivation for this research; to the fact that youth employment was a way of improving their economic status. This eventually increased their economic value leading to a nations overall development. Improving entrepreneurship levels of the population was a key to the Kenyan government's developmental strategy especially the youth. This had been evident by the introduction of Youth Enterprise Development Fund (YEDF) consequently leading to voices of applause by the Kenyan public with regards to the government's efforts. However, among the youth, the Entrepreneurship rate had consistently remained low as it was reflected by the economic survey of 2009 and instead had headed for the decline.

Consequently, the phenomenon of youth unemployment was of great concern of everyone in this country. The Kenyan government invested quite a proportion of its national resources in the education sector as an empowerment strategy in order to equip the youth with all round skills, as a strategy for employment acquisition and entrepreneurship. As a supplement to the empowerment strategy, the recent introduction of the Youth Enterprise Development Fund to the youth came forth, however its level of achievement in the county is unknown. There was need, therefore, to study the situation of the Fund and bring forth an explanation of its progress to the lime light.

This study focused on youths' participation in income generating activities through entrepreneurship in Kilifi County in Kenya. The findings and recommendations of the study were to inform all the key stakeholders like the government and development partners alike who

deal with youth affairs or programmes. Henceforth, they will not rely on haphazard personal experiences or on traditions but also base their methods, decision and actions on concrete scientific knowledge concerning issues challenging youths economic empowerment. It was therefore believed that the study was then aimed at improving the efficiency of the Youth Enterprise Development Fund ; thereby re-inventing it as a major hope of our youths who constitute 38 percent of the population.

1.6 Scope and limitation of the Study

The study focused on the contribution of the Youth Enterprise Development Fund in the growth of youth enterprises in the informal sector outside the agricultural sector in Kilifi County. Moreover the study focused on the stock of the enterprises owned by the youth as well as progress made in loan repayment and other changes such as number of employees employed by young entrepreneurs after accessing loans from the Fund.

2.0 CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

In most African countries, including Kenya, unemployment, under-employment and poverty levels have continued to increase and have remained at extremely high levels despite considerable efforts to promote sustainable development by national governments and international development agencies, (Economic Commission for Africa-ECA, 2002). In recent years, there has been increased concern over the tragic waste of human potential, particularly for the youth. Most of the youth are either unemployed or underemployed.

2.2 Awareness of the Youth on the Existence and Operations of the Youth Enterprise Development Fund

The government has taken a number of strides in sensitizing Kenyans not only on the mechanisms behind the workings of the YEDF, but on the very existence of the kitty. While officially launching Shs 1 billion Fund at Kenyatta International Conference Centre (KICC), on Friday 2nd February 2007, the President announced that the kitty would be increased in the coming financial year and appealed to the private sector and development partners to aid in scaling it up. (www.marsgroupkenya.org).

Equally, the Government of Kenya has heavily publicized the Vision 2030 Document under its popular version. Under the Social Pillar, the government has highlighted the YEDF as one of the strengths in the fight against unemployment through fostering youth empowerment. The 2030 vision for gender, youth and vulnerable groups is equity in power and resource distribution between the sexes, improved livelihoods for all vulnerable groups, and responsible, globally competitive and prosperous youth. Among the flagship projects for gender, youth and vulnerable

groups are the rehabilitation or building of youth empowerment centres in each constituency and the increment of the Youth Enterprise Development Fund and ensure efficient and productive use of funds allocated to youth groups. (Government of the Republic of Kenya, 2007)

After its establishment in 2006, The Fund was gazetted on 8th December 2006 to provide the necessary legal framework to govern its use and operations. The Youth Enterprise Development Fund developed a 3 year strategic plan to address varied needs and aspirations of the youth, and to address the challenges it has faced in the past. To further create awareness on existence and mandate of the fund, the strategic plan was subsequently launched on 10th December, 2008. It was the Fund's intention to evolve and be able to meet the dynamic needs of the youth, who are its raison d'être i.e. purpose. Fundamental to its operations was the vision of creating a sustainable and growing fund, economically empowering the Kenyan Youth with a mission to increase economic opportunities for, and participation by Kenyan youth in nation building through enterprise development and strategic partnerships. (www.youthfund.go.ke)

2.3 Accessibility to Loans and other support services by Youth from the Fund

To enhance accessibility of loans by youth, the Youth Enterprise Development Fund has three different models of disbursing loans to the youths who are the major beneficiaries of the Fund. The first model is the Constituency Youth Enterprise schemes(C-YES) This model funds enterprises of youth groups in all constituencies in Kenya. Within the divisions in every constituency there is Divisional Youth Enterprise Development Fund Committee (Divisional YEDF) that effectively identifies, and recommends viable youth groups enterprises for loans upon application. The(C-YES) has an allocation of Kenya shillings two million per constituency which targets only viable groups within the constituency. However the maximum amount of money an individual group can get is Kenya shillings fifty thousand through this model.

Moreover before loans are disbursed to the successful youth groups, pre disbursement training is conducted to these groups.

The second model is the use of financial intermediaries such as banks, Non Governmental Organizations (NGOs), Savings and Credit Cooperatives (SACCOs), and Micro Finance Institutions (MFIs), from which the Youth access funds to start or expand viable businesses. The Financial Intermediaries manage funds allocated to the district from which the youth will access funds directly either as individuals or as organized entities. It is important to mention that the on-lending component of the Fund is mainly through these financial institutions. The Fund has so far entered into partnership arrangements with 33 financial intermediaries. (www.youthfund.go.ke).

The third model is the Easy Youth Enterprise Scheme (E-YES) this is a constituency based loan intended to finance individual owned enterprises at the group level. It is an enhancement of the current C-YES model graduating the group members to individual loans. It targets all young entrepreneurs especially those who have excelled under the C-YES model. This means unless the youth groups clear their earlier group loans, the Fund will not disburse through EYES model.

The Youth Enterprise Development Fund can be considered as having one of the simplest and most straight forward requirements to accessing the loans. The following are the requirements set as criteria to select viable applicants for the loans according to The Youth Enterprise Development Fund. The applicant must be Kenyan youth aged 18 to 35 years either starting or expanding business. He or she must also possess identification details such as business registration certificates or personal identification papers such as National Identity Card or passport. Also required is a bank account preferable to the preferred Financial Intermediary

which will then permit the collection of a loan application form from Preferred Financial Intermediary of which after being filled, should be submitted with a self-prepared business proposal to the preferred Financial Intermediary. This institution will then carry out the assessment of the proposed business to establish financial viability and other relevant technical matters. In some cases, evidence of attendance of a training programme may be required.

Subsequently, the District Youth Officer will verify any information regarding the applicant when sought for by Financial Intermediary. Lastly, before securing of the loan, the repayment period and amount is discussed and agreed on between beneficiary and the Financial Intermediary.

As part of ensuring accessibility of loans, President Mwai Kibaki cautioned development committees through which the Ksh. 210m Youth Enterprise Fund allocated to constituencies would be disbursed to steer clear of bureaucracies that can delay disbursement of the monies.

(www.marsgroupkenya.org).

2.3.1 Youth's use of financial institutions

One of the main challenges lies within the very fact that Kenya's banking sector has not adequately penetrated to the grassroots, thus making access to the Fund difficult. The following institutions below are charged with the mandate of serving a youth population of 9.1million, accounting for 32% of Kenya's total population. Of these, 51.7 percent are female youth. These form 60 percent of the total labour force (The Kenyan National Youth Policy, 2002). Apart from the problem of inadequate grassroots penetration of financial institutions, structural problems such as lack of voice and representation and lack of access to credit since young people lack the collateral that banks require for a loan. Isolation and lack of support are problems many young

women and men entrepreneurs experience and this often prevents them from gaining a foothold in the modern business (Semboja, 2007).

2.3.2 Interest rates

There are various other financial challenges that face small enterprises. They include the high cost of credit, high bank charges and fees. The scenario witnessed in Kenya particularly during the climaxing period of the year 2008 testifies the need for credit among the common and low earning entrepreneurs. Numerous money lenders in the name of Pyramid schemes came up, promising hope among the 'little investors,' which they can make it to the financial freedom through soft borrowing. The rationale behind turning to these schemes among a good number of entrepreneurs is mainly to seek alternatives and soft credit with low interest rates while making profits. Financial constraint remains a major challenge facing SMEs in Kenya (Wanjohi and Mugure, 2008).

2.3.3 Business proposal Development

As a mandatory requirement, it is necessary for the youth group applying for funding from the YEDF to develop a business proposal. There are two main factors impeding the development of this tool.

First, are the technicalities in developing the business proposals. The level of training required to develop this tool remains elusive to many youths in the rural areas as it is mainly accessed at the tertiary level of training. On the other hand, the 8-4-4 system of education was geared to imparting appropriate skills to enhance self-employment. However, due to the high costs, poverty and lack of facilities, there have been high school dropout rates. Most of the youth either drop out of school or graduate without necessary skills for self employment.

(www.esabmonetwork.org). Access to effective business advisory and support services and the

capacity to deliver them is critical in promoting youth entrepreneurship. Studies suggest that there are existing initiatives taken by East African national governments, public agencies, universities and the private sector, though they remain isolated. (Semboja, 2007).

Second is the lack of entrepreneurship. Entrepreneurship is taken to refer to Micro, Small and Medium Scale Enterprises, (MSMEs), and capacity to own, manage and operate these enterprises. In the current East Africa context, the MSMEs are understood to be independent business undertakings where operational and administrative managements are in the hands of one or two persons usually the owner(s) / manager(s) who are also responsible for making the major decisions of the enterprise. Although micro, small and medium scale informal businesses are dynamic and employment generating entities, they are not socially and economically preferable jobs. This results in a kind of frictional unemployment where the young job-seekers prefer large companies and therefore tend to wait for a satisfactory job to come up. Several studies have established that there are many complex constraints that face the small entrepreneurs in the process of owning, managing, operating and developing their enterprises (Semboja, 2005). Many micro and small sized enterprises in East Africa are informal because the administrative procedures for business registration are too cumbersome, long-winded or costly. The barriers to setting up new businesses are particularly high for young people who on the other hand face complex entrepreneurship barriers.

Youth have also constantly complained of loan access difficulties associated with delayed loan disbursement for C-YES loans and stringent conditions set by Financial Intermediaries for accessing youth loans, especially starters.

2.4 The performance of enterprises funded by the Youth Enterprise Development Fund

The Youth Enterprise Development Fund came legally into operation on 8th December 2006 through Legal Notice No. 167. It was transformed into a State Corporation on 11th May 2007 through Legal Notice No. 63.

The Fund focuses on enterprise development as a key strategy that will increase economic opportunities for, and participation by Kenyan youth in nation building. The mandate of the Fund is not only increasing access to capital by young entrepreneurs but also provides business development services, facilitates linkages in supply chains, creates market opportunities locally and abroad for products and services of youth enterprises, and facilitates creation of commercial infrastructure to support growth of youth businesses. In realization of the fact that not all young people are interested in entrepreneurship, the Fund's mandate includes facilitating employment of semi-skilled/skilled young people in external labour markets. This mandate entails but not limited to job search abroad, facilitating travel documentation, and financing cost of relocation. By 31st March, 2009, the total funds disbursement to youth enterprises stood at Ksh. 1.9 billion.

2.5 Theoretical Framework

2.5.1 Group Entrepreneurship Theoretical perspective

The theoretical framework adopted for this study is derived from the Group Entrepreneurship theory of Entrepreneurship developed by Gandhiji from India. It emerged from the experience of Gandhiji after working on two field ventures. First the efforts at the Xavier Institute of Social Service which was charged with the organization of training programmes for individual village entrepreneurs and second, successive field projects in which efforts were made to find a formula that really benefits the rural poor. The theory was used successfully in India with the rural poor and real change was realized in the rural areas.

The theory postulates that real change comes to rural areas when a whole mass of people, a group of people sharing the same profession, living in the same hamlet, village or cluster of village gets involved in it. The theory further acknowledges that nothing lasting is achieved unless people as groups participate in the birth and growth of a vision, an objective and shares the same aspirations and achievements. It is important for groups of people to have entrepreneurial characteristics, ability to identify opportunities and seize them, marshal and manage resources and produce goods and market them.

Group entrepreneurship is found in a group of people tied together by a common bond, because they live in the same village, engage in the same profession, or share an economic interest. These groups engages in a common productive activity and are able to market the produce in such a manner that they get a fair price, which in turn enables them make a living in the village throughout the year.

The theory emphasize that besides being self employed as individual units, or as a member of a cooperative endeavour, the group should manifests the other characteristics of entrepreneurship innovation, such as risky-taking ability and responsibility for financial resources. The group by itself may undertake all the functions of management taking care of backward linkages (obtaining raw materials, financial inputs orders for products and research and development) and the forward linkages (storing, pricing, packing, dispatching and promotion). Where a group is able to fully take care of all of these functions, one has a fully mature group entrepreneurship, often in the form of a cooperative society. In many cases, however, several of these linkages are beyond the present managing capacity of the group and are taken care by the supporting agency or a large infrastructural organization.

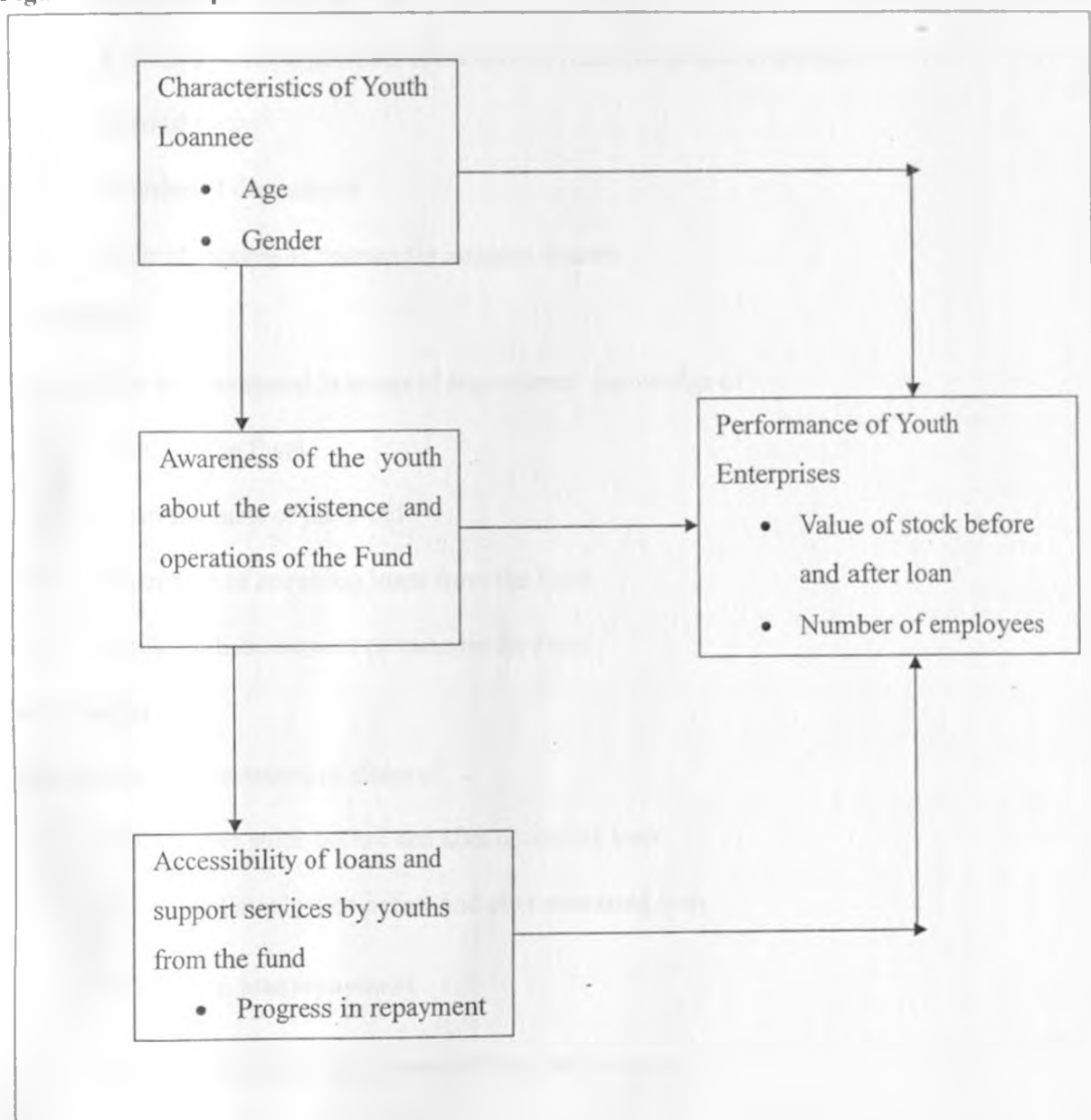
As adapted in this study, the Group Entrepreneurship theory holds that the Youth Enterprise Development Fund influences job creation among youth in Kilifi County. In the application of Group Entrepreneurship theory to this study on Youth Enterprise Development Fund and its contribution to employment creation, the variables would be identified as:

1. Youth enterprise Development Fund-awareness of the youth on the existence and operation of the Fund, support service to the youth through the YEDF, characteristics of the individual loaned by YEDF and characteristics of loaned youth groups by YEDF.
2. Growth of Funded youth enterprises refers to the expansion or performance of the enterprises funded by the YEDF.

However, in adopting the Group Entrepreneurship theory of entrepreneurship for this study the researcher is not ignorant of its shortcomings. Group entrepreneurship, depending on the business in which it engages, is risky, and vulnerable to the vagaries of the market. If it fails the whole group of people may lose their livelihood. This theory also is faulted on the ground that, if the supporting agency is highly bureaucratic in approach, it may not be able to provide the services the people really need, thus giving scope to middlemen to worm their way into the system.

The conceptual framework below shows the inter-relationship between the independent variable and the dependent variable. It shows how performance of youth enterprises as the dependent variable is affected by awareness, accessibility and characteristics of youth loanees with the three (3) variables being the independent variables. The parameters for all the variables are shown below.

Figure 2.1: Conceptual Framework



Source: Author, 2012

2.5 Operationalization of Variables

Characteristics of youth loanees

These were measured in terms of;

- Age as measured by number of years lived

- Gender which is male or female
- Formal education in terms of number of years completed in schools
- Marital status
- Number of dependants
- Reliable source of finance for instance donors

Awareness

This variable was measured in terms of respondents' knowledge of

- Goals of the Fund
- Loan products of the Fund
- Procedure of acquiring loans from the Fund
- Mode of disbursement of loans by the Fund

Performance

This variable was measured in terms of:

- Value of the stock before and after accessing loan.
- Number of employees before and after accessing loan
- Progress in loan repayment
- Investments made from proceeds from the business
- Other changes in business

Accessibility

This variable was measured in terms of:

- Value of loan acquired
- Type or value of security

CHAPTER THREE

3.0 METHODOLOGY

3.1 INTRODUCTION

This chapter describes the area of study, procedures and research methods that were used in this study. These include research design, sampling frame and procedure, data collection, data processing and data analysis.

3.2 Area of Study

Kilifi County is one of the six Counties in Coast province. It is located in North Coast and consists of five constituencies, namely Kaloleni, Bahari, Malindi, Magarini and Ganze. The population of Kilifi County in 2009 was 1,109,735 comprising of 535,526 males and 574,209 females representing 48.3% and 51.7% of the population respectively (census 2009). The Table below gives a summary of the demographic indicators of the County.

Table 3.1: Demographic indicators of Kilifi County, 2009

Population(2009)	1,109,735
Number of Males	535,526
Number of females	574,209
Number of Youthful population	229,658
Rural population	824,2532
Urban population	285,582

Source: National Census Report, (2009)

On economic activities, fishing and tourism are some of the major economic activities of the

county. The area around Kilifi Township contains some of the best farming land in the County, where livestock rearing and tropical fruit farming is the dominant activities.

On education, Kilifi County has 335 private and public primary schools, 42 private and public secondary schools with a few private public colleges one (1) university college.

On healthcare, the County has over 131 health facilities spread across the County. The doctor/population ratio is about 1:54751 showing an over utilization of doctors.

The main issues/problems concerning population and development in Kilifi County are high unemployment rate, drug abuse among youth, poor health facilities, poor education facilities and infrastructure.

3.3 Study Design

According to Kerlinger (1964), research design is a plan, structure and strategy to carry out an investigation in order to obtain answers to research questions and variances. Research design therefore guides the researcher in collecting or gathering, analyzing and interpreting some observed facts. The study used case study design. The study aimed at collecting information from respondents on the impact of YEDF on their businesses and employment creation in general in Kilifi County. The researcher used both primary and secondary data that enabled the researcher to describe the impact of YEDF on the youth enterprises in detail. The design was deemed most suitable for this study because it enabled the researcher to undertake a breath of observations on the phenomenon under study. Further this study design was brought about deeper insights and better understanding of the impact of the Fund in terms of employment creation among youth. The impact of the Fund on youth enterprises was analyzed in detail. The choice of this study design was justified on the fact that youth unemployment was a critical and intricate matter that needed to be looked holistically. On the other hand, the design provided for

accurate in-depth analysis of the characteristics of a sample which can be used to make inferences about populations (Kerlinger, 1973; de Vaus, 1999). Despite its advantages as described in the foregoing, de Vaus (1999) discussed its disadvantages. The outstanding among them being the fact that sociological and sample surveys conducted within such studies are generally superficial and the design was not forward looking in terms of providing long-term solutions to sociological problems and issues. Other disadvantages of this design included the inability of its methods to obtain information not known to the respondents, and the fact that respondents avoid questions that check on their honesty.

To deal with the foregoing potential weakness, the study utilized a blend of data collection methods, including review of literature besides developing and using standardized instruments that included questionnaire surveys, key informant interviews, direct observation checklist, and data analysis which facilitates recognition of subjective aspects of human behaviour and experiences, and develops insights into groups' lifestyles and experiences that were meaningful, reasonable and normal to those concerned (Njeru, 2004).

3.4 Source of data

In this study, primary data was collected among a sample of youth representatives in selected youth groups within Kilifi County. To supplement data from the youth groups, the Principal Investigator collected more information from the district and divisional youth officers. Document reviews of the various reports and publications were also included.

3.5 Sampling Procedure

The study utilized multistage sampling method. According to Battaglia (1994) Multistage sampling is a technique in which sampling is done sequentially across two or more hierarchical

levels, such as first at county level, second at constituency level and ultimately at individual level. This approach was used because of large area of study (Fowler, 2002). Cluster sampling was used as a first stage of the process to primarily cluster the study area into five constituencies, according to constituency boundaries namely Bahari, Ganze, Kaloleni, Malindi and Magarini. Further the researcher used purposive sampling and in consultation with staff of YEDF in the county picked two constituencies among the five constituencies namely Ganze and Magarini.

Loanee Youth Groups

Once the two constituencies were chose, then with help of Youth Officers of Ministry of Youth Affairs and Sports, and Staff of the Fund, the author compiled lists of the youth groups that had benefited from the Fund. Five (5) youth groups out of 58 loaned groups from Ganze constituency were sampled and another five (5) youth groups out of 29 loaned groups from Magarini Constituency giving a total of ten (10) loaned YGS.

Youth Loanees

Each Youth group sampled provided a list of its youth loanees and purposive sampling method was used to sample five members from each of the 10 groups and this gave a sample of 50 loaned youths.

Key informants

In the selection of key informants, the researcher used Purposive Sampling. The researcher interviewed the District, Divisional Youth and Divisional Social Development Officers and the District Youth Development Officers, staff from YEDF based in the county. The selection of

these officers was because of their positions and the advantage of the information they possessed on youth and unemployment in the county.

3.6 Data collection, source of data and Analysis.

Primary data

The survey employed a variety of methods namely questionnaires with both closed and open ended questions, interviews of loaned youths, key informants, secondary sources and case studies. The questionnaires were distributed to the respondents by the researcher after a first pre-test and gathered after the lapse of the response time. The researcher then edited the filled questionnaires and created codes from the responses.

Interviews were carried out with loaned youths, key informants stated above by the researcher. This was conducted under the guidance of interview questions.

Secondary data

The researcher also collected information from the strategic plan of the Fund, loan status reports prepared from the Fund.

Data Analysis

The completed questionnaires were coded, entered in the computer and analyzed using the Statistical Package for Social Sciences (SPSS). Descriptive statistics was employed to determine the fundamental characteristics and inform the findings from the sampled population with regard to the variables under consideration. These included frequency tables, pie charts, and graphs.

3.6 Response Rate

The study targeted the youth from Kilifi County, the youth constituted two groups from different constituencies in the county that is Magarini and Ganze. Table 4.1 shows the respondents' response rate

Table 3.2: Response Rate

Respondents	Questionnaires administered.	Questionnaires filled & returned	Percentage %.
Magarini	25	24	52.17
Ganze	25	22	47.83
Total	50	46	92

According to the response rate in the two constituencies the rate is very good based on Mugenda and Mugenda (1999) a 50% response rate is adequate, 60% good and above 70% rated as very good. According to the response 24 (52.2%) were from Magarini, 22 (47.8%) were from Ganze.

CHAPTER FOUR

4.0 DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter covers analysis of data and the findings of the study. The general objective of the study was to investigate the contribution of the Youth Enterprise Development Fund in the growth of youth enterprises in the informal sector outside the agricultural sector in Kilifi County. The first section of the chapter presents the demographic data of the respondents. The analysis proceeds according to the specific objective as explored by the study's questionnaire.

4.2 Characteristics of individual Youth Loanees

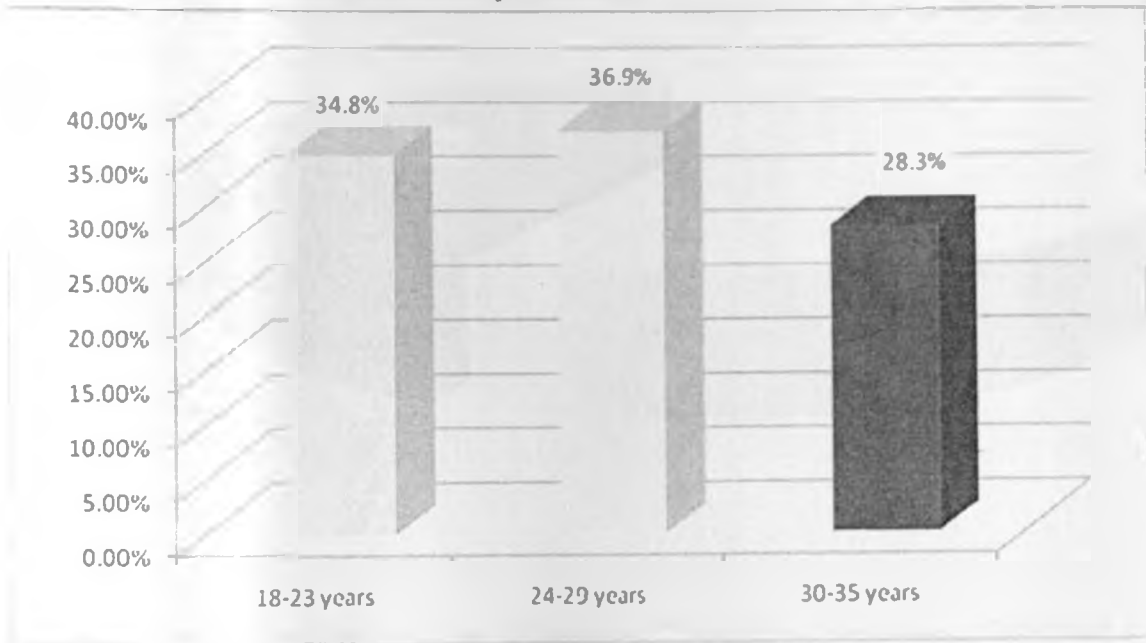
The first objective of this study was; "To find out the characteristics of individual youth loanees." The characteristics were age, gender, and marital status, formal education in terms of number of years completed in schools and number of dependants.

In order to achieve the main purpose of this study, the researcher found it useful to find out the demographic information of the respondents. The demographic information of the respondents included age, gender, level of education, marital status, number of dependants/children and occupation.

4.2.1 Age distribution of the respondents

The researcher sought to establish the age of the respondents who were the selected youth in Kilifi County. Figure 4.1 shows the age distribution of the youths.

Figure 4.1 Age distribution of the respondents

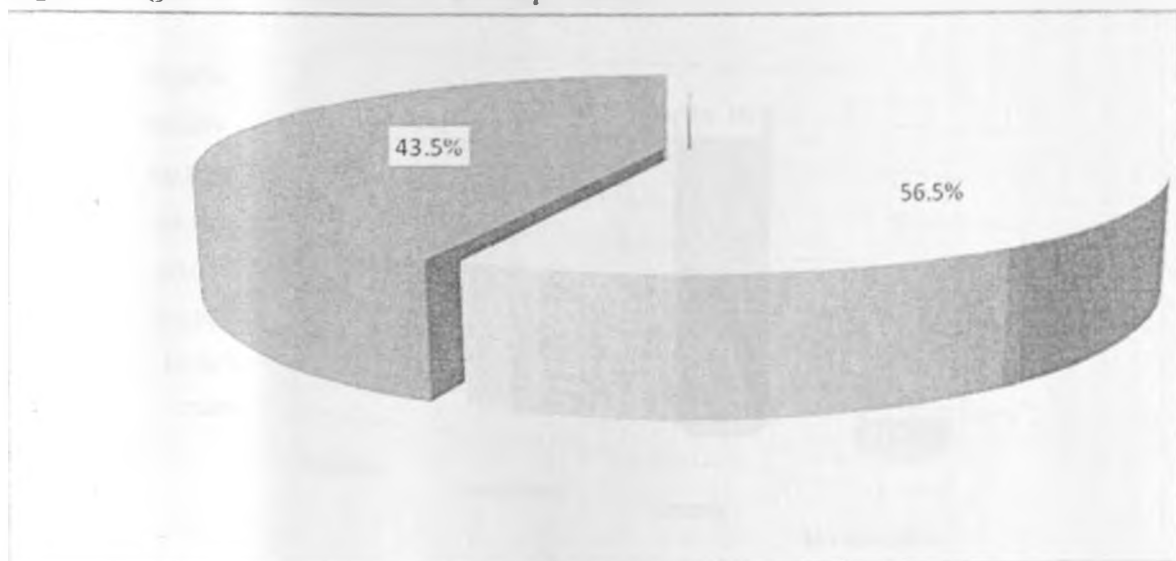


From the findings, majority 17 (36.9%) of the respondents indicated that their age brackets ranged between 24-29 years, 16 (34.8%) of the respondents indicated that their age brackets ranged in the bracket of 18-23 years while 13 (28.3%) of the respondents indicated that their age brackets ranged in the bracket of 30-35 years. Given that all the respondents were above 18 years of age, it implies that the respondents were mature enough to provide reliable response regarding youth's enterprise funds. According to analysis of the findings majority of the respondents were at the age brackets of 24-29 years of age.

4.2.2 Gender distribution of the respondents

The researcher sought to investigate the gender distribution of the respondents. Figure 4.2 shows the gender distribution of the respondents.

Figure 4.2 gender distribution of the respondents

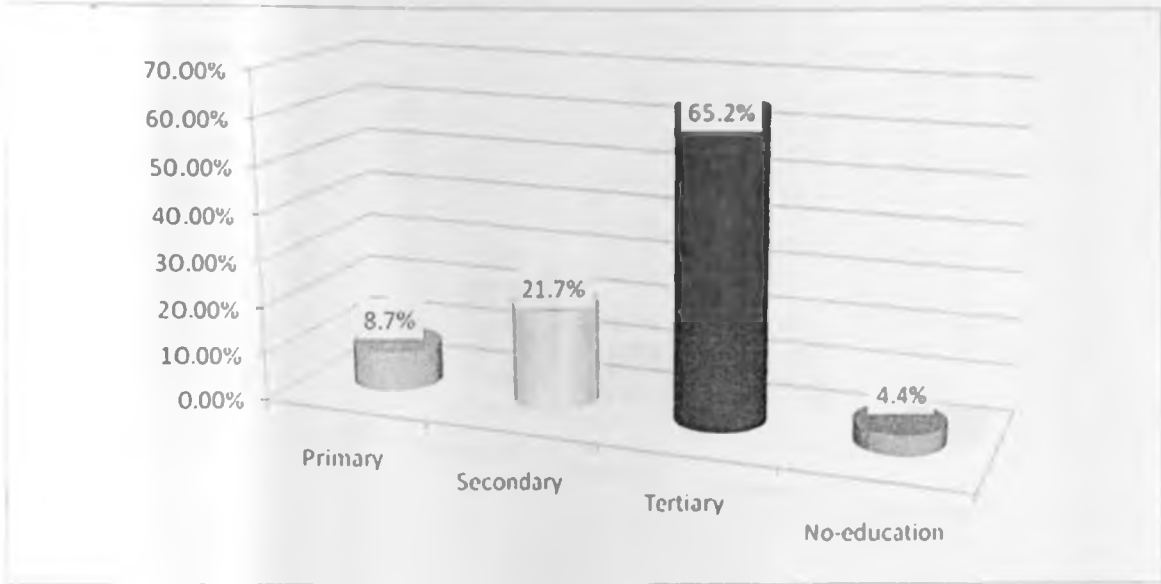


From the findings majority of the respondents 25 (56.5%) were men, 20 (43.5) of the respondents were women, this implied that more men were interested in enterprises. This could imply that more males were involved entrepreneurial ventures as compared to their female counterparts. It can also be deduced that men are ready to take risks and hence they apply for loans from the Youth Enterprise Development Fund. This may be as a result of their activities that tend to be more of income generating activities whilst women's concentrate in domestic work

4.2.3 Level of education of the respondents

In order to find answers to the pertinent questions of the study, the researcher sought to find out the education level of the respondents in the two constituencies. Figure 4.3 shows the education level of the respondents

Figure 4.3 Level of education of the respondents

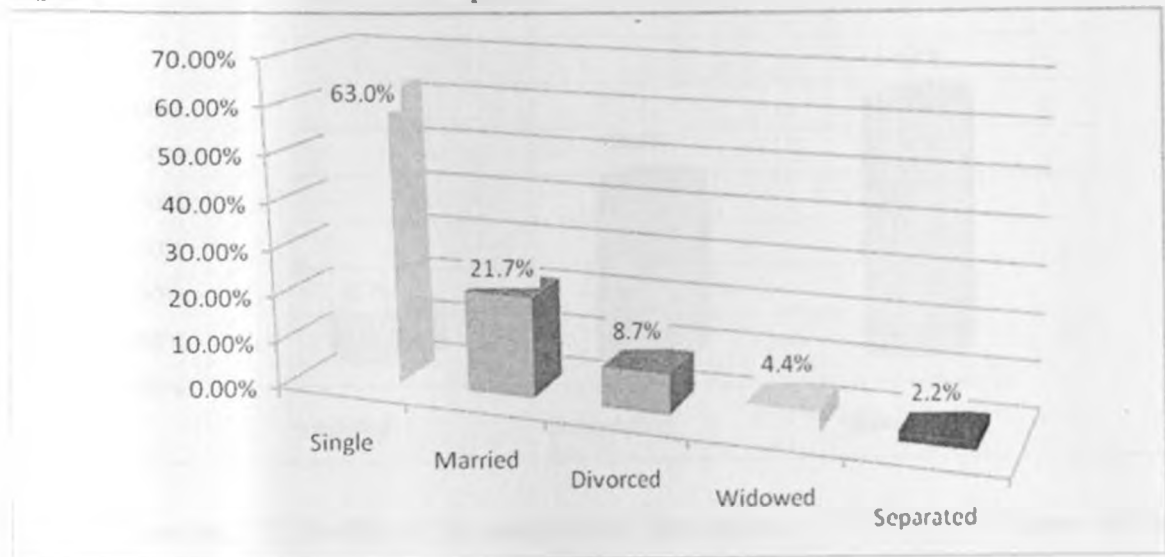


From the findings majority 30 (65.2%) of the respondents had acquired tertiary education, 10 (21.7%) had acquired secondary, 4 (8.7%) had acquired primary education while 2 (4.4%) of the respondents were not educated. According to analysis of the finding a majority of those interviewed had acquired tertiary education which may be attributed to their ability to develop business proposals and their appropriate skills to manage small and medium enterprises acquired from higher learning institutions. This agreed with the study done by Semboja (2005) who observed that there were existing initiatives taken by East African national governments, public agencies, universities and the private sector to educate the youths on self-employment developments. This included sensitization on the various sources of funds that the youth could benefit from in their endeavour to develop and sustain business enterprises successfully.

4.2.4 Marital status of the respondents

It was important to determine the marital status of the respondents in relation to Youth Enterprise Development Fund in the areas. Figure 4.4 shows marital distribution of the respondents.

Figure 4.4 Marital status of the respondents

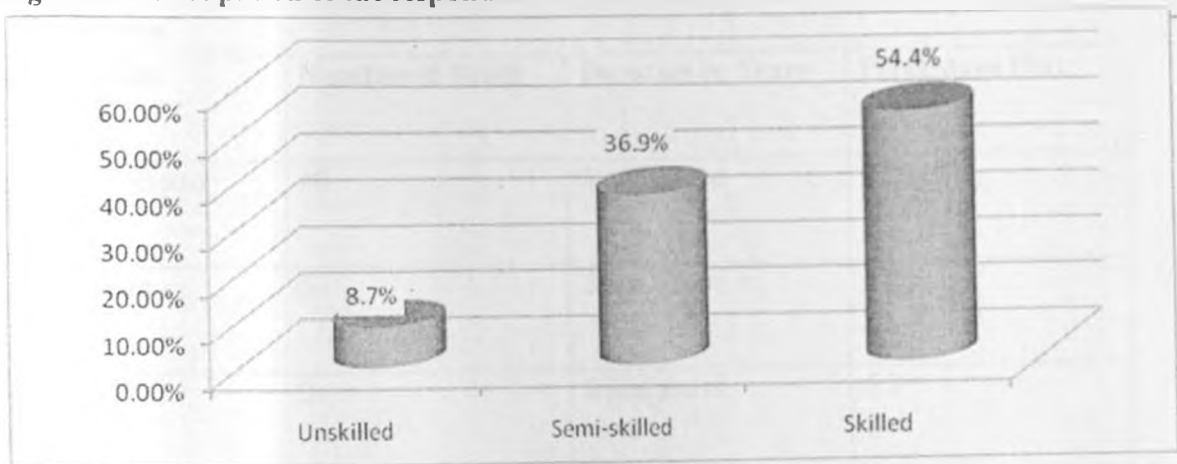


From the finding 29 (63.0%) of the respondents were single, 10 (21.7%) were married, 4 (8.7%) were divorced, 2 (4.4%) were widowed while 1 (2.2%) were separated. From the aforementioned results, majority of the respondents were single which implied that they were in their youthful age and hence not mature enough to settle in marriage life. Furthermore youths were faced with financial challenges which hindered them from settling in marriage life since they could not be able to satisfactorily fend for their families.

4.2.5 Occupation of the respondents

It was of great importance for the researcher to note the skills level of the respondents. This is illustrated in the figure 4.5

Figure 4.5 Occupation of the respondents



From the findings 25 (54.4%) of the respondents were skilled, 17 (36.9%) were semi-skilled, 4 (8.7%) unskilled. This implied that funds disbursed by YEDF will be properly utilised as a result of high number of skilled persons in the county. This is as a result of appropriate skills to enhance self-employment among the youth. The skills acquired either through formal or informal education equips them with the basic knowledge which enables them to own, manage and operate small enterprises.

The findings concurred with the findings of Semboja (2005) who observed that education equipped the young entrepreneurs with skills necessary for owning, managing, operating and developing their enterprises.

4.2.6 Skills of the respondents

The respondents were asked to indicate their occupations. Their responses are summarized in Table 4.1

Table 4.1: Length of time youth have been operating as business persons and other related occupations

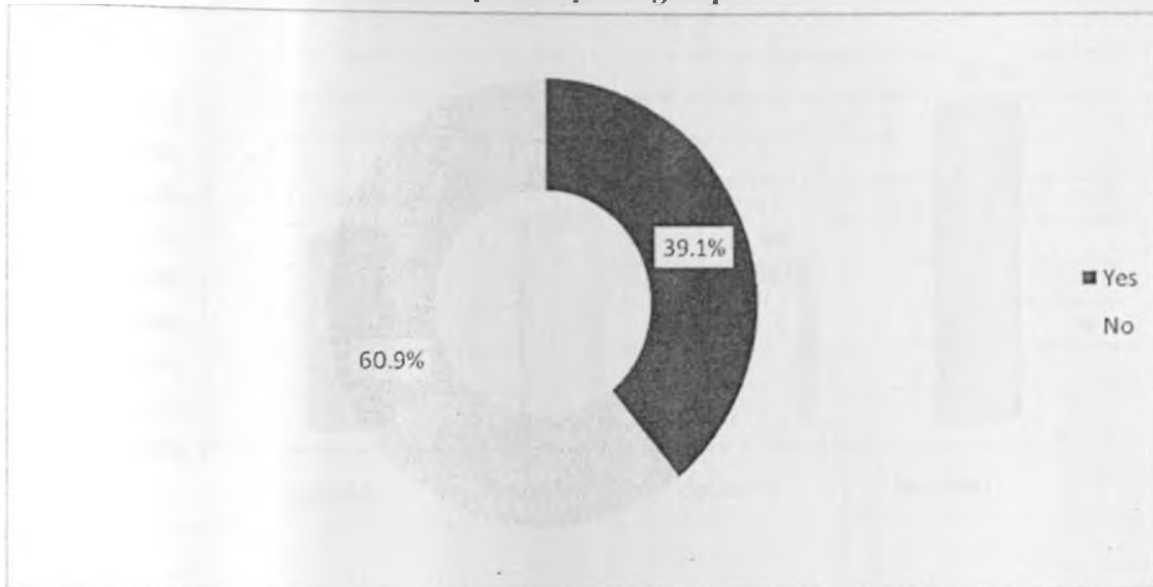
Occupation	Number of Youth	Duration in Years	Percentage (%)
Businessperson	40	3 and above	83.3
Accountant	5	5 and above	10.4
Cashier	3	8 and above	6.3

From the findings 40 (83.3%) of the respondents had been business persons for more than three years, 5 (10.3%) had worked as accountants for more than five years, 3 (6.3%) had worked as cashiers before starting their businesses. This implied that majority of the respondents had operated their businesses for more than three years and a number of them had worked in business related fields.

4.3.1 Position in the youth groups

The respondents were asked whether they held any position in their respective groups. The findings of the study are displayed in figure 4.6

Figure 4.6 Position held in their respective youth groups

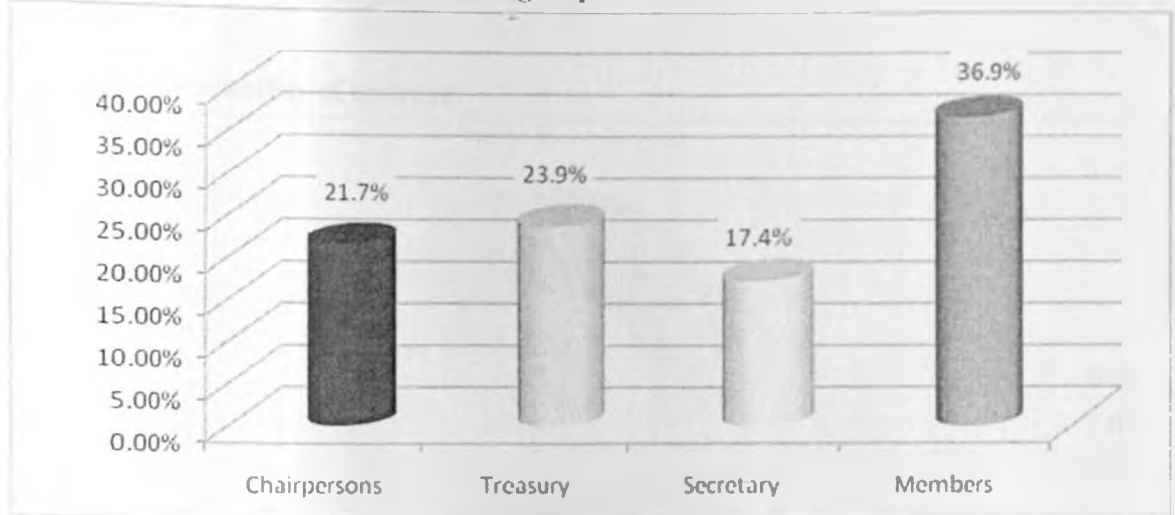


From the finding majority 28 (60.9%) of the respondents disagreed while 18 (39.1%) of the respondents indicating that they held positions in their respective groups. Based on the findings, members held leadership positions for defined period of time to allow transition. In order for the members to hold leadership positions, they had to meet the minimum criteria required and marshal majority of votes during elections. The youth loanees further indicated that their groups had written constitution and strategic plan which guided their operations. The written down constitution laid down the term in which the leadership positions would be held by elected members.

4.3.2 Some position of leadership in the groups

To identify the various leadership portfolios in the groups, the respondents were asked to indicate the positions they held in the groups. Figure 4.7 shows the findings of the study based on members responses.

Figure 4.7 Leadership positions in the groups



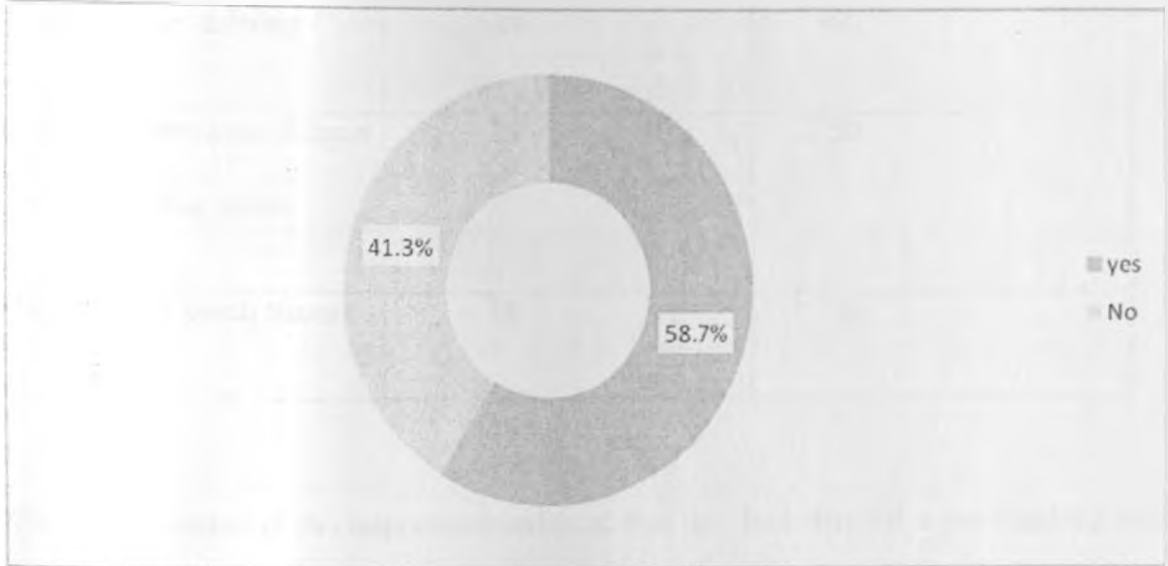
The study showed that majority 17 (36.9%) of the respondents were members, 11 (23.9%) were treasurers, 10(21.7%) were chairpersons and 8 (17.4%) were secretaries. Other positions that were mentioned by the respondents included assistant/deputy chairpersons and organizing secretary among others. As indicated earlier in Figure 4.6 these groups have well articulated rules that govern them in electing leaders in every position after a specified duration of time. This helps the groups in co-ordinating of activities in an orderly manner since they have leaders who direct them on the progress and who ensure that written policies and objectives are adhered to by all members.

4.3.4 Training of the respondents

The researcher sought to investigate availability of training opportunities for group members. According to the Fund Status report (2011) the Fund has started a mandatory pre-financing training programme to enhance sustainability of youth enterprises. To Date the Fund has provided entrepreneurship training to over 200,000 youth in the country with 800 youths from Kilifi County.

The findings of the study are indicated in Figure 4.10

Figure 4.8 Availability of training



From the findings majority 27 (58.7%) of the respondents agreed that they had attended training several times since they held leadership positions while 19 (41.3%) of them indicated that they had not attended any form of training. The youth loanees indicated that they had attended training several times which improved their managerial skills. According to the findings, it can be deduced that the youth groups undergo rigorous training organised by YEDF before the disbursement of the funds. Other stakeholders who offer training to the youths include financial institutions, public agencies and NGOs. The findings of the study concur with Semboja (2007) who observed that East African national governments, public agencies, universities and the private sector has taken the initiative of training leaders and members on self-employment development so as to impart the required skills necessary to run successfully and sustainable business enterprises.

Table 4.2 Types of training and number of youth loanees attended

Type of training	No. Of youth attended	Percentage (%)
Pre-financing training	48	96
How to access procurement from the public sector	25	50
Formation of youth Saccos	18	36

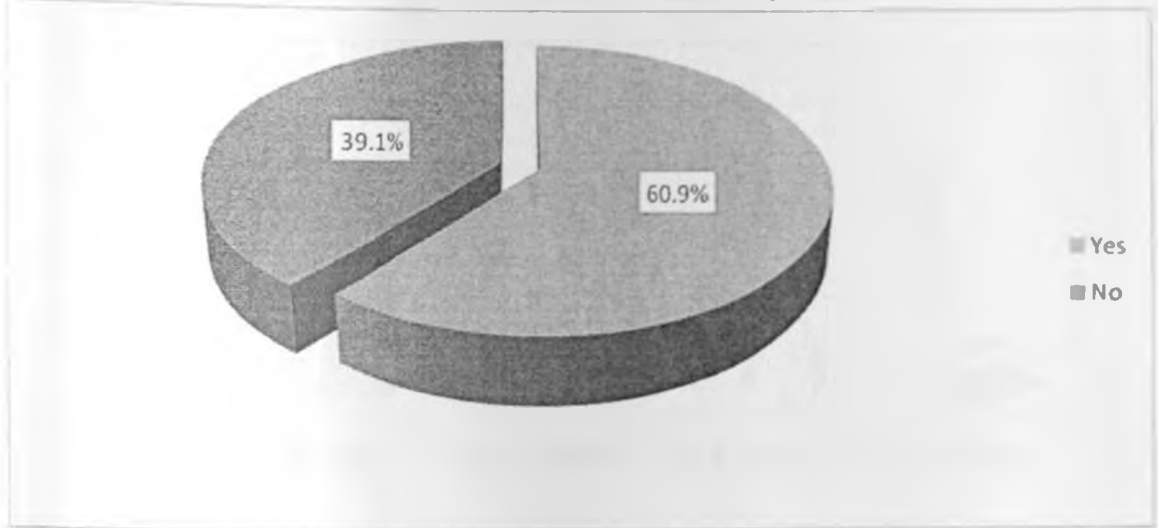
Ninety six percent of the respondents indicated that they had attended a pre-financing training which has enhanced sustainability of their enterprises while 50% attended a training on how to access procurement from the public sector. Up to 36% of the respondents attended a training on how to assist youth to form savings and credit societies (Saccos) organised by the Fund in collaboration with the Ministry of Cooperatives Development and marketing.

4.4 Youth awareness on the Youth Enterprise Development Fund loan products

The second objective of the study was; 'To examine the level of awareness of youth about Youth Enterprise Development Fund in the county.' Awareness was measured in terms the respondents' knowledge of the goals of the Fund, loan products of the Fund, procedure of acquiring loans from the Fund among others.

The findings of the study are illustrated by Figure 4.12

Figure 4.9 Youth awareness on various products offered by YEDF

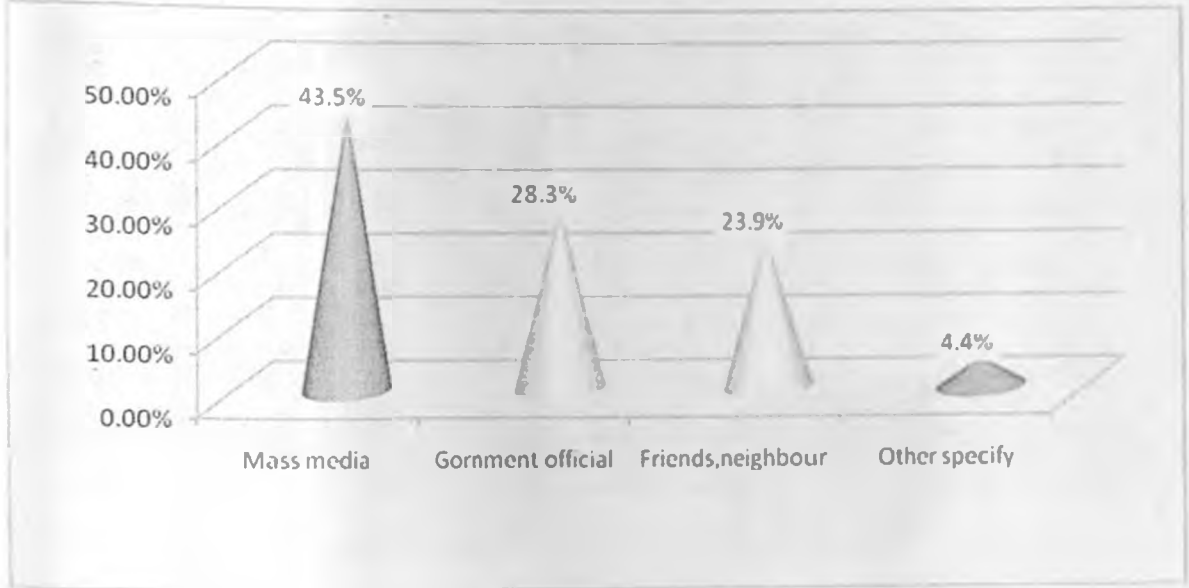


From the analysis the majority 28 (60.9%) of the respondents were aware of all the various loan products of Youth Enterprise Development Fund and its various loan products while 18(39.1%) of the respondents were not aware of all the loan products offered by the Fund. They indicated that they are only conversant with the constituency based loan products It therefore implies that friends, social media and other services had played a big role in informing the youth of the various loan products and other support services offered by YEDF and its' importance to their socio economic development. It is therefore evident that awareness of the Youth Enterprise Development Fund among the youth had improved over time since the kitty was established.

4.4.1 Creating awareness on YEDF

It was necessary to establish the source of information that created awareness to the respondents on YEDF.

Figure 4.10 Source of information on YEDF

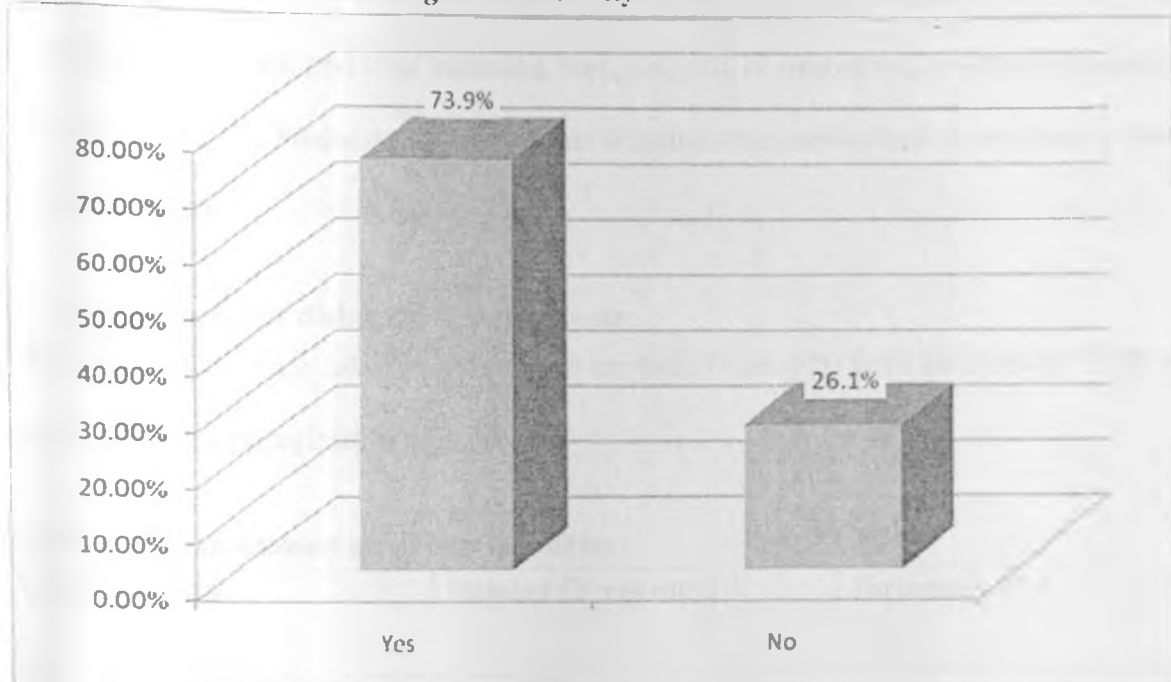


From the analysis the majority 20 (43.5%) of the respondents were made aware by the mass media, 13 (28.3%) by government officials, 11 (23.9%) by friends and neighbours', 2 (4.4%) of the respondents were made aware by other sources such as Legal Gazette Notices. Mass media plays a great role in informing the youths about the Fund and as a result increase their chance of applying for loan.

4.4.2 Awareness on purpose or goals of the kitty

The study sought to establish the awareness of youth on the goals of YEDF. Figure 4.14 indicate the respondents' views on the purposes of the kitty.

Figure 4.11 Awareness on the goals of the kitty



From the analysis, majority 34 (73.9%) of the respondents were aware of the purpose of the kitty in the county while 12 (26.1%) were not aware of the purpose of the kitty in the county. According to the analysis of the findings majority of the youth have been influenced by social media hence creating awareness on existence and mandate of the kitty in the county. However existence of the kitty helps the youth to access funds easily and gets more advice on the ways to increase their knowledge on how to operate and manage the business and also on ways to support its growth. 12 (26.1%) of the respondents who were not aware of the purpose of the Fund revealed that the Fund was created to influence them to vote in the Government that was in place by the time of the establishment of the Fund in 2006.

4.5 Performance of youths' enterprises funded by YEDF

The third objective of the study was; 'To establish the level of performance of the youths' enterprises funded by the Youth Enterprise Development Fund in the county.' Performance was

measured in terms of value of the stock before and after accessing loan from the YEDF, number of employees before and after accessing loan, progress in repayment, investments made from proceeds from the business. To achieve this objective, the respondents were asked to react to given questions.

4.5.1 Loan amount disbursed to respondents

The respondents were asked to indicate the amount of loan they were awarded by YEDF. Their responses are summarized in Table 5 below

Table 4.3 Loan amount given to respondents

Amount (Ksh)	Number (Frequency)	Percentage (%)
0-25000	0	0
25001-50000	30	65.2
50001-100000	5	10.9
100001-150000	11	23.9
150001-200000	0	0
Total	46	100

The results show that 30 (65.2%) of the respondents were given between ksh 25000 to 50,000, 5 (10.9%) were given between Ksh.50000 to 100000 while 11 (23.9%) received between Ksh 100,000 to 150,000. It can be deduced that majority of the youth loannees were given Ksh

50,000 which was disbursed through the constituency based loan products. The loan amount was recommended based on the business proposal as indicated in the application form, and appraisal of group's ability to manage the funds. The 5 (10.9%) who were given Ksh 50,000 to 100,000 were those groups which had cleared a loan product called C- YES Rausha and those who had existing and well running business enterprises run by the group. While the 11 (23.9%) of the respondents had taken between Ksh 100000 to 150000 from financial institutions such as Equity Bank, Kenya Industrial Estate among others, which had partnered with YEDF.

4.5.2 Number of employees before accessing loans from the YEDF

The Respondents were asked to indicate the number of employees their businesses had employed before accessing loan from the Fund. Almost all the respondents 45 (97.8%) indicated that they had no employees since most of them had not established businesses. They confirmed that they used the loan from YEDF as a starting capital.

4.5.3 Number of employees after accessing loans from the YEDF

The respondents were asked to indicate the number of employees their businesses had employed after accessing loan from the Fund. Their responses are summarised in Table 4.4

Table 4.4 Number of employees employed by the youth entrepreneurs after accessing loans from YEDF

Number of employees	Number	Percentage (%)
0-1	31	67.4
1-2	10	21.7
2-3	5	10.9
3-4	0	0
4 and above	0	0
Total	46	100

The results show that 31 (67.4%) of the respondents had employed at least one employee in their businesses, 10 (21.7%) had employed at least two employees in their enterprises while 5 (10.9%) had at least three employees in their enterprises. The findings sufficed to imply that majority of the respondents had not employed more than one employee because of the fact that most of their businesses were still young. Majority of the respondents indicated that most of their enterprises were not more than four years old. The enterprises that were funded by YEDF requires five years or more before they can real be established and reaches the take-off stage before they could employ more employees.

4.5.4 Status of loan repayment by respondents

The respondents were asked whether they had fully repaid their loans. Their responses are summarised in Table 7

Table 4.5 loan repayment status

Respondents who have fully repaid their loans	Yes	No	Total
Number	2	44	46
Percentage (%)	4.3	95.7	100

The results show that 44 (95.7%) of the respondents had not fully repaid their loans. 2 (4.3%) had fully repaid their loans. This implies that more youth were still repaying their loans. However depending on the dates they acquired the loans it was revealed that most of them were on schedule though majority of them did express some concerns that raising the instalment to repay the loans was not easy due to low returns from their business.

4.5.5 Adequacy of loan given to finance youth enterprises

The respondents were asked to give their opinion on the sufficiency of loan given to finance youth enterprises. Their responses are summarised in Table 4. 6

Table 4.6 Opinion of on sufficiency of loans

Sufficiency of loans given to finance youth enterprises	Agree	No opinion	Disagree	Total
Number	5	1	40	46
Percentage (%)	10.9	2.2	86.9	100

The results show that 40 (86.9%) of the respondents disagree that the amount of loan given to finance youth enterprises is sufficient to finance their enterprises. 5 (10.9 %) agree while 1 (2.2 %) did not express any opinion.

It implies that more youth needs more money for expansion of their businesses. The capital portfolio of most businesses in the study area was low hence the need for the enhancement of amount of loans. The amount of loan given by the Fund catered for the costs of starting their businesses but they did not have enough money to cater for the costs of staying in business. This implied that most youth need enough funds to cover all costs until sales could eventually pay for these costs. Thus it can be said that the respondents are of the opinion that the amount of loan given to youth is not adequate to finance their enterprises.

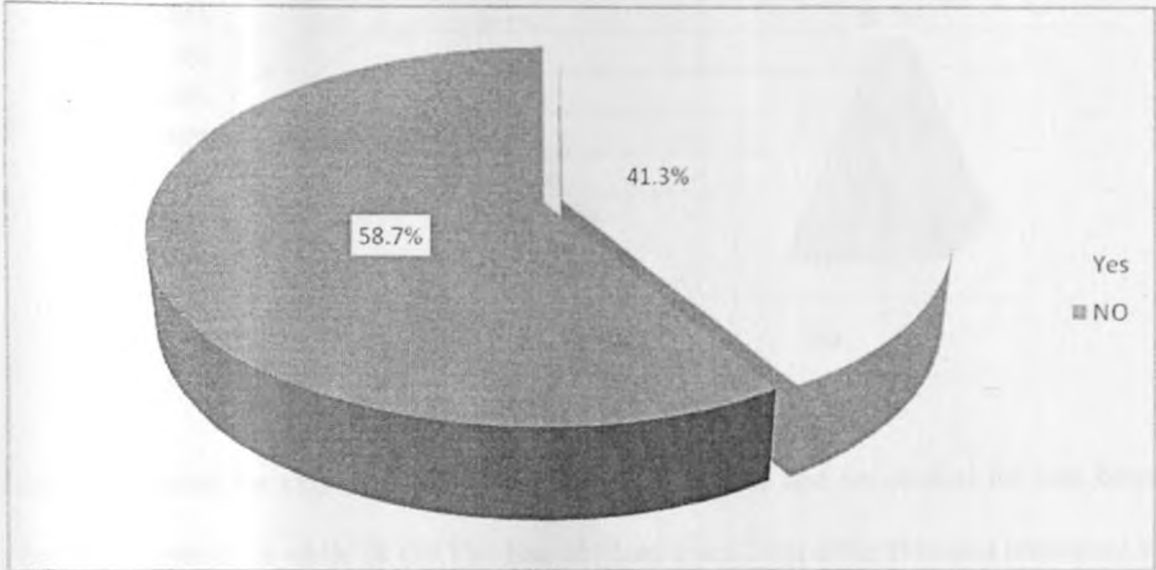
4.6 Access to loans and other support service from YEDF

The fourth objective of the study was; 'To establish the level of level of accessibility of youth to loans and support services from the Youth Enterprise Development Fund in the county.' Accessibility was measured in terms of value of loan acquired, procedure of acquiring loans from the Fund and type or value of collateral used to secure loans from the Fund.

4.6.1 Loan application procedure

The respondents were asked to give their opinion on how easy or difficult are the procedure of acquiring loan and other support services from YEDF. Their responses are summarised in Figure 4.15 below.

Figure 4.12 Loan application procedure



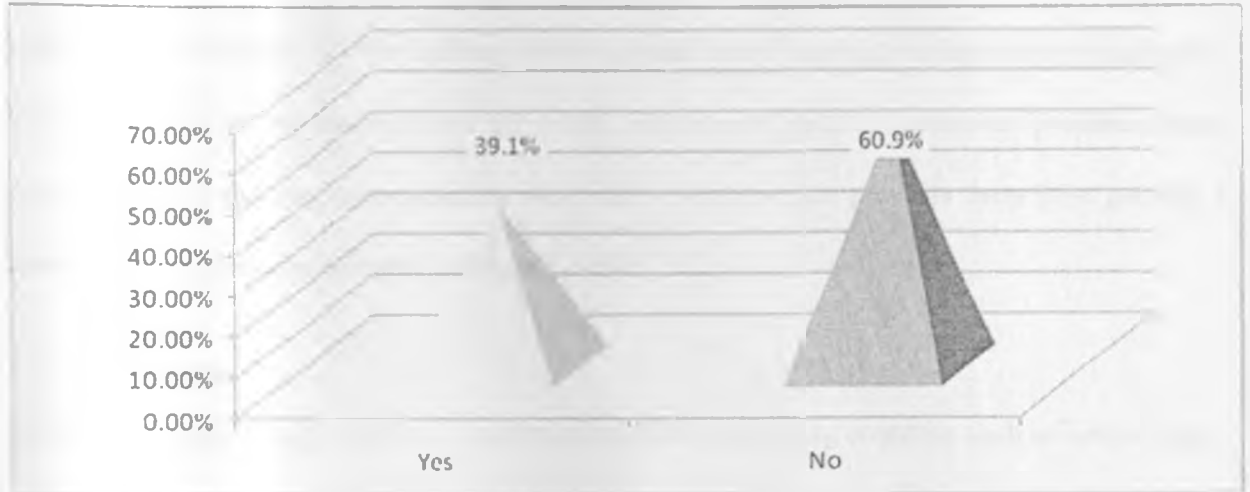
From the study majority 27 (58.7%) of the respondents were of the opinion that the procedure of acquiring loans from the Fund are not easy while 19 (41.3%) indicated that procedures of acquiring loans from the Fund are too stringent. This implies that majority of the respondents acquired their loans with a lot of difficulties. The respondents indicated that the loan application form is too long and difficult to complete it besides the necessary requirements such as the requirement of the group operating an active bank account, business registration certificate and valid certificate for the group from the Ministry of Gender, Children and Social Development.

4.6.2 Preferred source of loan by the youth

The respondent were asked to indicate whether they have applied for a loan from other financial institutions for development and also asked to comment on which one was more convenient

between the YEDF and the other financial institutions. The responses of the respondents are illustrated in Figure 4.13

Figure 4.13 other sources of loans apart from YEDF



From the study the majority 28 (60.9%) of the respondents had not applied for loan from other financial institution while 18 (39.1%) had obtained loans from other financial institution such as Equity bank, Kenya Women Trust Fund, Women Enterprise Development Fund. Majority of the respondents had not borrowed money from other financial institutions due to the high cost of credit, high bank charges and fees hence more youth find it fair to apply for loans from YEDF. The Youth Enterprise Development Fund can be considered as having one of the simplest and most straight forward requirements to accessing the loans. Financial constraints that are small entrepreneurs make them shift to YEDF as a result of soft credit with low interest rates and this finding agrees with Wanjohi and Mugure (2008) who observed that financial constraint remains a major challenge facing SMEs in Kenya.

4.6.2 Problems in accessing loans from the Fund

From the findings it can be deduced that one of the main challenges lies within the very fact that

Kenya's banking sector has not adequately penetrated to the grassroots, thus making access to funds by youth in the rural areas difficult.

Apart from the problem of inadequate grassroots penetration of financial institutions, structural problems such as lack of voice and representation and lack of access to credit since young people lack the collateral that banks require for a loan. Isolation and lack of support are problems many young women and men entrepreneurs experience and this often prevents them from gaining a foothold in the modern business Semboja (2007).

4.7 Conclusions

Unemployment among youth is an important topic for developing countries such as Kenya where in the last one decade, new policies such as National Youth policy (2006), Sessional Paper No.2 of 2005 on Development of Micro and Small Enterprises for Wealth and Employment Creation for Poverty Reduction have been implemented but a substantial number of youth are still unemployed. This study contributes to the understanding of the impact of Youth Enterprise Development Fund in the growth of youth enterprises in Kilifi County in particular and Kenya in general.

From the finding of the study, Kilifi County has recorded relatively low uptake of loans through financial intermediaries. This was attributed to lack of adequate coverage by Small Enterprise Oriented Financial institutions. Most of the enterprises owned by the respondents in the study area have not performed well because of insufficient capital. Most youth enterprises in the study area do not have money to cater for the costs of staying in business since the loans given by YEDF is insufficient, it only provides money to cater for the costs starting the business. Majority of the respondents indicated that their businesses required a year or two for them to get going

before they could comfortably repay the loans given to them by YEDF.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the study and makes conclusion based on the results. The implications from the findings and areas for further research are also presented. This section presents the findings from the study in comparison to what other scholars have said as noted under literature review.

5.2 Summary of the findings

This study sought to assess the effect of the Youth Enterprise Development Fund in the growth of youth owned enterprises in Kilifi County. The study further investigated the extent to which the YEDF through its various services and products had helped youths to earn a living in the study area.

5.2.1 Characteristics of the individual members loaned by the YEDF

Based on individual characteristics, it is evident that majority 17(36.9%) of the respondents were in the age brackets of 24-29 years, while the minority 13 (28.1%) of the respondents were in the age brackets of 30-35 years.

From the findings, majority of the respondents 25 (56.5%) were men while 20 (43.5) were women, this implies that more men were interested in entrepreneurship compared to women hence they are moved to youth development funds. From the findings, majority 30 (65.2%) of the respondents had attained tertiary education, 10 (21.7%) of the respondents had attained secondary education, 4 (8.7%) had at least primary education while the minority 2 (4.4%) had no formal education.

From the findings, the majority 29 (63.0%) of the respondents were single, 10 (21.7%), 4 (8.7%) were divorced, 2 (4.4%) were widowed while the minority 1 (2.2%) were separated.

5.2.2 Youth awareness of Youth Enterprise Development Fund

The study indicated that majority 60.9% of the respondents were aware of the various loan products offered by the Youth Enterprise Development Fund while the minority 39.1% were not aware of the other loan products offered by the Fund apart from the constituency based loan they were given. The study also indicated that majority 43.5% were made aware of the existence of Fund by mass/social media while the minority 4.4% were made aware by other sources of information.

Also the majority (73.9%) of the respondents were aware of the kitty while the minorities 26.1% were not aware of the kitty which can be attributed to lack of accessibility to social media and other effective source of information about availability of the kitty.

5.2.3 Performance of the loaned Enterprises

Based on the analysis of the benefits of loan enterprise to youths, majority (58.7%) of the respondents benefited from the loan enterprise while the minority 41.3% of the respondents did not benefit from the loaned enterprise.

Analysis further shows that majority (58.7%) of the youths had ventured in business as a result of funds from the kitty due to low interest rates and flexible and affordable modes of payment.

5.2.4 Accessibility of youth to loans and other support services from YEDF

With respect to the accessibility of youth to loans and other support services from YEDF.

majority (60.9%) of the respondents had access to the facilities while minority 39.1% indicated that the funds were inaccessible. It could be deduced that YEDF loans are cheap and other supportive services from YEDF are available and accessible to the youths hence attracting more youths.

5.3 Conclusions

Based on the analysis of the findings, the study concludes that more youths in the county were aware of the Youth Enterprise Development Fund. This was as a result of social media that significantly contributed to creating awareness on YEDF. The youth awareness on the Fund is evidenced by the fact that most youth apply for loan facilities from the Youth Enterprise Development Fund as compared to other leading financial institutions.

In general fewer youths have accessibility to loans and other facilities from YEDF. This is due to stringent procedures and so many requirements of accessing loans from the YEDF. However due to the high cost of credit, high bank charges and fees from other financial leading institution has given the youths motivation to apply loans from YEDF. It is evident from the findings that most leading financial institutions charges high interest on credit hence making the youths to be moved towards YEDF.

The study sought to find out the level of performance of enterprises funded by the Youth Enterprise. Based on the findings, the study concluded that majority of the youths benefited from the kitty which can be as a result of its simplicity and straight forward procedure to the youths who apply for the loans. It is evident that most leading financial institutions do not offer favourable services to young people who are not financially stable hence discouraging them from their services.

It was further concluded that individual that most people who benefit from the Funds are in the middle age. Persons in the youthful age are considered to be economically productive and could therefore benefit from the YEDF. However from the findings, the study concluded that majority of the interested youths were males, this is as results of more men are interested in entrepreneurship compared to women hence they are moved to the Fund. The study revealed that some of the respondents had acquired tertiary education but had no formal employment which encouraged them to apply for the loans.

The study sought to find out the characteristics of the loaned youth groups. Based on the findings, the study concluded that most groups have been in operation for four to five years. However the repayment conditions were friendly and the rates were favourable to the groups. Also the groups had received more training from public agencies, private sectors, universities, YEDF on proper ways of accessing loans.

5.4 Recommendations

The study findings indicated that majority of the respondents were aware of YEDF although the level of extent was found to be unsatisfactory. Despite the awareness of the youth on Youth Enterprise Development Fund, the number of applicants and beneficiaries thereof is still low. The study therefore recommends that initiatives aimed at sensitizing the youths on the loan products of YEDF should be strengthened while encouraging the youths to apply for loans from it. Additionally the study recommends that other means of creating awareness apart from mass media should be adopted. This can be achieved through workshops, seminars, open days and publications. Given that the number of YEDF beneficiaries is significantly low, the groups which have been able to apply and utilise the loans successfully should encourage their peers, majority

of whom are jobless to apply for loans.

According to the findings, the firms had performed considerably better however a significant proportion of the respondents indicated that their enterprises had recorded dismal performance. In light of this fact therefore the study recommends that the beneficiaries of YEDF should be given sufficient training before the disbursement of the funds is done. Sufficient training will ensure that the applicants have knowledge on proper management of the funds which will contribute to the success of their enterprises and hence ensuring that they benefit from the kitty.

Based on the findings, the study recommends that the government should make the funds accessible to the youths by making the procedures less tedious and reducing the bureaucracy in application for the funds. The government should further design programs that support durable solutions, so as establish more and easier methods of loans application from YEDF. The government can also encourage youths to take advantage of the youth fund by relaxing the criteria for qualification and stringent requirements which are often prohibitive. The government should also review the interest charged on YEDF loans to attract more youth applicants.

The respondents indicated that the funds were inadequate and therefore there is need for the government to review the minimum and maximum amounts which can be granted to the applicants. Increasing the loan amount, this would see the youths engage in more lucrative ventures which may require lump sum capital.

The terms of payments should also be reviewed to attract more youths applying for the funds. The study also recommends that more young women should be educated and encouraged on importance of Youth Enterprise Development Fund as a supporting agency so that they can

venture into business entrepreneurship. From the respondents profile it was evident that majority of loanees were male while the female youths were reluctant to apply for the loans. Gender equality in allocation of the funds should be observed by encouraging the young women entrepreneurs to apply for the loans. This can be done by introducing packages that are attractive to the women for example flexible modes of payments.

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APPENDIX 1

Financial intermediaries in partnership with the fund

No.	Financial Intermediary	Areas of Operation
1.	Family Bank Ltd	Refer to note 1 below
2.	Kenya Industrial Estates	All districts
3.	Kenya Women Finance Trust	Refer to note 2 below
4.	K-REP Dev. Agency	Refer to note 3 below
5.	(BIMAS) Business Initiatives and Management Assistance Services	Embu, Kitui, Machakos, Mbeere, Meru Central, Meru North, Meru South, Mwingi, Tharaka.
6.	Nyamira Tea Farmers Sacco	Nyamira and Kisii Central districts
7.	Taifa Sacco	Nyeri, Lakipia
8.	Nomads Welfare Development Group	Garissa district
9.	Masaku Traders Sacco	Machakos and Makueni districts
10.	Marsabit Teachers Sacco	Marsabit district
11.	Kenya Entrepreneurship Empowerment Foundation	Nyeri, Maragua, Laikipia, Eldoret, Uasin Gishu, Mbeere, Thika, Nyandarua
12.	K-REP Bank Ltd	Refer to note 4
13.	Small and Micro Enterprise Programme (SMEP)	Taita Taveta, Kilifi, and Malindi
14.	Adok Timo	Kisumu, Nyando, Siaya, Bondo,

		Rachuonyo, Suba
15.	Elgon Teachers Sacco	Mt. Elgon district
16.	Taita Taveta Teachers Sacco	Taita Taveta District
17.	Baringo Farmers Sacco	Koibatek district
18.	Equity Bank Ltd	Refer to Note 5
19.	Lokichoggio Multi-Purpose Sacco	Turkana District
20.	Lamu Teachers Sacco	Lamu District
21.	Marafiki Sacco	Nairobi
22.	Tana Teachers Sacco	Tana River District
23.	Kuria Teachers Sacco	Kuria District
24.	Kena Roscas	Nairobi
25.	Songa Mbele Women Organization	Maragua District
26.	Silver Ray Ltd	Labour Export
27.	Copper Group	Ijara District
28.	Emmanuel Consulting Services	Labour Export
29.	First Community Bank	
30.	Necco Fosa	
31.	South Imenti Credit Company	
32.	Kenya Commercial Bank	Coming soon

APPENDIX 2

1. Nairobi, Nakuru, Kirinyaga, Embu, Machakos, Mombasa, Kisumu, Kisii, Bungoma, Uasin Gishu, Trans Nzoia, Kiambu, Thika, Muranga, Maragua, Nyeri.

2. Nairobi, Kajiado, Nyandarua, Thika, Kiambu, Narok, Machakos, Makueni, Kitui, Mwingi, Mombasa, Kwale, Kilifi, Malindi, Taita Taveta, Lamu, Nakuru, Koibatek, Kericho, Buret, Eldoret, Nandi South, Bomet, Baringo, Kisumu, Bondo, Siaya, Vihiga, Migori, Nyamira, Kisii, Guracha, Transmara, Homa Bay, Kakamega, Butere/mumias, Bungoma, Transzoia, West Pokot, Busia, Muranga, Nyeri, Kirinyaga, Embu, Meru South, Meru Central, Meru North, Laikipia, Isiolo.

3. Nairobi, Bondo, Siaya, Kisii, Nyamira, Gucha, Muranga, Maragua, Meru, Trans Nzoia, Lugari, Taita Taveta, Buret, Kiambu, Thika, Mombasa, Kakamega, Butere/Mumias, Busia, Bungoma.

4. Nairobi, Bungoma, Eldoret, Kisumu, Kericho, Kisii, Isiolo, Nanyuki, Nyahururu, Nakuru, Thika, Kajiado, Naivasha, Meru, Nyeri, Kibwezi, Embu, Machakos, Mtwapa, Kongowea, Mombasa.

5. Nairobi, Thika, Isiolo, Chuka, Eldoret, Embu, Kirinyaga, Muranga, Nyeri, Kericho, Kisumu, Bungoma, Bondo, Kitale, Machakos, Maua, Meru, Nakuru, Mombasa, Laikipia, Narok, and Nyandarua.

b) What are the objectives of your youth group?

c) For how long has the group been operating?

d) Level of Education:

Primary

Secondary

Tertiary

No Education

e) How many members are there in your group?

f) Have you attended any form of training since you were elected a leader of the group?

Yes

No

If yes, for how long?

2. Awareness of youth about Youth Enterprise Development Fund

a. Have you heard of the Youth Enterprise Development Fund from the Ministry of Youth Affairs and Sports?

Yes

No

If yes, how did you come to know about it?

the mass media

from a government official

a friend, neighbour

Others (Specify) _____

b. Are you aware of the Youth Enterprise Development Fund in the County?

Yes

No

c. Are you aware of what the kitty is meant for?

Yes

No

If yes, state the purpose of the Fund

3. Performance of the loaned Enterprise

a. Have you benefitted from the kitty?

Yes

No

If yes, in which way?

b. Have you applied for a loan from the Youth Enterprise Development Fund?

Yes

No

If yes, through which model of loan disbursement?

Constituency youth enterprise scheme loan (C YES)

Easy Youth Enterprise scheme loan (E-YES)

Financial Intermediaries (FIs)

In either case, specify the amount of loan you were given?

Less than KSh5000

Between KSh 5001 - KSh 10000

Between KSh 10001 – KSh 20000

KSh 20001 and above

When _____

c) Which investment did you use the loan for?

Why?

d) What was the value of your stock before accessing the loan from the Fund?

e) What is the value of your stock now?

f) How many employees did you have in your business before you accessed the loan from the Fund?

g) Have you employed more employees since you accessed the loan from the Fund?

Yes

No

If yes, how many?

h) What other significant changes has your business experienced since you acquired loan from the Fund?

(i) Was the amount of loan given to you adequate to finance your enterprise?

(j) Have you fully repaid your loan?

Yes

No

If no, how far have you gone with the repayment?

(k) Are you on schedule?

Yes

No

If not on schedule, why?

4. Accessibility of youth to loans and other support services from YEDF

a) In your view are the procedures of acquiring a loan and other support services from the Fund easy to follow through?

Yes

No

If you have accessed the YEDF loans, what aspects of the Fund please you the most?

Amount is sufficient True False

Procedures are easy to fulfil True False

Leaders are competent True False

There is no corruption True False

Others(Specify) _____

b) Have you applied for a loan from any other financial institutions for development?

Yes

No

If yes, which institution _____

How much did you get? _____

When? _____

Compared to the Youth Enterprise Development Fund, which one would you consider more convenient?

Youth Enterprise Development Fund

other financial institutions

Give reasons for your answer in the question above

.....
.....
.....
.....

c) What problems did you face in accessing loans and other support services from the Youth Enterprise Development Fund?

- a)
- b)
- c)
- d)

d) What needs to be improved to make the kitty loans cater for the welfare of all? *(Rank in order of priority)*

- a. Increase amount of loan awarded
- b. Reduce the duration of processing loans
- c. Reduce documentation and lengthy procedures
- d. Recruitment of more staff
- e. Other (Specify)

a. ____ b. ____ c. ____ d. ____ e. ____

Thank you for your assistance.

APPENDIX 4

INTERVIEW SCHEDULE FOR YOUTH LOANEES

- 1) What is your highest level of education?
- 2) What is your marital status, if you are married do you have children and how many of them are attending schools?
- 3) What is the description of your business activity /products and for how many years have you been operating your business?
- 4) What is the legal structure of your business?
- 5) Do you operate an active business account, if yes what is your account balance?
- 6) Have you applied for loans from YEDF before, if yes, please indicate the amount of loan, duration of loan, monthly installment and the amount outstanding?
- 7) Do you plan on borrowing any money from creditors, banks, microfinance institutions and family members, if yes, please provide terms and purpose?
- 8) What was the level of your stock before getting a loan from YEDF?
- 9) Will the performance of your business change as a result of the loan? If yes, how?
- 10) How long does it typically take to sell your purchases/inventory?
- 11) How much do you sell in a week/month?

APPENDIX 5

INTERVIEW SCHEDULE FOR KEY INFORMANTS

- 1) What are the basic requirements should a group fulfill before a loan is approved for an applicant group?
- 2) What are the different modes of disbursement of funds to applicant groups?
- 3) What are some of the micro finance institutions (MFIs) which have partnered with the YIFM to lend money to youth in Kilifi County?
- 4) Is there adequate grass root penetration of the MFIs in the county?
- 5) What is the current interest rate charged by MFIs on all loans advanced to youth?
- 6) Who links youth enterprises to financial intermediaries?
- 7) Has the Fund assisted youth enterprises to market their products?
- 8) How many youth from Kilifi County have been facilitated to obtain employment abroad?
- 9) What is the level of uptake of loans by youth through financial intermediaries in the County?
- 10) Has the Fund trained youth on how to access procurement from the public sector?
- 11) Has the Fund assisted youth to form youth Sacco's?
- 12) How does the Fund reach out to rural youth?
- 13) What are the roles of the community Committees at the district level?
- 14) Has the Fund provided adequate trading premises/work sites to young entrepreneurs in the County?
- 15) Has the Fund supported youth enterprises from Kilifi County to market their products both locally and abroad?