

**ACCESS AND UTILIZATION OF THE YOUTH ENTERPRISE
DEVELOPMENT FUND IN TONGAREN CONSTITUENCE, BUNGOMA
COUNTY, KENYA**

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Fulfillment of the Requirements for the award of Degree of Master of Science in
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DECLARATION

Declaration by candidate

I declare that this is my original work and has not been presented for award of degree/Diploma in any other University/College/Institution.

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DEDICATION

To the young (and young at heart) may your vision of the future be clear.

ABSTRACT

A number of strategies have been employed to tackle youth unemployment in various countries especially less developed countries. One such strategy has been the setting up of a youth enterprise development fund. Despite good intentions there are indications that much has not been achieved by this development strategy. Youth programs do not spend full allocations leaving the revolving fund idle. Kenya's youth enterprise development fund has also indicated similar access challenges despite visible demand. The study seeks to examine factors inhibiting the utilization of youth enterprise development funds. The objectives of the study are to evaluate the process involved in the utilization of the youth enterprise development funds, examine the extent to which the process of implementation meets intended objectives and establish challenges associated with the implementation of the program. The study is based on attribution theory proposed by Heider, which states that the beliefs about the underlying causes of social problems such as poverty, inequality and unemployment play an important role in determining individuals' attitudes and behavioral responses towards development strategies. Youth perception of the enterprise funds makes the influences whether or not they decide to utilize the fund. The research instruments used in this study were questionnaires, focused group discussions and in-depth interview guide. The study was descriptive in nature and targeted youth between the age of 18 and 35 in groups or enterprises within Tongaren Constituency. The researcher used multistage sampling design to generate an appropriate sample size of 214 respondents. The collected data was analyzed using descriptive and analytical methods. Chi square was used to test hypothesis. The study found out that participation is a major determinant of access to YEDF. The women involvement, awareness and targeted training were important contributors to effective participation. Findings are crucial in developing effective strategies to facilitate effective participation of youth in development.

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ABBREVIATIONS AND ACRONYMS

C-YES – Constituency Youth Enterprise Scheme

E-YES – Easy Youth Enterprise Scheme

ID – National Identity card

MFI – Micro-Finance Institution

MOYA – Ministry of Youth Affairs

SME – Small and Medium Enterprises

YEDF – Youth enterprise development fund

YEDPA – Youth Employment Demonstrations Projects Act

DYO – District Youth Officer

OPERATIONAL DEFINITION OF TERMS

Apathy – A feeling of not being interested in or enthusiastic about something.

M-Shwari – A mobile saving program operated

Target Beneficiaries – youth, women, disabled, the sick and other special groups as well as communities that are intended to benefit from decentralized programs.

Youth – this study adopts Kenya’s constitution definition of youth. That is individuals in the republic who have attained the age of 18 years but have not attained the age of 35 (GOK, 2010).

Youth participation – The process by which youth gain influence on events and outcomes of importance to them.

CHAPTER ONE

INTRODUCTION

1.1 Overview

This chapter lays the foundation of the research. It includes the problem statement, research objectives, research questions, hypotheses, significance and assumptions of the study. It also contains the theoretical and conceptual frameworks that will guide the study.

1.2 Background to the Study

Preparing young people for the job market is a critical task for all modern societies (The World Bank). Governments play a central role in this process primarily by operating the public educational system but also through programs aimed directly at linking young people to employment. Most countries are trying to achieve two distinct, though related objectives. The first is to give all young people the opportunity to attain their career potential while meeting the demands of the labor market (Klerman and Karoly, 1995). This according to trends globally has consistently declined. The second is to minimize the number of youth who experience long-term joblessness or poor career outcomes. Critical to a nation's success in achieving both goals is an effective education and training system for all young people, as well as sound programs targeted on the structurally unemployed and economically disadvantaged young people (The World Bank).

Realizing that formal jobs are not always available, in the 1960s and 1970s, the U.S. federal government focused primarily on the second problem—how to improve the life chances of disadvantaged youth. The high youth unemployment of the mid-1970s, especially the 40 percent unemployment rates of black youth, motivated Congress to pass the Youth Employment Demonstrations Projects Act (YEDPA) and to spend billions of dollars to determine what works best for disadvantaged youth. By the 1980s and 1990s, U.S. policymakers turned toward

the broader issue of how best to prepare all youth for careers in the realization of the consistency and universality of the unemployment problem (Briggs).

Population growth and the number of people seeking employment have outmatched existing capacity to generate jobs. The problem continues not just in USA but in other OECD countries notably Italy, Spain, and Greece where unemployment rates over 20 percent and are said to increase with recent economic crisis. Because formal employment is especially scarce, other avenues for job creation are being sought. In developed countries the private sector is better established and has been used to expand job opportunities (Kapitsa). In developing countries on the other hand the governments are dominant players and youth unemployment is very high (Bennell).

Closer home in Sub Sahara Africa, government pronouncements abound concerning the role of youth in development. In different African countries education, technical training, National Youth Service, Youth Entrepreneurship programs and loans as well as Informal Sector development programs have been used in different combinations. Unfortunately independent evaluations of these programs are not readily available. What is available shows that, in practice, the actions taken by most governments to address the needs of youth have been very limited. Several scholars agree that most governments are guided by a vision that neither addresses the livelihoods needs nor meets the 'real' expectations of young people (Bennell; Mkandawire; Momoh). Many observers attribute this to the failure by many African governments to come up with comprehensive youth policies and institutional frameworks. Bennell wonders why a continent that has such a huge population of young people accords low priority to their livelihoods (Bennell) only offering tokens in the name of youth funds.

In Kenya, according to the Youth Fact Book (2009), seventy five percent (75%) of those unemployed are youth. The Kenya National Dialogue and Reconciliation Committee (National healing and Reconciliation Act, 2008) acknowledged the urgency and importance of addressing youth unemployment. This is because it

threatens social and political stability and the very foundation upon which a nation is built. Youth unemployment was identified as one of the key factors behind the post-election violence. As such, prioritizing addressing youth unemployment is critical to consolidating national stability and generational posterity.

For this reason the government of Kenya has made various steps to handle youth affairs (National Youth Policy). Although the National Youth policy was enacted way back in 2005, it was the launch of the YEDF in 2007 that stands out as a significant government intervention to tackle youth unemployment. In terms of prioritizing youth affairs the government has made milestones such as a comprehensive youth policy, with strategic plan and a monitoring framework. Strategies for youth development in Kenya focus on education and training, expanding job opportunities locally and seeking other abroad and encouraging entrepreneurship (Ministry of Youth Affairs and Sports).

As to whether the current strategy employed by government is working is still in question. Compared to more than 20 million Kenyans who would be eligible for the YEDF loan, an allocation of 6 billion in 5 years is a drop in the ocean (Al Jazeera). Surprisingly despite the minimal allocation the uptake of loans for enterprise development is dismal nationally (Three Years of the Youth Fund). There is also evidence of corruption in management of the YEDF kitty (Al Jazeera). In terms of equity some provinces record a very low access compared to the national average. 22% of all the funds disbursed through financial intermediaries went to Rift Valley, followed by Central (20%) and Eastern (20%), then Nyanza (10%), Nairobi (10%) and Coast (10%). Western (7%) and North Eastern had the least access through financial intermediaries. The western region also recorded among the lowest, after north eastern and eastern, constituency based access to YEDF. But with global unemployment at record high impact of interventions is critical (Ministry of Youth Affairs and Sports).

Kenya is gifted with one of the most vibrant informal sectors that are said to better than most countries in Sub Sahara Africa and South Africa in particular (Kapitsa).

However, for a long term, there has been a disconnect between informal sector production and markets. It is only recently for example that affirmative action has been put in place to allow youth to supply 30% of government procurement needs (KEPSA). On top of the new offer on procurement Uhuru's government has also offered a parallel 6 billion fund that is designed to youth in established business that require a financial boost (Ministry of Devolution and Planning).

1.3 Statement of the problem

Globally youth form the majority of the unemployed. Because of inadequate experience and lack of assets they are more vulnerable in the event of an economic crisis. For these reasons governments the world over have devised programs to tackle challenges faced by youth. While there is some evidence of success in strategies adopted in some developed countries, in Sub Saharan Africa youth unemployment has remained high despite adoption and implementation of youth policies. In Kenya for example, the youth enterprise development fund was designed to tackle youth unemployment. However, the program has not been an effective solution to unemployment because of a myriad of challenges. Tongaren constituency for example has recorded among the lowest utilization rates of both the constituency based and financial intermediary based loans. The research question addressed in this study is why access levels for the youth enterprise scheme have been low in Tongaren constituency.

1.4 Objectives of the study

The main objective of this study is to examine the access of youth enterprise development funds in Kenya.

- i. To evaluate the requirements for access to the youth enterprise development fund.
- ii. To examine the extent to which the implementation of the youth enterprise fund program meets intended objectives.

- iii. To find out challenges associated with the implementation of the youth enterprise fund program.
- iv. To explore ways of improving access of enterprise funds by youth.

1.5 Research questions

- i. What are the requirements and the process for the youth to benefit from the enterprise fund?
- ii. How is the fund utilized?
- iii. What challenges are associated with the implementation of the Youth Enterprise Development Fund program?
- iv. What is the way out of challenges facing the implementation of the Youth Enterprise Development Fund program?

1.6 Hypotheses

H_0 – There is no significance relationship between youth participation and access to youth enterprise development funds.

H_1 – There is a significant relationship between level of participation of youth and improved level of access to YEDF.

1.7 Justification of the study

Studies about problems of access of youth enterprise funds have not featured in most government status reports on youth enterprise development fund. But initial evidence indicates that obligations required before utilizing funds are not met by majority target beneficiaries. Because of this oversight, enterprise funds end up not fully utilized and are returned to treasury negating the intentions of the program.

1.8 Significance of the study

The research findings will be important in exploring the strengths, weaknesses, opportunities and threats in using the youth enterprise development strategy. The findings will be instrumental to youth organizations, the government and researchers coming up with strategies to address poverty and unemployment among youth.

1.9 Limitations of the study

This research is designed to target youth who are already in enterprises or in youth groups. These are by no means representative of all youth because there are many more that are neither in enterprises nor groups. But in order to get ideas that represent majority of youth the study will: First, widen target population to youth in unregistered groups and secondly, design the tool to inquire into issues that affected youth before the groups or enterprises were formed.

1.10 Scope of study

The study will seek understanding of strategies for youth economic development. It will be limited to the structure and implementation of the YEDF as a model for other devolved funds. Youth in groups and enterprises in Tongaren Constituency will be targeted to study their access of the YEDF.

1.11 Conceptual and Theoretical framework

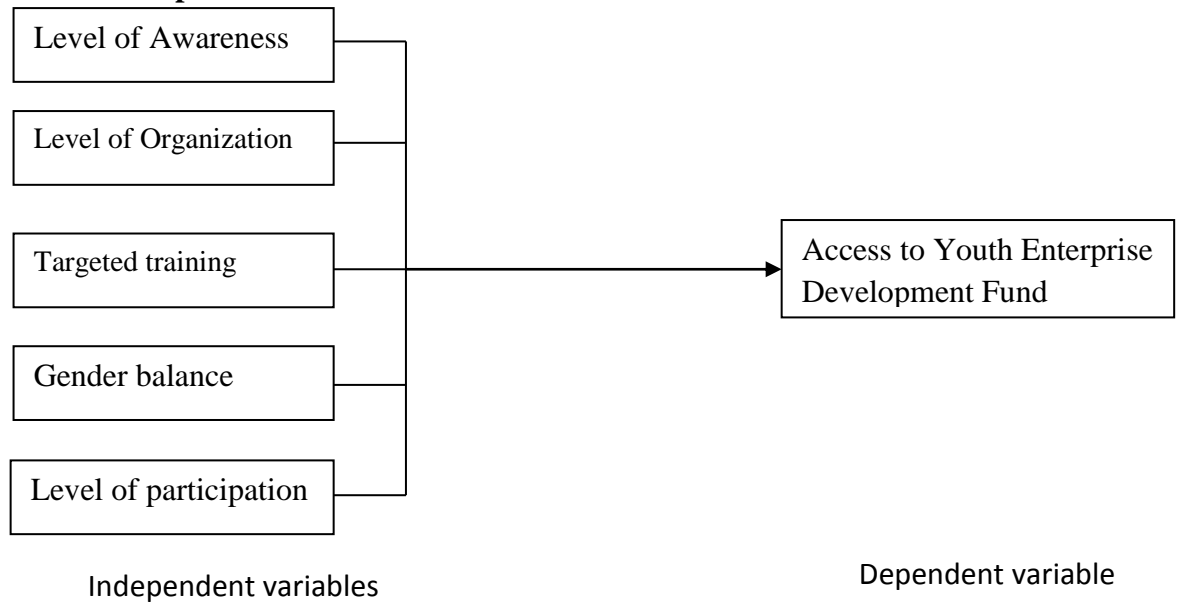
1.13.1 Theoretical framework

The study was guided by attribution theory propagated by Heider (1958) and furthered by other scholars (Hine and Montiel, 1999; Hine, et al., 2005). Heider states that beliefs about the underlying causes of social problems such as poverty, inequality and youth unemployment play an important role in determining individuals' attitudes and behavioral responses towards development programs like YEDF. Hine states that the way an individual (youth) perceives their status and role played by institutions (for example youth fund managers) around them affect

their response to development strategies such as YEDF program. The theory emphasizes the internality/externality of outcomes.

From the fore going the researcher perceives low access of the youth enterprise development fund program as caused by both external and internal inefficiencies, that is, inefficiency on the recipient youth (internal) and also the inefficiency on the part of the government - YEDF parastatal (external). Early perceptions of the fund were that it was a political tool employed to marshal youth support in 2007 (The Institute of Social Accountability). This was a big risk for the fund because it meant majority of youth did not feel obliged to repay. The fund managers responded to this by making the process of accessing the funds more rigorous (Ministry of Youth Affairs and Sports).

1.13.2 Conceptual framework



Source: Author (2011)

Figure 1. 1: Conceptual framework

As observed in the figure above, the key determinant to level of access to enterprise funds is level of awareness of existing opportunities, level of organization among target beneficiaries, level of participation of youth in programs, undergoing targeted training and gender balance in youth groups. However these challenges can be surmounted if with synergy among youth and support from youth enterprise fund officers.

This model as well as the questionnaire is based on details of a form youth are required to fill to be assessed of their eligibility for the YEDF. The assessment is based on organization, that is, membership of group, how often they meet and their activities. The one third gender rule is a must for all groups while previous training by YEDF officers or banks is an added advantage.

CHAPTER TWO

LITERATURE REVIEW

2.1 Overview

This chapter contains a review of literature on youth and development. The main issues reviewed relate to the Concept of youth and economic development, global lessons on youth development programs and youth enterprise development fund program in Kenya. A critical review as well as a summary of major lessons is done at the end of this chapter. Lastly the researcher established the knowledge gap.

2.2 The Concept of Youth and Economic Development

The term youth has been defined differently by different actors. While the United Nations define youth as anybody between the age of 16-24 years (United Nations) the Kenyan government in its youth policy define youth as citizens aged between 18-35 years (Ministry of Youth Affairs and Sports). For the sake of disbursements of youth devolved funds South Africa and Kenya widen the youth age bracket from 18-35 years probably to appeal to more youth politically. But whatever the definition what is critical is to arrive at a categorization that allows wide prioritization of youth issues.

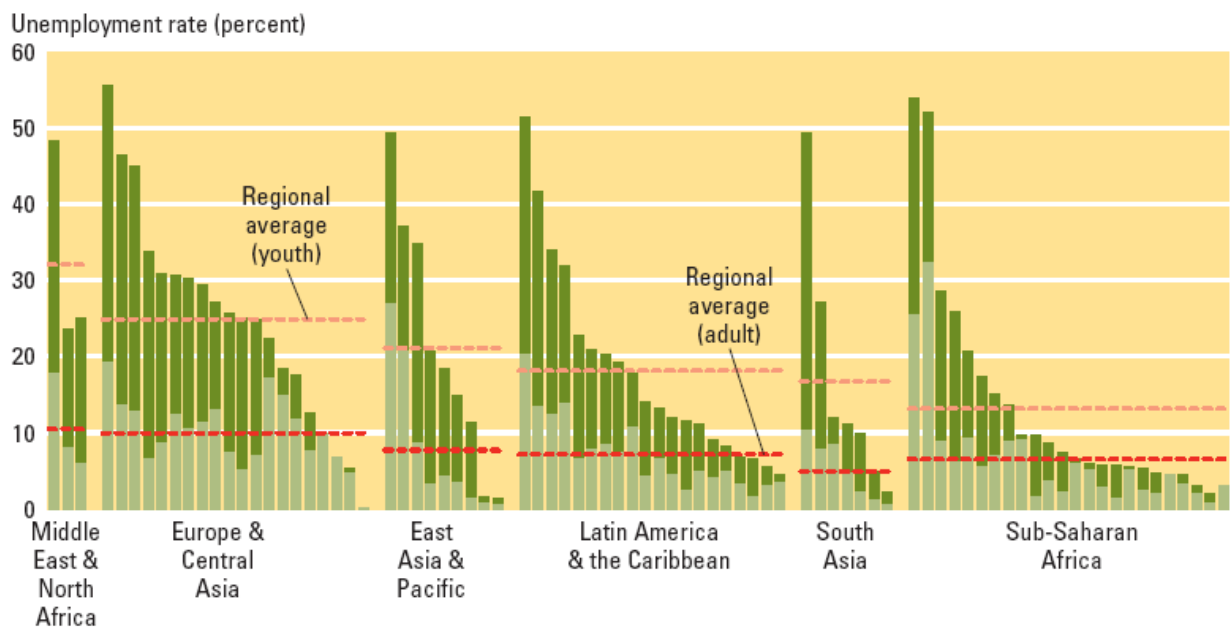
Strategies for youth economic development offer broadened opportunities, strengthened capabilities and awards second chances (The World Bank, 2007). Broadened opportunities are achieved through developing human capital; by expanding access to and improving the quality of education and health services; by facilitating the start to a working life; and by giving young people a voice to articulate the kind of assistance they require. Young people want a chance to participate in economic development (The World Bank, 2007).

It will be useless if youth are not capable of tapping opportunities that abound. Developing young people's capabilities to choose well among these opportunities is therefore important. This can be achieved by recognizing them as decision-

making agents and by helping ensure that their decisions are well informed, adequately resourced, and judicious. The third and final one is second chances. Second chances are targeted programs that give special groups of young people the hope and the incentive to catch up with others after a setback from bad luck—or bad choices.

2.6.1 Youth as a Resource

The World Bank (2007) report titled “Development and the next generation” drew attention to the potential benefits of the largest youth bulge in history, that the tide started shifting. The report makes the case that the demographic transition in many developing countries has resulted (or will result) in a situation where the proportion of the population active in the labour market is large relative to those who are not – therefore household dependency ratios are low and per capita income rises. This is known as a ‘demographic dividend’, which is delivered through a number of mechanisms, with labour supply, savings and human capital as the most important (Arowolo and Kamungoma-Dada, 2007). But chronic youth unemployment seems determined to spoil this anticipated achievement.



Source: The World Bank, 2010

Figure 2. 1: Global unemployment

Unemployment varies widely across regions, from a low of 7.0 percent in East Asia to 13.4 percent in industrial economies to a high of 25.0 percent in the Middle East and North Africa. Across all markets the youth unemployment rate is two to three times higher than the adult unemployment rate, regardless of the level of aggregate unemployment (figure above). Prolonged unemployment can lead to disinterest in investing in further schooling, possible mental distress, delayed family formation, and negative manifestations of citizenship. Estimates indicate that lowering youth unemployment could raise GDP by anywhere from 0.3 to 2.7 percent based on forgone earnings alone.

Youth make up 25 percent of the working age population worldwide, but 47 percent of the unemployed (The World Bank, 2007).

2.6.2 Youth as a Threat

Failing to direct young people into productive pursuits can prove costly in other ways. In many countries crime often peaks in this age group and can hurt the investment climate. In Jamaica, youth 17–29 are responsible for more than half of all prosecuted crime except arson (The World Bank). Gunnar Heinsohn (quoted by Caldwell, 2007) argued that “an excess in especially young adult male population predictably leads to social unrest. “The link between large youth populations and social strife – what Caldwell, 2007 calls the ‘dangerous duo of youth and war’ - is said to be explained by the fact that “ a large proportion of young adults and a rapid rate of growth in the working age population tend to exacerbate unemployment, prolong dependency on parents, diminish self-esteem and fuel frustrations.” (Cincotta, quoted in Beehner, 2007:1).

Youth have historically been associated with wars especially in warring communities. In Africa morans in pastoral communities have to-date propagated cattle raids with recorded loss of life in resultant battles. Even in urban areas, insecurity is associated with unemployed youth out to make quick cash (Fischer and Antoine).

The Kenya National Dialogue and Reconciliation process acknowledged the urgency and importance of addressing youth unemployment. This is because it threatens social and political stability and the very foundation upon which a nation is built. Youth unemployment was identified as one of the key factors behind the post-election violence (Chigunta). As such, prioritizing addressing youth unemployment is critical to consolidating national stability and generational posterity. The Arab uprising for instance is a threat to despotic leaders and an opportunity for reforms.

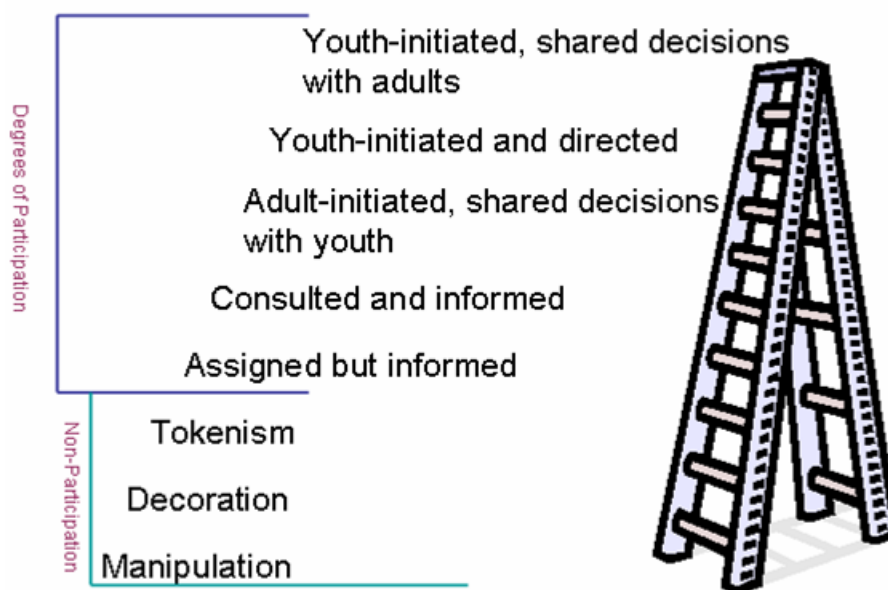
Other themes associated with youth are HIV/AIDs and drug abuse, both of which have negative impact on human capital accumulation and economic growth in a country. The strongest evidence relates to the impact of HIV/AIDS on growth and productivity. HIV/AIDS disproportionately affects young people ages 15–24 in high prevalence countries, where they account for more than half of new infections (The World Bank, 2007). Youth has also been associated with smoking, consuming alcohol and drugs and engaging in sex and other risky behaviors.

2.3 Youth Empowerment and Participation

Without meaningful empowerment and participation, development programs for special target groups like youth are bound to fail. The terms empowerment and participation have often been used interchangeably but a narrow understanding is the latter can be seen as a means to the former. Empowerment is a process by which individuals gain influence on events and outcomes of importance to them (Ministry of Youth Affairs and Sports, 2008). The term is defined almost in a similar way by the seventh edition of the Oxford advanced learner's dictionary. Important from the dictionary definition is that it is often passive term, meaning people are given.

The other term, participation, the dictionary is less helpful hence a look at other sources is more helpful. "Youth participation is involving youth in responsible, challenging action that meets genuine needs, with opportunity for planning and/or decision making on issues affecting others, in an activity whose impact or

consequences extend to others, i.e outside or beyond the youth participants themselves”, (National Commission on Resources for Youth, 1975, p.25). It is the active, informed and voluntary involvement of people in decision-making and the life of their communities (both locally and globally) (DFID–CSO Youth Working Group). Participation means work with and by people, not merely work for them. Meaningful participation therefore leads to empowerment.



Source: Hart R. (1992). Children’s participation from Tokenism to Citizenship, Florence: UNICEF International Research Centre (R. Hart)

Figure 2. 2: Ladder of Youth Participation

Manipulation – Other actors for example Politicians consciously use youth’ voices to send their own message.

Decoration – Young people participate in events, workshops, campaigns or programs without understanding what the advocacy or campaign is all about.

Tokenism –In this case adults have the intentions of giving young people a voice but they have not thought through how to do this effectively. Common examples are to invite one, or maybe two young people on board of directors; usually they

are quite ineffective being outnumbered and overwhelmed by adult communication and culture. Tokenism is what breeds a dependency culture.

The ladder of youth participation is not a continuum showing levels youth have to go through in participation but rather demonstrating how participation can be improved. The following are better forms of youth participation (in ascending order) in development programs:

Assigned but informed – In social mobilization efforts young people can be assigned a role or responsibility and thus be actively involved as long as they understand the issue at hand and volunteer to do something.

Consulted and informed – Young people provide input and perspective that impacts the outcomes of the project; adults still design and do the overall management, i.e. city wide surveys or community mapping projects.

Adult-initiated, shared decisions youth – Young people are involved from the beginning of the project and have some influence on the design and implementation.

Youth-initiated and directed – On the community level there are youth-initiated and directed projects; often short term and centered on relief actions. If they want to sustain and broaden their organizations, they often seek adult allies (next level).

The process of youth participation makes some assumptions about youth (Ministry of Youth Affairs and Sports). First that youth have aspirations and want to participate fully in the lives of their societies; secondly youth are key agents of social change, economic development and technological innovation; they should leave under conditions that encourage their imagination, ideals, energy and vision to flourish to the benefit of society; that youth are confronted by a paradox to: to seek to be integrated into the existing society or serve as a force to transform it; and lastly youth are social and demographic group that are vulnerable to an uncertain future, even though they represent societies greatest hope.

But Quinn (1999) provided more assurance with his nine key Characteristics of a Positive Youth Development Strategy. That a strategy must be: asset based – the assets and strengths of youth are emphasized rather than problems or deficits; Collaborative – youth are involved as collaborators in their own plan and development; Community-oriented – activities take place in the community with an emphasis on the development of strong linkages to community institutions; Competence-building – activities are aimed at mastering a wide variety of skills among the youth; Connectedness – Social relationships and connections with community are central; Cultural Membership – a key aspect of all activities for youth is their understanding of cultural membership and its relationship to identity; Holistic – positive youth development emphasizes all aspects of healthy personal growth, i.e., physical, social, moral, emotional, cognitive, etc; Long-range – focus is on long-term plan rather than short-term solutions; and Universal – program is available and desirable to all youth regardless of their status.

2.4 Youth and Development in Global Context

Developed countries seem to have market driven approaches as universally acceptable way of engaging youth. However, the execution of youth entrepreneurship programs has differed from country to country in terms of organizational arrangements and executing agent (Waddell), (Kapitsa). In some countries, such as USA and Canada, youth programs have been delivered through various arrangements: business incubators, youth councils, youth information centres, special young people facilities and funds, by NGOs, governmental institutions (such Department/Ministry of Education, Human Resources, Industry, Commerce and etc.), joint boards, special structures (small business administration (SBA) in USA or Aboriginal Entrepreneurship Foundation in Canada) and many more (Kapitsa).

The strategies adopted in most OECD countries have been after years of social experimentation and research (Kapitsa). In the 1960s and 1970s the USA federal governments used employment training programs to combat youth unemployment.

The impact was very limited especially among minority youth (Hispanics and Black communities) because of competition from other welfare programs. Those targeted were youths whom the educational system had often failed to serve and with whom the employment and training programs of the nation dealt with. The high youth unemployment of the mid-1970s, especially the 40 percent unemployment rates of black youth, motivated Congress to pass the Youth Employment Demonstrations Projects Act (YEDPA) and to spend billions of dollars to determine what works best for disadvantaged youth (Briggs, 1987).

By the 1980s and 1990s, U.S. policymakers turned toward the broader issue of how best to prepare all youth for careers. YEDPA was created to ensure better youth participation. But in addition to serving youth, YEDPA contained a legislative mandate "to explore methods of dealing with the structural unemployment problems of the Nation's youth" and "to test the relative efficacy of dealing with these problems in different local contexts." But several studies on the program have not been conclusive on whether YEDPA met objectives or not and it indeed was cost efficient (Curtain). Although YEDPA did provide a significant number of temporary employment opportunities for youth, it was hard to find lasting differences between those who participated in the programs and those who did not. Furthermore it is not clear in some instances whether failure in some youth programs is attributable to design of interventions or is the wider societal structure that is the reason (Kapitsa). Unemployment is still rampant to date. But for the purpose of this study let us observe some best practices.

Several scholars agree that two of the most successful programs for promoting youth entrepreneurship are the Imprenditorialita Giovanile (IG) S.p.A in Italy and the Prince's Trust – Business (PTB) in the United Kingdom (Prince (Charles)'s Trust, OECD (2001), ILO (2000), White and Kenyon (2000)). An analysis of the factors responsible for the success of both the IG and PTB suggests that the effectiveness of their youth entrepreneurship promotion programs can largely be attributed to the following:

Clarity of Objective – The success of the IG and PTB derive partly from dedication to a clear objective. The programs do not attempt to combine social and economic objectives in the promotion of youth entrepreneurship. Many youth enterprise promotion programs fail because of a multiplicity of objectives (OECD).

Commercial Orientation – Both institutions have a commercial approach to their operations. They do not operate as ‘welfare’ or social services. As noted below, this has allowed them to develop a professional capability and technical competence that has been critical to the success of their youth enterprise support programs.

Adequate funding – It is evident from the above review that both the IG and PTB are well funded. Adequate funding has allowed them to implement programs that have significant outcomes on the target groups. Available literature shows that youth enterprise support programs in many developing countries fail due to, among other factors and inadequate funding.

Well-trained and properly supported staff – Both the IG and PTB have established a professional capability in their operations. Their staff are highly trained and properly supported in their work. Lack of technically competent staff and/or staff that lack entrepreneurial experience is a major factor that explains the failure of youth enterprise support programs in many countries.

Flexible and adaptable operation style – Both the IG and PTB have adopted or initiated flexible administrative procedures and operational styles in delivering BDS and other supports to youth entrepreneurs. Rigid administrative procedures are a factor in the failure of youth enterprise promotion programs in many countries.

Reliance on appropriate ‘micro’ delivery mechanisms – Both the IG and PTB rely on regional and local delivery mechanisms in service provision. Depending on context, this has involved use of local and regional schemes (in the case of the IG)

and private and public institutions such as universities and local authorities (in the case of the PTB).

Reliance on local business specialists – Both the IG and PTB rely on a network of local people with specialized business knowledge or experience to provide informal advice and training to youth entrepreneurs.

Initiative-based – Both the IG and PTB do not attempt to impose choice of enterprise activities on young people. The initiative to start an enterprise comes from the youth themselves which, as noted below, partly serves as collateral for the loan. As several experts observe, setting up young people as independent micro-enterprise owners, often in a line of business in which they have no prior experience with, and often without sufficient skill, is both high risk and a recipe for failure.

An ‘integrated’ package for youth – Contrary to the minimalist approach common in many credit programs, both the IG and PTB provide a wide range of services to youth, including skills training and advice. This is based on the recognition that young people pass through various stages of transition and therefore tend to face problems specific to those transitions.

Customer-centred loans – Although group lending based on the Grameen model is a common feature of many micro-credit schemes, particularly those targeted at women, both the IG and PTB use an individualized approach in their lending policies. This approach is based on the particular needs of each individual youth. Although the financial packages offered by the IG and PTB tend to differ, conditions for accessing the loans are: the business plan and accepting a mentor. Secondly, by focusing on individual youth, these programs treat them as ‘clients’. This is in marked contrast to many youth programs in many countries which treat youth as mere ‘beneficiaries’. The result is standardized programs that are not sensitive to the needs of individual youth and therefore have little impact on youth entrepreneurship promotion.

Proper targeting and selection – Both the IG and PTB, recognising that young people are not a homogenous group, make attempts to identify variations amongst young women and men in their skills, experiences, status, needs, aspirations and capacity to obtain resources – all of which influence their ability to establish and run a small business successfully.

Mentoring – Both the IG and PTB have strong and highly effective mentoring programs that are designed to provide young people with informal advice and guidance on how to properly manage their businesses. This helps the youth entrepreneurs to overcome the constraints of limited business experience, contacts and skills. Lack of ‘ethical’ mentors appears to be a major problem in many developing countries.

Intergenerational transfers – Especially in the case of the IG, this involves a transfer of firms from older people to younger people. This practice allows youth to gain skills and experience in enterprise management.

Risk management – Through mentoring and other business support services, both the IG and PTB help young people deal with the risks that they face in running their enterprises.

Equity – In particular, the PTB encourages young women and men from all backgrounds, including those from ethnic minorities, to participate in its programs. Its Mapping Disadvantage report identifies areas where most deprived youth live.

A supportive policy environment – As the rapid expansion of the IG in Italy illustrates, favourable changes in the regulatory environment can have a positive impact on the provision of BDS to youth entrepreneurs;

The State – In both cases, the state, while not directly involved in managing the institutions and programs, has played a key role as a major source of funds and creating a conducive environment for enterprise promotion. In the case of IG, the state owns over 80 percent of the shares, while the PTB also gets government funding.

Sustainability – Both the IG and PTB raise large amounts of funds for their operations and do not rely on a single source of external support, be it technical, organizational or financial. Their sources include private sources and the European Union. The PTB, for instance, relies on high profile fund-raising and has its own internal investments.

To involve local businesses in youth entrepreneurship programs, Governments could consider fiscal incentives, as in the case of the USA. Firms contributing to such youth programs could be relieved of taxation, at least, partially. Internships and training in local businesses could be also rewarded by deducting appropriate amounts from the companies' expenditure. Funding of start-ups is extremely important, and various options could be considered. For more static groups, living in closely tied rural or ethnic communities with a relatively strong social control; group/communal collateral could be used for mitigating financial risks. For urban, more dynamic groups, the involvement of financial intermediaries, following the example of the USA SBA.

In countries in transition, the local private sector has not yet been active in public affairs and needs an encouragement and a framework for its involvement (The World Bank, 2007). The obstacles for building such partnerships have to be removed. As for other social actors, there are some constraints, which need to be tackled jointly in order to build a social consensus. In some countries, the major constraints are: lack of resources, organizational capacities, and lack of leadership. In some other countries, however, these are further aggravated by more profound and fundamental problems, such as: the lack of political will and public apathy. In the light of these, it is crucial for the international community to provide a support for those few in developing countries, who dare to speak on behalf of young people about their needs, and who express the readiness to mobilize a social action aiming to improve the opportunity sets and future perspectives of the youth in their countries (The World Bank, 2007). Africa has the largest proportion of youthful population and may thus need more attention.

2.5 Youth and Development in Africa

During the early years of independence in the 1960s and 1970s, young people in Africa did not pose a serious social problem. As a consequence, unemployed and ‘disadvantaged’ youth were not a major target for governments and funding agencies (Bennell, 2000; Mulenga, 2000). Since then, however, concerns have been rising over the socio-economic situation of young people in much of SSA and the prospects of creating additional livelihood opportunities for them (Mayor and Binde, 2001; Bennell, 2000; Curtain, 2000; Grierson, 1997; Mkandawire, 1996; Schnurr, 1998). The protracted and deep-rooted economic crisis that has affected nearly every country in SSA has adversely impacted on the well-being of the majority of people (Mayor and Binde, 2001; Sarr, 2000; Basu and Stewart, 1995; Mustapha, 1992).). As a consequence, many Africans have experienced a decline in their welfare owing to a fall in real incomes and declining social sector expenditure per head (Basu and Stewart, 1995).

A review of the existing literature shows that government pronouncements abound in SSA concerning the role of youth in development. Particularly, separate ministries responsible for youth affairs have been established in many countries. In most cases, these ministries are also responsible for sports and culture. South Africa is a significant exception where a strong interdepartmental committee chaired by the Vice-President has been created in order to ensure an effective, coordinated response to youth problems. Similar coordinating structures, largely in form of national youth development councils, have been established elsewhere. Typically, each ministry of youth affairs has responsibility for a small network of youth training centres. Decentralization of youth policy to Local Authority level is another strong pillar of the South African approach (Republic of South Africa, 2008) and also directly linked to other government development plans.

In addition, ministries of youth have generally taken the lead in developing a national youth policy in each country. Generally, youth policy in Africa is separated into two broad categories: ‘formal education policy’ and ‘youth policy’ –

for employment (Chigunta). The formal education policy is related to the education system which is geared toward providing basic literacy and numeracy skills for eventual expression in the formal labour market. On the other hand, 'youth policy' tends to operate on a separate track, and includes a plethora of different youth initiatives such as youth training and credit schemes, make-work schemes and the like (Bennell). Generally, the youth policies are intended to provide overall policy guidance for youth development.

National youth service schemes were also established in several SSA countries, including Botswana, Kenya and Zambia (Briggs). In some countries, school leavers are obliged to undertake a period of national youth service before they are allowed to go onto higher education. In others, this service is completed after higher education. A number of vocational and technical education training schemes have also been introduced for youth in many African countries. Attempts have also been made to 'ruralise' the urban youth through 'back to land' campaigns in a number of countries (Bennell, 2000).

In recent years, many governments have attempted to introduce entrepreneurship training in the curricula of technical education and vocational training centers in response to problems associated with out-of-school youth and joblessness. In Zambia, for example, the government, through the Ministry of Science and Technology, has established the Technical Education Vocational and Entrepreneurship Development Authority (TEVETA). This is aimed at promoting entrepreneurship and self-employment, especially among graduates of technical training institutions. An even bigger initiative in the name of Umsobomvu Youth Fund is being implemented in its neighbouring South Africa.

Umsobomvu Youth Fund in South Africa

In 1994 post apartheid South Africa, saw a major shift in youth policy. Since then, changes and considerations have been undertaken to create optimal youth development machinery in the place of a Ministry of Youth. Such was the creation of the National Youth Commission enacted in 1996. Later on in 2000, there was a

further improvement by setting up of the Umsobomvu Youth Fund that took effect with the launch of the National Youth Policy. The policy has also been improved with coming into effect of the National Youth Development Policy Framework 2002 -2007. The youth fund provides various services: The world's first electronic business development support voucher programme (BDSVP); The largest business support programme for youth through the BDSVP; South Africa's first public private partnerships in venture capital/private equity, with FirstRand and Business Partners, to finance SMEs; First comprehensive research and pilot program in youth cooperatives in South Africa and appointment to the International Cooperatives Alliance Youth Network; and last but not least provider of micro-finance to youth in South Africa (POTGIETER-GQUBULE and Nonkululeko, 2009);

Though South Africa has succeeded in jumping the huddles of lack of political will that faces most youth programs in Africa, various reports point to less impact of the strategy. According to the Umsobomvu (2007) study on economic and youth job prospects, entrepreneurship activity amongst young people is globally seen as an important measure to deal with youth unemployment, with SME's in most countries as major contributors to employment. South Africa, however has a relatively small informal economy; contributing only 12% to GDP as against the Sub Saharan African contribution of 41% to regional GDP.

The Global Entrepreneurship Monitor (GEM) notes that South Africa's rate of start-up or new businesses is amongst the lowest in the developing world (Orford, Herrington and Wood, 2004). The Umsobomvu report (2007) also indicates that most of South Africa's young entrepreneurs are involved in "necessity entrepreneurship and find their way into these activities after unsuccessfully trying to study further or find wage employment" (Herrington, Jacqui and Penny). Furthermore, necessity entrepreneurship creates very few jobs. This is an indication of poverty and unemployment being more of a societal problem rather than a youth issue in majority African countries.

2.6 Youth and Development in Kenya

Like South Africa, Kenya has made major steps in dealing with youth unemployment. Special focus on youth enterprise development is however fairly new in Kenya. Understandably, not much evaluation has been done on youth programs. A comprehensive youth program came into effect with the launch of the youth enterprise development fund (YEDF) (Three Years of the Youth Fund). The launch of the program was initially met with skepticism that it was only a political tool to marshal youth vote and not address challenges faced by youth (Chigunta).

According to the (2009) youth fact book, seventy five percent (75%) of those unemployed in Kenya are youth. Youth unemployment is one of the Agenda 4 focus items in the 2008 Peace accord (Kenya National Dialogue and Reconciliation Status report, 2008). Youth unemployment was identified as one of the key factors behind the post-election violence. As such, prioritizing addressing youth unemployment is critical to consolidating national stability and generational posterity.

Kenya's comprehensive youth policy consists of a strategic plan and a monitoring framework. Strategies for youth development in Kenya focus on education and training on one arm, and expanding job opportunities locally and seeking other abroad and encouraging entrepreneurship on the other. The most notable youth program which this study focused on is the Youth Enterprise Development Fund (YEDF).

2.6.1 Youth Enterprise Development Fund

The Youth Enterprise Development Fund was conceived in June 2006 by the government as a strategic move towards arresting unemployment which is virtually a youth problem. The government set aside Kshs. 1 billion in the 2006/07 and subsequent fiscal years budgets to fast-track this initiative (Ministry of Youth Affairs and Sports). The Fund facilitates youth employment through enterprise development and structured labour export (The Institute of Social Accountability).

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 to increase 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.

The YEDF has five objectives: The first one is to provide loans to existing micro-finance institutions (MFIs), registered non-governmental organizations (NGOs) involved in micro financing, and savings and credit co-operative organizations (SACCOs) for on-lending to youth enterprises; The second objective is to attract and facilitate investment in micro, small and medium enterprises oriented commercial infrastructure such as business or industrial parks, markets or business incubators that will be beneficial to youth enterprises; The thirdly to support youth oriented micro, small and medium enterprises to develop linkages with large enterprises; Facilitate marketing of products and services of youth enterprises in both domestic and international markets; and last but not least to facilitate employment of youth in the international labour market.

2.6.2 Fund Allocation

The YEDF is allocated in three major ways (YEDF Act, 2003): The first way is through Kshs. 210 million allocated to parliamentary constituencies to finance youth groups. Each Constituency receives Kshs. 1 million; secondly Kshs. 690 million is channelled through Financial Intermediaries to finance all legally recognized forms of youth-owned enterprises and thirdly Kshs. 100 million is set aside to cater for the other objectives of the Fund that entail commercial infrastructure development, linkage schemes, marketing of products/services of youth enterprises, labour export scheme, and also finance some administrative expenses (YEDF Act, 2003).

The Constituency Youth Enterprise Scheme(C-YES) funds enterprises of youth groups at constituency level, in all constituencies. The loan will attract no interest but will include 5% management fee payable upfront. The amount loaned to any single group at this level must not exceed Kshs. 50,000(YEDF Act, 2003).

2.6.3 Access to the Fund

The YEDF can be accessed either via the C-YES or financial intermediaries (YEDF Act, 2003). In the former the applying group will collect a proposal form from the Divisional Youth Officer, the District Youth Officer, or from the ministry's website. The group is required to submit completed business proposal forms to the divisional Youth Officer. The Divisional YEDF Committee will screen and assess the proposals received in line with the guidelines provided. The Divisional YEDF Committee will then forward the recommended proposals received in the order of merit to the District YEDF Committee after which they validate and approve the proposals. The District YEDF Committee then forwards details of groups to be funded to the Fund Headquarters who process group cheques.

The youth enterprise development fund (2007) outlines conditions for eligibility for loan under the YEDF. The applying group should be registered with the Department of Social Services or the registrar of societies at least, three (3) months before applying for the loan. The group must also propose to carry out business oriented activity; Operate an active bank account; get recommendation from the Divisional Youth Officer; and where the group is mixed, that is, having members who are either under 18 or over 35 years; At least 70% of the members must be aged 18-35 years and the leaders of the group must be 100% youth (YEDF Act, 2007).

2.6.4 Access to YEDF Through Financial Intermediaries

Financial Intermediaries such as banks, non-governmental Organisations (NGOs), Savings and Credit Cooperatives (SACCOs), and Micro Finance Institutions

(MFIs) allocate two thirds of the fund. The youth will access funds directly either as individuals or as organised entities such as groups, cooperatives, companies among others. The loan attracts interest rate of 8% per annum and is flexible on collateral. The loan amount is dependent on the nature of business proposed and financial intermediary seeks approval for loan amount exceeding Ksh 500,000.

2.6.5 Status of Program Across Provinces

Participation is highest in Rift valley where 1,981 groups accessed the fund followed by Eastern province (1,470 groups) and Nyanza province (1,284 groups). The fund was least accessed by young people in Nairobi (331 groups) and North Eastern Province (450 groups). Through the C-YES, Rift Valley accessed 23% of the funds disbursed, Eastern (18%), Nyanza (16%), Central (13%), and Western (11%). Coast, North Eastern and Nairobi accessed 10%, 5% and 4% of the funds disbursed respectively. The Fund has disbursed about Ksh. 1.53 billion to finance 57,075 youth enterprises through the Financial Intermediaries as at 31st March, 2009. The Fund is aware of the fact that areas with poor financial infrastructure have registered low uptake of the funds. 22% of all the funds disbursed through financial intermediaries went to Rift Valley, followed by Central (20%) and Eastern (20%), then Nyanza (10%), Nairobi (10%) and Coast (10%). Western (7%) and North Eastern had the least access though financial intermediaries (Ministry of Youth Affairs and Sports, 2010).

Table 2. 1: Access to Youth Enterprise Development Funds in Kenya

Province	Female	Amount	Male	Amount	Total Female & Male	Total Amounts Disbursed
Central	5,629	141,224,750.00	6,016	197,161,894.00	11,645.00	338,386,644.00
Coast	4,241	87,711,863.00	1,475	50,520,781.00	5,716.00	138,232,644.00
Eastern	6,000	116,226,397.00	5,561	163,027,957.00	11,561.00	279,254,354.00
Nairobi	2,437	98,817,535.00	3,032	137,826,321.00	5,469.00	236,643,856.00
North Eastern	186	6,767,472.00	465	18,387,477.00	651.00	25,154,949.00
Nyanza	3,434	74,109,791.00	2,141	57,145,798.00	5,575.00	131,255,589.00
Rift Valley	8,791	149,875,266.00	3,985	148,057,313.00	12,776.00	297,932,579.00
Western	2,376	47,110,645.00	1,306	39,776,436.00	3,682.00	86,887,081.00
Grand Total	33,094	721,843,719.00	23,981	811,903,977.00	57,075.00	1,533,747,696.00

Source: Three Years of Youth Fund (2010)

Generally, more young women (33,094) than young men (23,981) accessed the funds. However, from figure 116 below, there were gender disparities in different regions. Central province, Nairobi and North Eastern had fewer men than women accessing the funds compared to the other provinces where more young women accessed the funds than their male counterparts. Rift valley had the highest gender disparity. As much as there were more young women than men accessing YEDF through financial intermediaries, 53% of all the resources were accessed by young men, compared 47% of resources accessed by young women (Njonjo, 2010).

A part from government reports, the youth enterprise development program has also scholarly interest since its inception. In a study on the fund focusing on the entrepreneurship ability among youth in Gatundu South Constituency, found the provision of continuous and relevant business development services to youth as key in making youth enterprises sustainable (Kanyari and Namusonge). The study also established a link between training of youth and increase in number of youth groups applying for funds. The study however did not provide any specific areas of training youth required and also how the trainings would be done. Even more critically was how training helped youth overcome what McClelland (1961)

The study concluded that the YEDF has not had a significant effect on youth enterprises. The study recommends an increase in the number of financial intermediaries (FIs) in partnership with the fund and an active involvement of all the stakeholders in mobilization of the youth on group formation and YEDF activities. The study found out that despite the fact that YEDF could be a preferred source of funding among the youths, accessing it remained a great challenge.

There was a further opportunity for youth that opened up with the launch of the Ksh. 6 billion Uwezo fund (Media, Standard). The applications requirement are however more complicated than those for YEDF. Apart from those required by YEDF, for youth to access the Uwezo fund they would require to register with the registrar of societies as an incorporated company (Varcity). It is doubtful that without devolving registration, the needy youth will manage to access part of these billions.

Some people may argue that other government programs under the Youth Employment Marshall Plan (Njonjo, Rugo and Muigei) was best suited to handle youth that may fall out of the YEDF and Uwezo fund eligibility criteria. Under the Marshal Plan, the following projects were undertaken: Kazi Kwa Vijana (Jobs for Youth), The Trees for Jobs Initiative, and the Roads 2000 Project. These programs were very manual in nature and received wide criticism as not the best way to nature youth capability. It must however not be lost to us that there are youth who are at home with such undertakings.

2.7 Challenges of an Institutional Strategy to Address Youth Unemployment in Africa

First and foremost, the private sector in SSA is not as developed as that in developed countries. Governments are therefore dominant drivers of development unlike the previous experience with private sector driven implementations in OECD countries documented above. Although government pronouncements abound in SSA concerning the role of youth in development, available evidence shows that, in practice, the actions taken by most governments to address the needs

of youth have been very limited. Several scholars agree that most governments are guided by a vision that neither addresses the livelihoods needs nor meets the 'real' expectations of young people (Bennell, 2000; Mkandawire, 1996; Momoh, 1998). Many observers attribute this to the failure by many African governments to come up with comprehensive youth policies and institutional frameworks. Bennell (2000) wonders why a continent that has such a huge population of young people accords low priority to their livelihoods.

Where policies do exist, they are often highly politicized and based on stereotypical notions of disaffected youth (Schnurr, 1998). The youth programs are "Siberian" segments of government programs based on based on adult perception of youth concerns and needs. In addition, the formulation and implementation of many youth policies seem to be prompted by a 'moral panic', mainly because of fears arising from the way young people respond to shrinking income and opportunities (Chigunta). Lack of a clear mandate, limited financial resources, limited personnel, weak coordination structures has also been noted (Bennell, 2000). Similarly, most youth training centres are seriously under-resourced and struggling to survive. While NGOs are expected to take the lead in promoting youth livelihoods, their overall capacity remains limited (Chigunta, 2001; Kambewa, et al., 2001; Bennell, 2000). Attempts to 'ruralise' 'vocationalise' and decentralize the youth programs have generally met with very limited success (Chigunta).

The adoption of market-driven economic reforms necessarily reduces the role of the state in supporting youth (Bennell, 2000) and there is no evidence of it increasing private sector involvement. Youth are in a group most hard hit with such reforms. According to Bennell (2000), this is based on the assumption that young people do not face special economic and social needs that relate to their age that would give them priority over and above other economically vulnerable or 'excluded' groups (POTGIETER-GQUBULE and Nonkululeko).

In the case of countries such as South Africa that have various steps in the right direction, there are challenges of lack of coordination, integration and underfunding. There is need to interrogate how these can be better structured to respond to the needs of young people. Indeed, these could be better coordinated so that they fulfill their mandate. A more salient approach is to clearly define youth development and mainstream youth issues at all the various levels of government, setting out clear departmental and governmental responses to the development of young people, thus ensuring a systematic and integrated approach to enhancing the lives, skills and opportunities of the youth.

Challenges with to Youth Economic Development in Kenya

The YEDF program encountered challenges from inception. There was negative public perception and attitude mainly influenced by the timing of the Fund's establishment. The Fund was established on the eve of a general election year and hence, perceived as a political organization out to influence voting patterns particularly among the youth. The loans given out were therefore considered political goodies in some parts of the country, resulting in poor loan repayment (Ministry of Youth Affairs and Sports, 2010).

There is insufficient policy and legislative frameworks to support growth of youth enterprises and fund's sustainability in conformity with the scale and complexity of the youth unemployment problem. For instance, there is no legal framework guiding the operation of youth labour migration. Furthermore, capital investment in providing non-credit services to the youth entrepreneurs is huge vis-à-vis the actual loans disbursed. These services include business development services, market support, operational overheads, and public sensitization and education. But the public focus is largely on the loans disbursed not so much the quality of those loans.

Inadequate disbursement and repayment infrastructures in some parts of the country particularly remote areas pose a major challenge to disbursement and loan repayment. Lack of financial intermediaries and loan repayment avenues in most

areas disadvantages youth in those areas. Accessibility of lending institutions to young entrepreneurs is still in question. The report goes on to say that the fund is insufficient to cater for high demand and expectations of the youth. The government allocation was thought to be adequate for all youth and is an instant panacea for youth unemployment. There was public perception that Ksh. 50,000 for a youth group was too little (Ministry of Youth Affairs and Sports, 2010).

Large portfolio of financed youth enterprises creates monitoring problems as youth officers have inadequate mobility capacity. This situation affects service provision and management of the loans. Lack of capital for investment; Capacity-building needs of agencies; aspiring young entrepreneurs lack the necessary business acumen; have also been alluded to. On the structural front youth projects are constrained by traditions and negative value systems that limits youth access to land and resources has been cited as a long time challenge (Njonjo, 2010).

2.8 Critical Review of Literature

This chapter has dealt with strategies evolved to tackle youth unemployment globally, continentally, in the Kenya and in Tongaren. What follows is a comparison of strategies, the processes, the success, and challenges youth policies employ. The objective is to learn from what has succeeded elsewhere and what lessons are there for Kenya.

National youth development agenda of any country has to have a much broader mandate that focuses on young people as agents of social change, future leaders, and capable participants with the capacity to shape, as opposed to being shaped by, current development strategies. Their capacity has to be enhanced through a youth development trajectory that is cognizant of and responsive to the youth's economic, civic, cultural, and social capabilities. This is the essence of real participation.

When it comes to approaches used to involve youth in development there are two broad categories: the government driven and private sector driven interventions. It

is impossible to find the two interventions in their pure form as public and private interventions often overlap. There are success stories and failures in both categories.

Developed countries tends to utilize their well developed private sector to absorb and nature youth entrepreneurship. Relatively well endowed South Africa, however has not managed to follow the same path of private sector investing in youth but instead the government goodwill is the strong point. The watershed for South Africa is that it has a small informal sector unlike Kenya. This means that there may be no clear cut one-fits-all strategy for youth development but will require following best practices to be adopted to local environment.

In summary, if these multiple approaches are not consolidated, there is a likely a coordination problem. The number of studies on youth entrepreneurship programs is very limited and mostly inconclusive. Further studies and impact assessments are needed in order to establish, which approaches are efficient and sustainable and why.

2.9 Summary of Literature

We have looked at the institutional strategies in youth economic development. We have also examined key concepts of youth participation and empowerment. It was observed that real participation leads to empowerment by youth having influence not only on a segment of activities but wider societal programs. Capitalism having been proven world over as a working economic model, it is no surprise that entrepreneurship has formed the basis of youth development programs across the world. From global examples like USA small business administration projects, to UMSOBOMVU Youth Fund in the Republic of South Africa to the YEDF in Kenya all this are market driven approaches. However, this comes with its own consequences. Part of the problems is structural in nature. Lack of capacity on the implementers' part has reduced the ability to tackle unemployment and other problems among the youth.

The recognition of challenges facing the entrepreneurship approach to fight youth unemployment has also been appreciated. How these challenges manifest in different localities may differ significantly hence the need for further research. For instance while the private sector is the major driver of growth in the developed countries discussed in our global context of youth development, governments are major players in Africa and especially Kenya. Kenya compared South Africa which has had an elaborate youth program for almost two decades now has a very unique opportunity at success. The informal economy (jua kali) is one of the biggest on the continent employing thousands of youth. These youth are able to be more enterprising given the wide number of opportunities at their disposal.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Overview

This chapter deals with a description of the study area; how the research is designed; the target population; how a representative sample was drawn; methods for data collection, processing, analysis and presentation; a test of research instruments validity and reliability; and last but not least ethical issues that guided this research exercise.

3.2 Area of Study

The study will be based in Tongaren Constituency. Tongaren Constituency is - 378.3km² in area; Located to 450km West of Kenya's capital Nairobi it lies between latitude 0° 25.3' and 0° 53.2' north and longitude 34° 21.4' and 35° 04' East. It borders Mount Elgon to the North-West, Saboti to the North, Webuye to the East and South-East and Kimilili to the west and south West.

The Constituency receives generally abundant and well distributed annual average rainfall of 1200-1800 mm. The rain regime has two seasons with the long rains starting from March to July while the short rains start in August to October. The length of the total growing season exceeds 270 days in the entire constituency, allowing for multiple cropping patterns (Fischer and Antoine). The area is drained by two permanent rivers: Nzoia, Kibisi, and other small streams. Presently grown cereal crops include maize, wheat, barley and finger millet. There is good potential for beans and potatoes. In addition, several cash crops like coffee, tea, cotton, pyrethrum and sugar cane can be cultivated. Despite of generally favorable conditions the constituency is facing increased pressure on its resource base (Fischer and Antoine).

3.3 Research Design

The research was descriptive in nature and was formulated in the following manner:

- i. A Survey of literature – literature on youth and development was reviewed in the previous chapter. Additional literature was also added in the review process of research findings.
- ii. Experience survey – survey of institutions/people with practical experience on issues of youth enterprise development fund such as the District youth office, and the department of Social Services. Interviews were carried out with District and Divisional Youth Officers. The researcher was flexible in design of tool to allow respondents to raise issues and questions which had not been considered previously.
- iii. Administration of questionnaires with both precoded and open ended questions was done to youth involved in groups as identified based on records at the social services department.
- iv. Focused group discussions were carried out for selected youth operating enterprises or belonging to groups within Tongaren constituency. These included one with women and another one with men separate.

3.4 Target Population

The research targeted youth between 18-35 years that are either in development conscious groups or running some form of enterprise within Tongaren Constituency. These groups had to be either registered or unregistered but using the guidance of the social department youth eligible for funds were considered in the study. The above criteria gave a target population of 856 youth in four wards in Tongaren Constituency.

3.5 Sampling Design and Procedure

To determine the sample size, the following formula was used:

$$ss = \frac{Z^2 * (p) * (1-p)}{c^2}$$

Where:

ss = sample size

Z = Target population – 1,100

p = confidence level in percentage – 95%

c = confidence interval (Margin of error), expressed as decimal – 5.12

Source: <http://www.surveysystem.com/index.htm>

From the process the sample size was calculated as 214. The study adopted a multistage sampling design because of the wide geographical expanse and dispersion of target respondents. To ensure representation across the Constituency the first step in sampling involved selection of wards where all the nine wards were selected. The second step involved sampling from a purposive sampling frame made up of a list of members of youth groups together with some youth operating enterprises within wards. The sample size was distributed in wards as follows.

Table 3. 1: Sample Size Distribution

No.	Ward	Target Population	Sample size
1	Mbakalo	221	54
2	Naitiri	207	53
3	Ndalu	193	51
4	Tongaren	235	56
	Total	856	214

Source: Researcher (2011)

3.6 Data Collection Techniques

This research used focus group discussions, in-depth interviews and questionnaires to capture the required data. Tools were designed for youth (questionnaire), key informants such as district youth development officer and among others who were interviewed in detail. Focused group discussions targeting various categories of youth (by gender) were also employed.

The questionnaire (see appendix I) was designed in six major parts. These are background information of targeted youth; level of organization of youth; level of awareness as well as participation; level of access of fund and finally challenges and prospects of the YEDF program.

3.7 Data Processing, Analysis and Presentation

This section is divided into four sub-sections that were added to the research proposal to complete the thesis: findings/results, analysis, discussion and finally conclusions/recommendations (C. Hart). The collected data was tabulated, analyzed and interpreted systematically through, cross tabulation, descriptive statistics, and t-tests applied with the help of a statistical computer package called

STATA. A discussion section that focuses on results, covering the research objectives and testing the null hypotheses is also given. The implication of the findings are highlighted and benchmarked on the reviewed literature to illustrate contribution to knowledge.

3.8 Validity and Reliability of Research Instruments

Validity is the extent to which the instruments measures what it claims to measure while reliability refers to the stability, consistency, accuracy, dependability and predictability of research instrument. A discussion of the tools was also done with my two supervisors as well as two other colleagues who work with the ministry of youth affairs and sports in Uasin Gishu County. A pretest was carried out to validate instruments that were used in the study with minimal changes based on the above named persons feedback.

3.9 Ethical Considerations

The study was undertaken bearing in mind and upholding all ethical concerns. Such ethical concerns included getting informed consent from participants, ensuring privacy, anonymity and confidentiality of personal information. Participants were informed before hand on the purpose of the study and an overview of what was expected in the process. Respondents were not coerced to participate and the decision to participate was completely voluntary.

The information collected, as promised, was solely used for the purpose of academic research and thus access to data remains under the researcher only. Permission to undertake research was also sought from the Ministry in charge and the regional authority copies of which are attached at the end of this document.

CHAPTER FOUR

DATA PRESENTATION ANALYSIS AND INTERPRETATION

4.1 Overview

This chapter deals with how the collected data was analyzed and interpreted using various methods.

4.2 Background Information.

Background information covers the marital status, age, gender, education and occupation status of respondents.

4.1.1 Marital Status

The researcher found out that majority of the respondents were married as illustrated in table 4.1. Marital status has a bearing on youth utilizing loans if the findings from the interview with the District youth officer (DYO) and focused group discussions are anything to go by. According to the DYO, experience has shown that married youth tend to be more committed to repayment of loans than single youth. Groups that have more married youth also record more activities according to him. I also observed in my process of collecting data that it was easier to track married youth than their single counterparts. I had to put in an extra effort to trace unmarried youth most of who were either working away or in school to minimize attrition.

A related study by Youth Agenda organization found that among youth with awareness of Vision 2030 flagship projects, only 24% respondents were actually involved out of 45% who were aware (Youth Agenda). This therefore means that although the majority of youth are aware of development opportunities, few do something about it.

Table 4. 1: Marital status of the respondents

	Frequency	Percent	Valid Percent
Valid Single	57	26.6	26.6
Married	157	73.4	73.4
Total	214	100.0	100.0

Source: Field survey (2013)

The National Marriage Project at the University of Virginia, USA is in agreement with this finding. Marriage, quite literally, is the lifeblood of the economy. The report argues that the economy depends on strong families because families, of course, provide a future customer base, they supply future workers with important human social capital and they also give men an incentive to work harder in the labor force. In the case of Kenya where a huge segment of the economy is informal, marriage is a sort of (loose) pointer to permanence of residence. This is good for security of loans.

4.1.2 Age Profile

It also emerged that majority of the respondents are aged between 24-29 years, with only 10% fall above 35 years while those below 18 years account for 4 % of the respondents. This is illustrated in table 4.2. This finding is in agreement with the District youth officer's submission that youth tend to be more involve in group activities and to some extent enterprise activities as they mature. The age cohort 24 – 29 recorded the highest representation of youth in groups. This in Kenya is the post school error for most youth and it is likely that they have already tried looking for jobs without success if the argument by Herrington et al (2004) about necessity entrepreneurship is anything to go by.

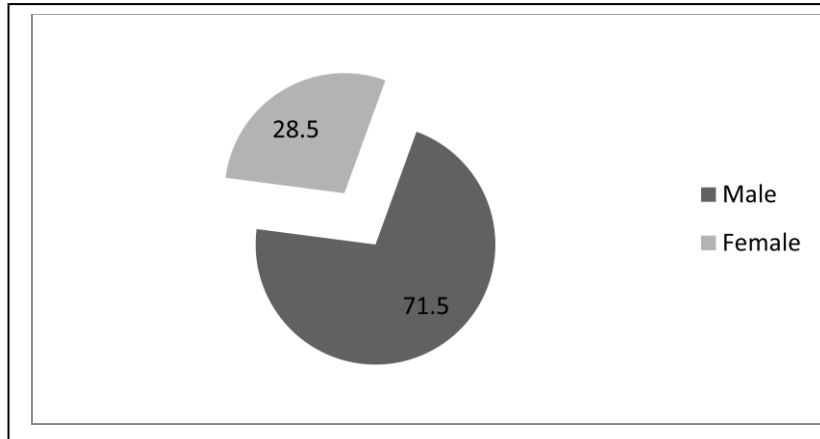
Table 4. 2: Age profile

		Frequency	Percent	Valid Percent
Valid	<18 years	9	4.2	4.2
	18 – 23	26	12.1	12.3
	24 – 29	98	45.8	46.2
	30 – 35	58	27.1	27.4
	> 35years	21	9.8	9.9
	Total	212	99.1	100.0
Total		214	100.0	

Source: Field survey (2013)

4.1.3 Gender of Respondents

The researcher also studied the gender of the respondents. It was clear that the majority of those in youth groups are men. Women make up less than one third of the youth population in youth groups as shown in figure 4.1. Focus group discussion revealed that were it not for the statutory requirement to have at least a third representation in youth groups be of either gender, females' representation would be even lesser. Despite this legal constraint, females representation is done by most male dominated groups as a last option as a requirement to access youth enterprise development fund. Literature is concurs with this finding and attributes it to lack of role models especially among the female (Shapero and Sokol, 1982) cited in (OECD) as the cause for reduced number of women entrepreneurs. The same author has cited others that report lack of experience and lack of networks as other causes for the small number of women in entrepreneurship.

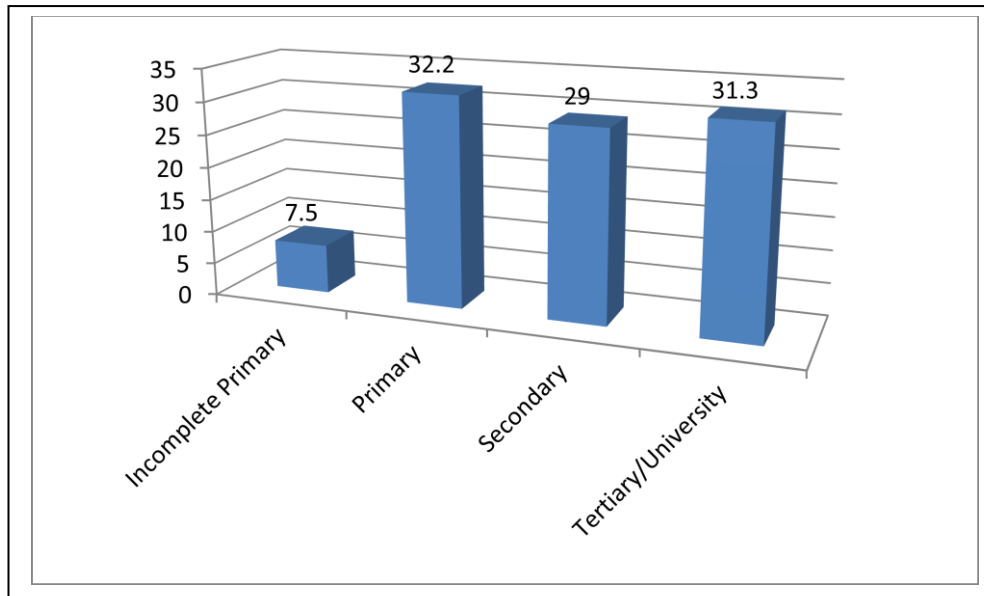


Source: Field survey (2013)

Figure 4. 1: Gender of respondents.

4.1.4 Level of Education Attained by Youth

The researcher also interrogated the relationship between education and possible involvement of youth in group activities and entrepreneurship. From figure 4.2 on level of education of youth, more than 90% of youth have completed at least primary school education. These results are inconsistent with thoughts from literature review concerning literature on youth from minority groups in the United States of America and the Umsobomvu youth fund in South Africa. It was expected that the more educated youth are the more likely they can overcome the fear of loans. Youth who are in tertiary institutions and beyond make 31% of youth in groups. Their impact on within groups is no felt because of the temporary nature of their presence in their rural homes as the school calendar changes or as they leave to seek jobs (from the focused group information, 2012).



Source: Field survey (2013)

Figure 4. 2: Level of education of youth

Marital status and gender affect decisions made by youth especially because youth groups have both social and economic demands. From table 4.3 and table 4.4, majority of youth in groups are married, male with primary or secondary education. Marriage seems to be a stronger contributor to youth participation in YEDF program with P-values of 0.145 at degrees of freedom of 1.

Table 4. 3: Education by Marital status for females

Marital Status	Formal Education				
	Incomplete Primary	Primary	Secondary	Tertiary	Total
Married	5	14	6	18	43
Single	0	0	12	6	18
Total	5	14	18	24	61

Source: Field survey (2013)

According to the District Youth Officer (DYO) ladies tend to be co-opted in youth groups to meet the minimum requirement of 1/3 membership of either gender. Most of these are relatives, wives or sisters to members of the groups. It also emerged that the knowledge of group activities for those ladies co-opted was very low. From the ladder of participation discussed in chapter two we can conclude that women are at the lower level of participation specifically they you could say they are being manipulated.

Table 4. 4: Education by Marital status for males

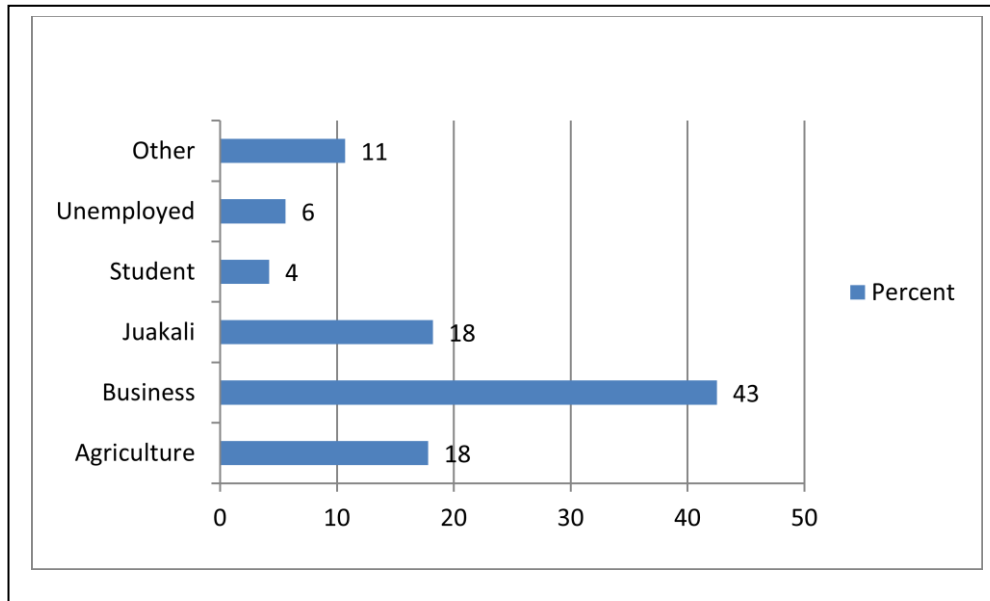
Marital Status	Formal Education				
	Incomplete Primary	Primary	Secondary	Tertiary	Total
Married	8	49	29	28	114
Single	3	6	15	15	39
Total	11	55	44	43	153

Source: Field survey (2013)

4.1.5 Occupation Status of Youth

Previous studies indicate little success in sustaining enterprises. Past statistics indicate that three out of five businesses fail within the first few months of operation (Kenya National Bureau of Statistics, 2007). Fortunately, rural enterprises tend to have fewer risks and are more stable as will be observed below.

Agriculture would presumably be the most common activity in an area like Tongaren constituency. But figure 6 tell a different story at face value. Majority of youth (43%) are involved in occupation activities that would be termed business. Agriculture and the jua kali sector tie at 18% in terms of percentage of youth participating in the two activities. The percentage of youth who reported being unemployment were 6% but surprisingly only 4% reported being in school. There is a weakness in self reporting matters of occupation especially when it is not mutually exclusive. For instance youth involved in agribusiness reported being in the business occupation rather than in agriculture. The same may explain why only 4% youth reported being students.



Source: Field survey (2013)

Figure 4. 3: Main occupation of the respondents

4.1.6 Economic Activities Youth are Involved

In the illustration below, figure 4.4 is a sugarcane farm. The reason why youth who are in charge of the project consider themselves involved in agribusiness other than agriculture is that the cane is a diversification of sources of a product they sell on the market on a daily basis. The youth run a cane wholesale and retail business that gets its supplies both from the farm below but from many other farms in the constituency. Such activities bring that target both primary production and marketing with the elimination of middle men gives more returns to youth groups.



Source: Field survey (2013)

Figure 4. 4: Sugarcane Planting as an Economic Activity for Youth Groups

4.2 Implementation to meet the Objectives of the YEDF

The first objective was extensively covered under literature review that outlined the process of accessing the YEDF. In the second objective we examine whether the process of implementation of the YEDF has been as stipulated in the literature review. We examine whether youth meet the requisite conditions for accessing the YEDF. As stipulated in the YEDF act discussed in literature review, they include: a group should be registered; members should have national IDs, Group possessing a bank account, holding meetings and writing minutes among others.

4.2.1 Organization

Youth groups are generally highly organized despite a majority of youth (58%) not having any training. 96% of targeted youth have national identity cards which are partly a requirement to access financial services. Despite the high number of youth with national identity cards, only 54% reported having personal bank accounts which could be proxy indicator for a saving culture among youth. 95% of the targeted youth belonged to a youth group with active registration status.

Table 4. 5: Application by Marital status for females

Marital Status	Application of YEDF			
	No	Not applicable	Yes	Total
Married	14	0	29	43
Single	9	3	6	18
Total	23	3	35	61

Source: Field survey (2013)

Female according to table 4.5 tend to be less involved in application of YEDF compared to men generally. However, marital status tends to impact greatly on youth application for the loan with both married men and married women having a greater participation compared to their single counterparts as so indicated in table 4.6 and table 4.7 below.

Table 4. 6: Application by Marital status for males

Marital Status	Application of YEDF		
	No	Yes	Total
Married	41	73	114
Single	12	27	39
Total	53	100	153

Source: Field survey (2013)

From observation in the field, youth groups also tended to be organized around individual activities and according to the District youth officer, the youth groups flourished as long as the projects flourished and in most circumstances faded away with failure of maiden projects. Such a project which is labour intensive is the best way to utilize youth, most of whom have not been absorbed in the formal

employment. There may be concern for environmental impact of such projects given that they may lead to deforestation.

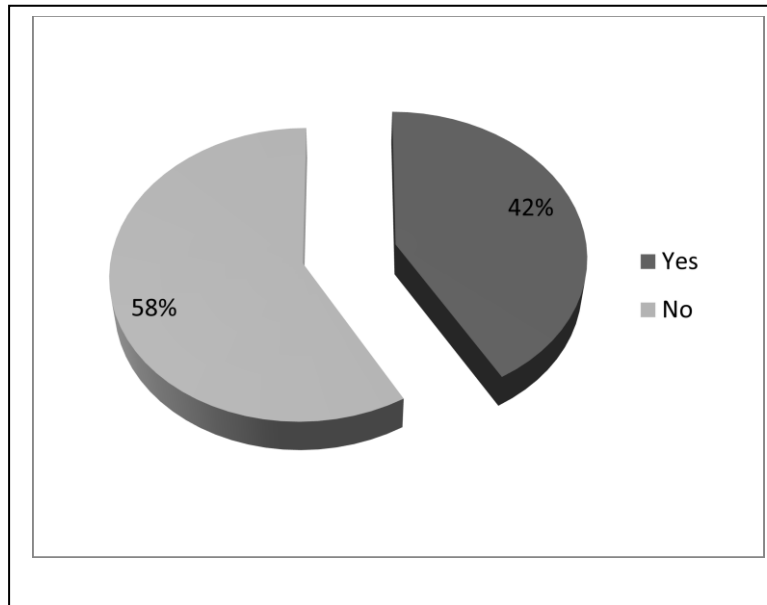


Source: Field survey (2013)

Figure 4. 5: Youth are organized around activities like bricklaying

4.2.2 Percentage of Youth that have Undergone Training

Data on training specific to YEDF was not sought. The above question sought to establish if participants had any training in entrepreneurship. A study by Namusonge et al on the same fund found that provision of YEDF entrepreneurship training to sensitize and inculcate entrepreneurial culture among the young people is crucial to identifying emerging business talents (Kanyari and Namusonge). In the case of bank led training, it is a process of acquiring loans and hence all loan applicants are required to be trained. The provision of continuous and relevant business development services to youth entrepreneurs is key to the success of enterprise development initiatives in creating long term employment (Kanyari and Namusonge). In Gatundu most the beneficiaries of these trainings have managed to access financing through the financial intermediaries and the constituency component which is not the case in Tongaren.



Source: Field survey (2013)

Figure 4. 6: Have undergone any Training course

4.2.3 Possession of National Identity card

The national identity card (ID) is a primary requirement for accessing the YEDF. Not having one is automatic disenfranchisement. The number of youth in groups with IDs is very high. The high percentage is not representative of youth population given that we are only targeting youth in groups under this study. There is evidence of a large number of youth who remain disenfranchised for lack of national identity cards while others do not collect cards that are ready (Sunday Nation). The cause-effect relationship between national identity cards and involvement of youth activities has not been explored. A study on the issuance of Identity Cards and how it interacts with the process of development of individuals is a welcome idea. Table 4.7 below shows a positive picture of youth already in groups.

Table 4. 7: Possession of National Identity card

Owns ID card	Frequency	Percent	Cumulative Percent
Yes	205	95.8	95.8
No	9	4.2	100.0
Total	214	100.0	

Source: Field survey (2013)

An article in the Sunday Nation on 24 August 2013 paints a gloomy picture of 324,832 cards awaiting collection from various immigration offices countrywide (Sunday Nation). Owners of such cards cannot open or operate bank accounts, the only channel of government loans and grants to youths and women. It also means the youths cannot register any business entity or company which is a requirement to access the new fund called Uwezo (Varcity). And in the city, they cannot access some offices and buildings that require identification. Mobility of youth in search of jobs is a major contributor to this problem according to immigration officials (Sunday Nation).

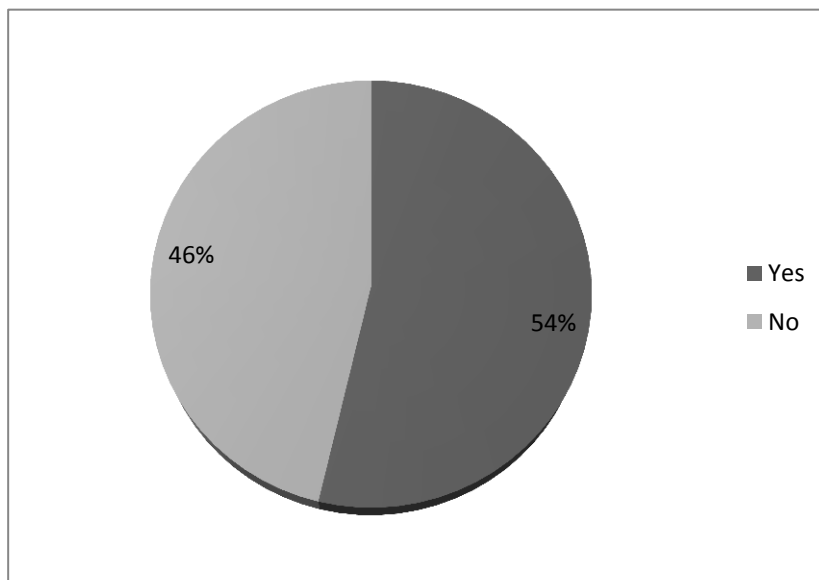


Source: Sunday Nation 24th August, 2013

Figure 4. 7: Possession of personal bank Account

4.2.1 Possession of personal bank account

A saving culture is an important factor in investment and wealth creation. Development history we learn (from Max Weber's thesis) the protestant work ethic that involved saving that led to the industrial revolution (Encyclopaedia Britannica). From figure 4.8 below a little over 50% of youth in groups have a personal bank account. This however may not be the best indicator for saving culture because; one this only represents youth in groups and secondly there are many ways of savings from table banking to mobile money saving programs like "M-shwari". But there are still important lessons from the two tables below.



Source: Field survey (2013)

Figure 4. 8: Possession of personal bank Account

Source: Field survey (2013)

Table 4. 8: Possession of bank account by gender

Male or Female	No	Yes	Total
Female	28	33	61
Male	71	82	153
Total	99	115	214

Source: Field survey (2013)

From table 4.8 above we observe that women are less than half as banked as men. Youth who are married are twice as likely to have a bank account compared to their single counterparts as shown in table 4.9 below. According to a focused group discussion held with females in youth groups the reason why most of them do not have bank accounts is because they need consent from their husbands will want to influence or control their savings.

Table 4. 9: Possession of bank account by marital status

Marital Status	No	Yes	Total
Married	68	89	157
Single	31	26	57
Total	99	115	214

Source: Field survey (2013)

4.2.2 Group Registration Status

As it can be observed in figure 4.9 below, 95% of youth belong to a group that still has a valid registration status based on the social services department requirement for registration. 4% are not validly registered while 1% are of group members are not aware of their groups registration status. These findings should be read with precaution because the target population is youth who are already in groups. Due to unavailability of data it will not be possible to tell the number of percentage of youth who are not in any organized groups for saving or entrepreneurship purpose.

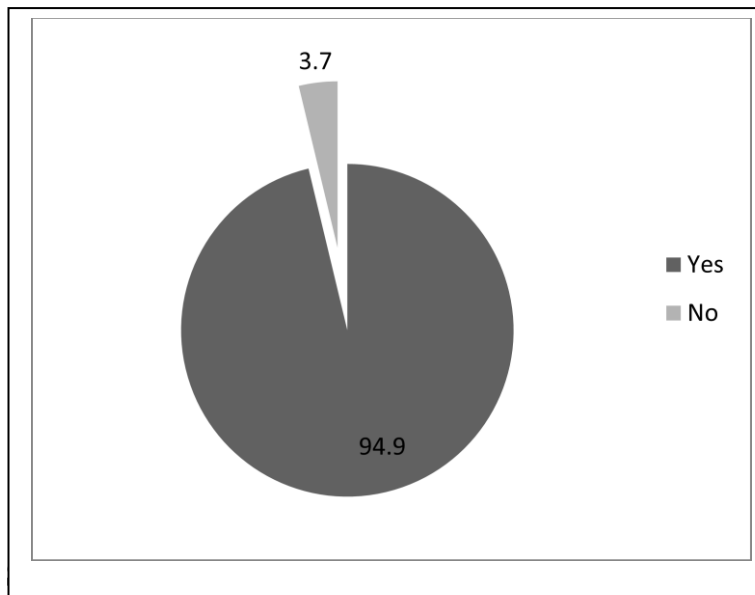
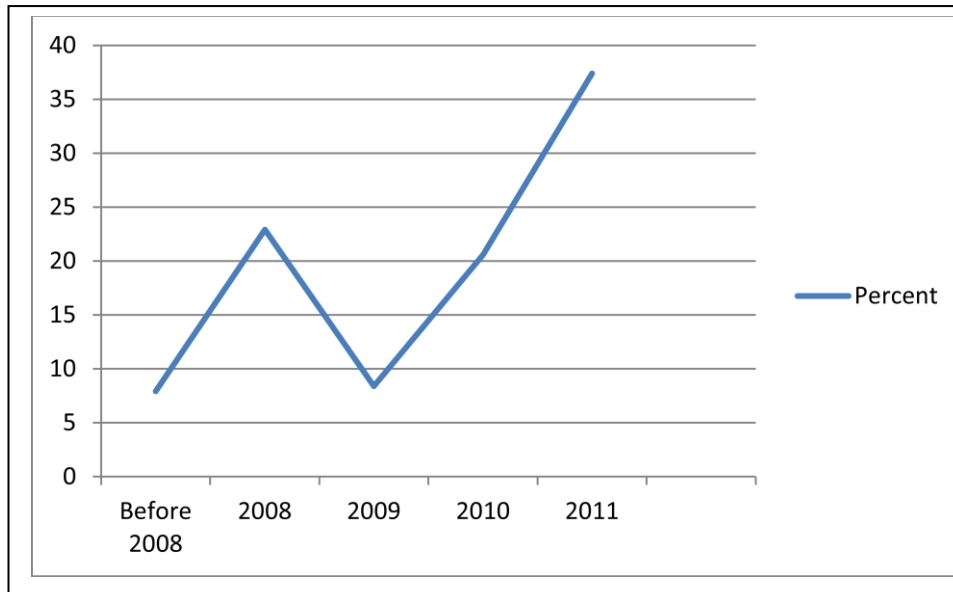


Figure 4. 9: Group registration status

4.2.3 Existence of Groups

Before 2008 only 80% of youth groups were duly registered. The number increased fourfold in 2008 and shrunk to 8% in 2009 before increasing steadily in 2010 and 2011. The figures for 2012 are only but for the first half of January 2012 when this data was made available. The steady increase in number of groups registering is an important development pointer. In the process of meeting the requirement for a group to be duly registered, youth are able to acquire national IDs, open bank accounts, be involved in meetings and writing minutes, as well as start some development projects.

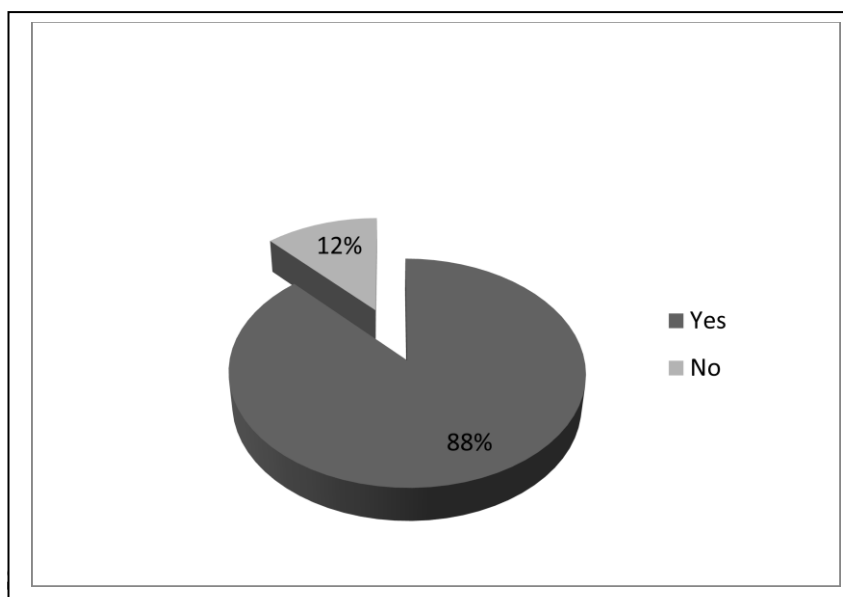


Source: Field survey (2013)

Figure 4. 10: Youth group registration

4.2.4 Group has an Active Bank Account

Access to bank accounts by youth group is actually very high at 86%. But there are still 12% of youth groups that are not banked. Kenya offers a unique opportunity to increase banked population now that it is in an enviable position as the global leader of mobile money transfer (The Economist). In the meantime, youth have to contend with traditional banking system because YEDF is only accessed through banks.



Source: Field survey (2013)

Figure 4. 11: Group Possession of Bank Account

4.2.5 Group Meetings

Group meetings are very important and well attended by youth with only 4% of groups not having meetings at the time of interview. Frequency of meetings and quorums are a good indicator of how active or otherwise a group is. Meetings and existence of projects are two things that tie a group together even more than existence of group savings (FGD, 2012).

Men attend group meetings more than women as observed below. Married people also tend to be more available to attend meetings than single people regardless of gender. Given that decisions are made in group meetings, lack of participation for women and singles will mean being left out in decision making.

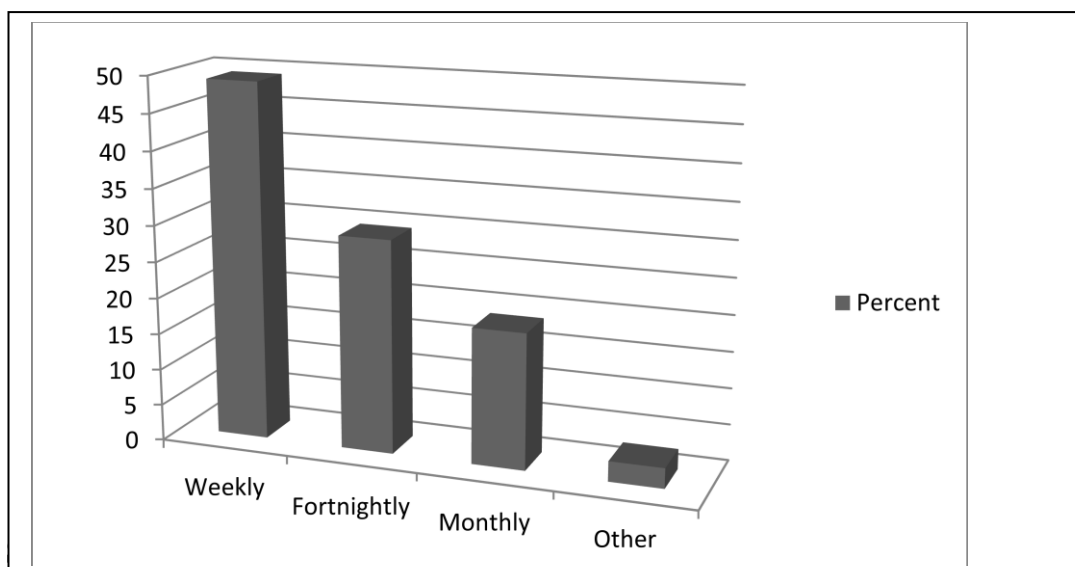
Table 4. 10: Group meeting attendance

	Frequency	Percent	Cumulative Percent
Yes	205	95.8	95.8
No	9	4.2	100.0
Total	214	100.0	

Source: Field survey (2013)

4.2.6 Frequency of Group Meeting Occurrence

Most groups meet on weekly basis, with meetings on a fortnightly basis preferred by less than a third of youth groups while those that meet on a monthly basis are only one fifth. The statistics aside, there are several things I observed in the group meetings I attended. The first is what you can see in the photo below and what I explained before. Most meetings with the exception of a few were gender insensitive. Some like this particular one had female members busy preparing tea as the males continued with meeting. Secondly, most meetings were not well structured leaving members to veer off and discuss problems than agenda items.



Source: Field survey (2013)

Figure 4. 12: Frequency of Youth Meetings

The group shown below is from Kiminini ward of Kimilili Constituency and they had one of the most vibrant meetings. Their meetings were well structured with discussions based on agenda items and minutes taken. However as this was going on some members were leaving intermittently to attend to their businesses while the only three women present were in the kitchen making tea.



Source: Field survey (2013)

Figure 4. 13: Youth Group Meeting

4.2.7 Minute Taking in Group Meetings

Minute taking and keeping is a very essential part of the activities of youth groups. It is an administrative and legal requirement in the communication with government offices or financial organizations. Steve Sowell in his 2003 article “importance of taking and keeping good minutes” (Sowell) he underscores several important issues. The first is that minutes offer legal protection. Officials of a group can exonerate themselves using minutes to prove that an action was collective. Secondly, minutes drive action by forcing frequent reports on activities. And thirdly, minutes state ownership by keeping a record of the way decision were made.

94% of youth groups take minutes while 6% don't. Unfortunately, this study did not verify whether the minutes taken are kept and for how long. Most active groups instinctively maintain some minutes especially for reviewing accounts and applying for loans. Minutes may also offer an opportunity for monitoring progress of groups.

4.2.8 Inventory of Financial Records in Groups

Table 4. 11: Keep financial records

	Frequency	Percent	Cumulative Percent
Yes	205	95.8	95.8
No	3	1.4	97.2
Don't know	6	2.8	100.0
Total	214	100.0	

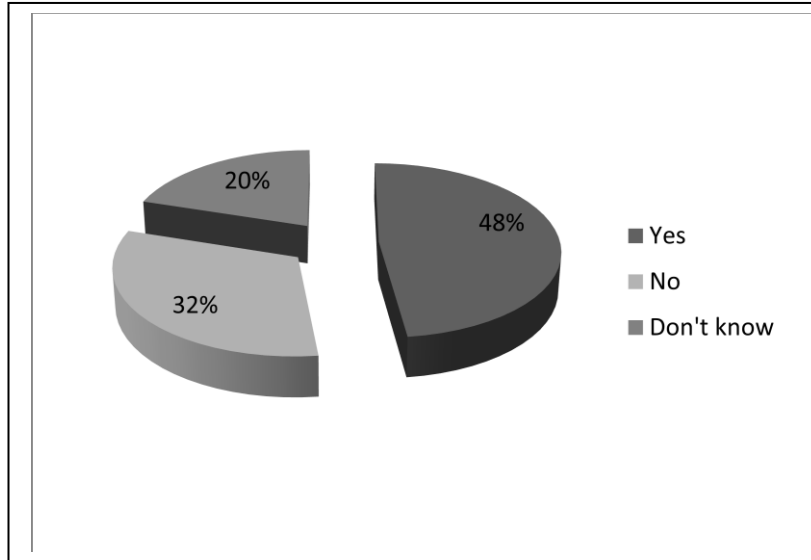
Source: Field survey (2013)

The explanations for keeping financial records are very similar to those for keeping minutes. A similar challenge applies in that the responses are self reported. The form and nature of records kept was not explored. It is however clear that whatever the form and nature, about 96% of the population keeps financial records.

4.2.9 Existence of a Marketing Plan in Groups

48% of youth groups have a marketing plan, 32% don't have while 20% are not aware of whether their group has a marketing plan or not. This is a significant finding given that marketing is one of the core objectives of the YEDF program. The fund program not registered its presence in Tongaren constituency. But information from the funds website points to slight progress in other constituencies and counties where trade exhibitions have been organized to shoe case products from youth. The government directive to have 30% of government procurement being reserved for youth is also being implemented. During an interview with the sub county procurement officer, it emerged that the challenge was there are very few youth groups with capacity to supply most of the goods and services required.

Worst still the requirement for registration of a business name or company reduces the number of potential youth groups to none. Groups with registered business names had difficult proving physical location of their businesses within the sub county.



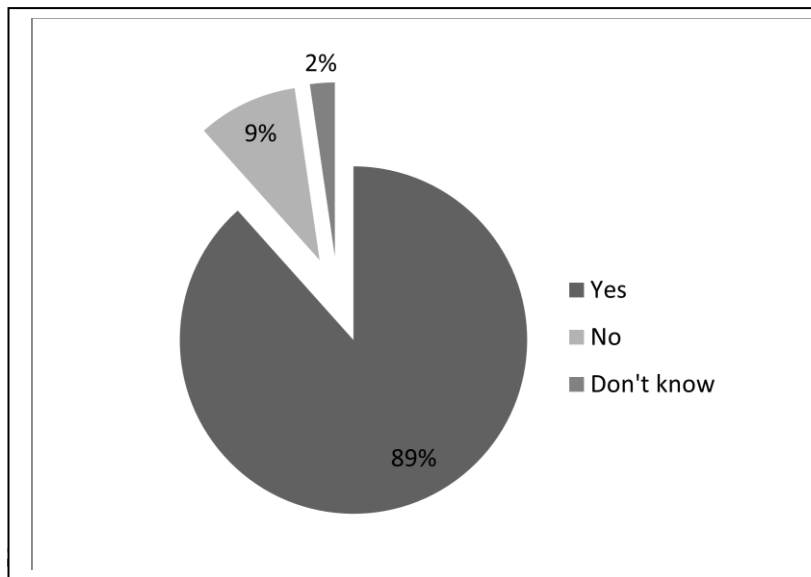
Source: Field survey (2013)

Figure 4. 14: Does your group have a marketing plan?

There have been studies that have indicated the strong relation between training and reported increase in entrepreneurship activities (Kanyari and Namusonge). The tabulation above shows that youth need not have undergone a training to have a marketing plan. This may be explained by the presence of other youth who come up with plans and diffuse them in the area.

4.2.10 Possession of Growth Plan

89% of youth groups indicate their groups have a marketing plan, 9% belong to groups without a growth plan while 2% just don't know whether their group has a growth plan or not. Given that a growth plan is an advancement trajectory, youth knowledge and participation in this matter may future activities. It is these future activities that determine the access to loans.



Source: Field survey (2013)

Figure 4. 15: Does your group have a growth plan?

In Ndalul ward which is one of my unit of analysis in Kimilili Constituency there is a youth group that serves as a good example of diversified activities. The group has a shop that sales sugarcane both at retail and wholesale, they plant part of the sugarcane and source the rest in the neighborhood, the group is also involved in bricklaying, bee keeping, poultry farming and fish farming. The group intends to set up a fish processing plant in the next five years.



Source: Field survey (2013)

Figure 4. 16: Diversified Activities for more organized groups

4.2.11 Information Seeking Behavior Among Youth

Awareness of the Youth enterprise development fund is very high at 96%. Only 4% of those interviewed are unaware of YEDF. Youth knowledge of National issues like Vision 2030 flagship projects is much lower 55% according to a recent report (Youth Agenda). The difference in numbers may point to the strategy of affirmative action that works well for some youth.

Table 4. 12: Information seeking behavior

	Frequency	Percent	Cumulative Percent
Yes	205	95.8	95.8
No	9	4.2	100.0
Total	214	100.0	

Source: Field survey (2013)

In terms of sources of information, youth to youth is the leading source of information, followed by information from the provincial administration, then Youth enterprise development officials, the radio and lastly print media. There is an opportunity even to improve the youth to youth communication through the social media that has not been harnessed. Males tend to have higher awareness as compared to females as shown below. Married men as opposed to single men were more likely to be aware of the YEDF.

Table 4. 13: Awareness of YEDF by Marital status for females

Marital Status	Awareness of YEDF		
	No	Yes	Total
Married	6	37	43
Single	0	18	18
Total	6	55	61

Source: Field survey (2013)

A related study by Youth Agenda organization found that among youth with awareness of Vision 2030 flagship projects, only 24% respondents were actually involved out of 45% who were aware (Youth Agenda). This therefore means that although the majority of youth are aware of development opportunities, few do something about it.

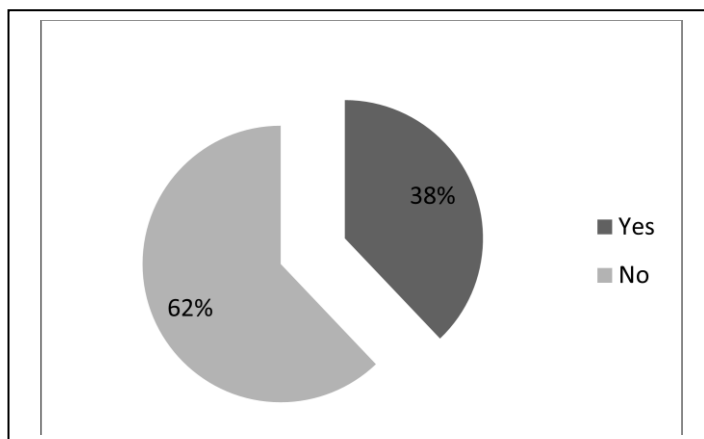
Table 4. 14: Awareness of YEDF by Marital status for males

Marital Status	Awareness of YEDF		
	No	Yes	Total
Married	0	114	114
Single	3	36	39
Total	3	150	153

Source: Field survey (2013)

4.2.12 Involvement in YEDF

Participation in meetings called by officials that are concerned with management of the YEDF is very low at 38%. The focused group discussions with youth pointed to lack of devolvement of meetings with youth forced to spent money in travel to venues for such meetings. Extension services by the field youth officers also do not reach youth unless under prior arrangement with various groups and still subject to availability of facilitation from the District office. The district youth officials pointed to inadequate facilitation from the youth fund leaving extension services to ride on the goodwill from other departments of government which is not available always.

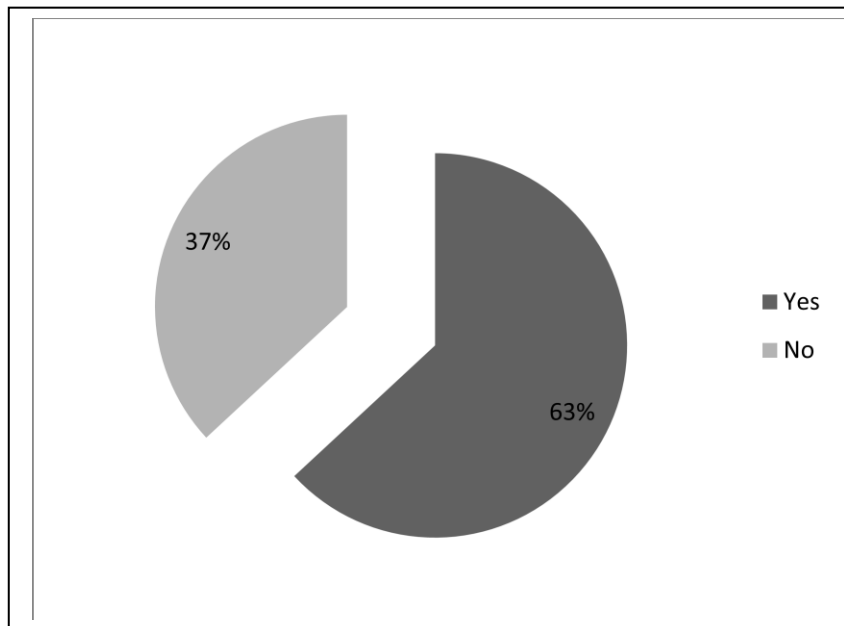


Source: Field survey (2013)

Figure 4. 17: Attending meetings of YEDF (Participation)

4.2.13 Groups that have Submitted Applications YEDF Loan

The numbers of youth who have actually put in applications for the YEDF are significant at 63% compared to 37% who have never applied for the funds. The youth who applied for the money preferred the youth enterprise development fund loan majorly because of the lower interest rate compared to other products in the market and also has flexible conditions. But there is a segment of the youth population that just applied for the money because it exists and it is said to be for youth.



Source: Field survey (2013)

Figure 4. 18: Have ever applied for the YEDF?

Knowledge on the application process and requirements is not easily accessible to general youth population. There is also confusion that came with the launch of another similar fund called “Uwezo Fund” by the president in November 2013 as observed from the excerpt below.

[“We are a group of 33 youths affiliated to a nongovernmental humanitarian society, as members, we have been doing small scale farming in a three acre land owned by the institution. We have been working to start green house farming which is more economical and easy to manage. We have been anticipating the Uwezo fund initiative would come as a remedy. Though we are a youth group we are not registered

with the Department of Social Services or the Registrar of Societies but we are members of the institution. What are our chances of benefiting from the fund?"] Concerned youth on <http://varcity.co.ke/uwezo-fund-apply/>

A common element of all youth funds in Kenya and elsewhere we have studied is the entrepreneurial focus (OECD), (Republic of South Africa), (Kapitsa), (Ministry of Youth Affairs and Sports). While focusing on entrepreneurship is the best way to avoid what Herrington and others call necessity entrepreneurship (Herrington, Jacqui and Penny) the strategy serves to eliminate the most needy youth population. This population may comprise of those who have little or no education, those lacking training, identity cards and are not registered with the social services department. From YEDF experience, the Uwezo fund can only be summed up as “an elitist” club fund. The fund is administered by the constituency development fund committee but requires youth to register as companies which is not only 5 times more expensive compared to the YEDF approach but also more complicated. It is my considered opinion that the disadvantaged will not benefit from the Uwezo fund.

4.2.14 Poultry is the Most Common Project among Youth

Poultry keeping is a project of choice for majority of youth groups as observed in the field. Some groups choose to keep chicken at one or various central places while others keep them each in their homes but with some central management and accounting. Almost all groups keep indigenous chicken but while some allow them to free range, others rear them in enclosed units. According to a recent poultry sector country review, the potential for poultry in the region is enormous. Bungoma County leads in population of households that rear the indigenous chicken (Nyaga).



Source: Field survey (2013)

Figure 4. 19: Group Poultry project

4.3 Challenges in the Implementation of the Youth Enterprise Development Fund Program

4.3.0 Challenges Hinder Access to Youth Enterprise Development Fund

This section enlists and explains some of the issues that stand in the way youth trying to access the YEDF as an answer to objective 3. These are poor organization among youth, inherent problems in the design of the fund itself, lack of women participation and others.

4.3.1 Poor Organization among Youth Groups

From the data presented above it appears like the youth are well organized; they attend meetings as frequently as every week, the recode minutes in meetings, the keep financial records and most of them have excellent growth plans. But that's not entirely true. This study like other studies that rely on self reporting of data depended a lot on the level of truthfulness of respondents. There was a huge

variation from the quantitative data collected from youth groups compared to the key informant interview by the District Youth Officer (DYO) and the Divisional Extension Officer for youth. This necessitated the scheduling of focused group discussion (FGD) for youth groups segregated by gender and age.

The good news was that the information given was not entirely false. The information was reported based on the plan youth groups set out in their constitution and inception meeting minutes. As it was later clarified by three FGDs groups endeavor to leave by set rules that involve meeting frequently, recording minutes, making contributions and keeping records. But youth do not always keep these commitments. They pointed out several hindrances as discussed here.

Youth are in a transitional stage of their life. Some change location temporarily or permanently to either join school or employment. This weakens or disintegrates groups. The District Youth Officer (DYO) also stated that most leaders tend to be more learned or in school and hence more affected by this challenge of transition. In cases where two or more leaders (who are signatories to bank accounts) leave, this leads to collapse of groups.

Activities of youth groups such as table banking, welfare contributions and investment contributions demand money from youth. Although most contributions are based on ability of each member, there is a minimum amount that is required in majority groups. Members who can't raise this bear minimum get left out of youth groups. This segregates this group of youth that needs support more.

4.3.2 Weaknesses in Design of YEDF Program

In this era of devolution, the YEDF must be one program that has remained strongly centralized with negative consequences to intended beneficiaries. It takes a minimum six months before successful groups get notified of their award of loans and another three months minimum before they get cheques. The centralized strategy may have been intended to reduce operation costs, but this has been at the cost of efficiency in delivering loans to youth. There are three committees at the

sub county level (former districts), regional level (former provinces) and Parastatal level (Nairobi) to deliberate on and decide the fate of applications from youth. Though there is a chance of making the process more efficient, the constituency based fund access which is a basis for increasing funding has not overcome this hindrance. There is the option of applying for YEDF through the financial intermediaries for youth that are better organized as discussed above.

A study carried out in a constituency with high success rate in accessing YEDF applications pointed at a strong link between trainings/mentorship and award of loans especially through financial intermediaries (Kanyari and Namusonge). What is missing in Tongaren is the presence of micro financial institutions which invest in free training as part of their marketing plan. The reasons as to why there is a difference in presence of these institutions between the two constituencies may be a subject for further investigation.

4.3.3 Poor Participation of Women in YEDF Activities

One hindrance to accessing the youth enterprise development fund (YEDF) is the dismal participation of women. The framework and act that established the fund stipulates that one third of youth members need to be of either gender (Ministry of Youth Affairs and Sports). A tabulation of gender gives us the following output (Figure 4.20). This indicates that the number of females in groups is less than one third of the stipulated requirement for accessing loans. Most groups however co-opted females to meet the requirement of one third of group members being of either gender according to the focused group discussion with a group of females in groups.

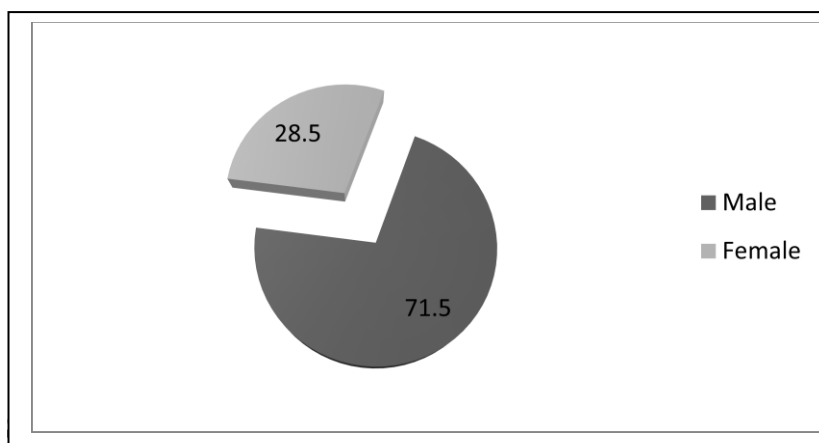


Figure 4. 20: Gender perspective in YEDF

Another item this study got to observe is the level of awareness of the YEDF among youth in targeted groups. As can be observed, both genders scored highly on this matter (more than 90%). This may be attributed to the fact that most groups were formed with the YEDF in mind as observed in the increase continuous increase in the number of youth groups registered since 2008 when the fund was launched as observed earlier in figure 4.10 of this chapter.

Table 4. 15: Gender and Awareness

Gender	No	Not Applicable	Yes	Total
Female	6	0	55	61
Male	0	3	150	153
Total	6	3	205	214

Source: Field survey (2013)

Both sexes score poorly when it comes to participation in YEDF activities. The activities were generally defined as attending fund meetings, trainings, workshops and exhibitions. Only three out of every ten females interviewed have ever been involved in activities listed above while for males it is four out of ten. This indicates that regardless of gender group members participation is poor. This may

be a strong pointer to poor access to YEDF based on a study on the fund elsewhere that found a strong relation between training and mentorship with accessing and good application of fund (Kanyari and Namusonge).

Table 4. 16: Gender and Participation

Gender	No	Yes	Total
Female	43	18	61
Male	90	63	153
Total	133	81	214

Source: Field survey (2013)

If there seems to be an easier way of participating in the YEDF is applying for the money. But just like participation covered in the previous paragraph, only 60% of youth have ever submitted an application for the YEDF. The difference between males and females who have attempted to apply for the fund is not significant.

Table 4. 17: Gender and applying YEDF

Gender	No	Not Applicable	Yes	Total
Female	23	3	35	61
Male	53	0	100	153
Total	76	3	135	214

Source: Field survey (2013)

4.3.4 Other Challenges Reported by Youth and Youth Officer

From observations in the field both by the youth and the officers in charge of the youth enterprise funds, challenges that hinder utilization of the funds border on lack of information, misconceptions and myths on loans. The design and implementation of the fund provides little or no avenue for extension services. The

fund officers are limited to making an occasional trip to inspect projects. This has even been ridiculed with some youth with no projects to show, plot and staging other people's projects for the show to meet the conditions for loans.

Mismanagement of funds by beneficiary groups was also reported by some groups accusing others and confirmed by the district youth officer. There is a tendency by some youth that perceive money from the government as free. Such groups split monies among individuals and squander it.

Youth also reported lack of capacity as an obstacle to applying for the funds. The focused group discussions output points to some groups going to the extent of hiring services for writing market plans and proposals that are far out of reach cost wise.

Lack of transparency was widely reported among youth. The youth allege that the procedure and criteria for allocating funds is biased. The time taken to benefit from the loan is also very long causing most groups to lose focus on the activities they intended to carry out.

4.4 Ways of Improving Access to Youth Enterprise Development Fund

4.4.0 Ways of Improving the YEDF Program

This section enlists and explains strategies that may be employed to overcome the issues that stand in the way of youth trying to access the YEDF. These are targeted training to improve organization among youth, improved communication, monitoring and implementation of YEDF and enhanced as well as meaningful women participation.

4.4.1 Targeted Trainings to Improve Organization in Youth Groups

A study carried out in a constituency with high success rate in financing YEDF applications pointed at a strong link between trainings and mentorship to award of loans especially through financial intermediaries (Kanyari and Namusonge). These finding is consistent with findings from this study where youth suggested several ways of learning. A majority of youth suggested each location or village have a

group that will be modeled as a centre of excellence. Others preferred the youth office to organize more regular extension services in the field.

4.4.2 Improve the Design and Implementation of the YEDF Program

Improving the design of the YEDF is a really dilemma. On one hand reducing checks may lead to misappropriation of funds while on the other hand increased bureaucracy prevents youth from benefiting from the fund. But because structures for the youth fund are 3 tier at national, regional and Sub County, the lower level offices may be empowered to fast track award of loans. The national office can offer an oversight role.

4.4.3 Improve Women Participation in Youth Group Activities

The involvement of women in youth activities should move beyond responding to affirmative action to real participation. On the ladder of participation discussed extensively in chapter 2 (R. Hart), women should be at the apex. At this point they will initiate their own groups, activities, be able to apply for loans, receive and invest the money. The current picture is one where a few women are bottom of the ladder and are offered positions as tokens to so as to meet the legal requirement of membership composition.

4.5 Hypotheses

Out of a sample of 214 youth we sought to find out whether the number of youth who access the YEDF is influenced by the nature and level of participation in YEDF activities. The data was analyzed by the chi square goodness of fit test. The null hypothesis was rejected based on possession of National identity card, having been trained, membership of registered group, possession of bank account for the group and participation among others with P-values in the model that are lower than 0.05 at 95% confidence level. Based on $X^2(1) = 25.6497$, $p < 0.05$ we will adopt the alternative hypothesis that states that “there is a significant relationship between level of participation of youth and improved level of access to YEDF”.

Table 4. 18: Hypothesis testing

	Marital status	Gender	National ID	Undergone Training	Registered group	Group Bank Account
Applied for YEDF						
Chi	0.2594	0.4589	3.8317	12.1205	5.4828	12.7968
df	1	1	1	1	1	1
P-Value	0.611	0.498	0.050	0.000	0.019	0.000
Keeps Financial records						
Chi	1.1490	1.1770	0.1377	2.4964	0.1236	2.6091
df	1	1	1	1	1	1
P-Value	0.284	0.278	0.711	0.114	0.725	0.106
Posses Market Plan						
Chi	2.4026	2.1547	6.2718	0.8489	12.1547	8.9964
df	1	1	1	1	1	1
P-Value	0.121	0.142	0.012	0.357	0.000	0.003
Posses Growth Plan						
Chi	1.1552	1.2512	0.9952	0.0427	0.6645	4.5437
df	1	1	1	1	1	1
P-Value	0.282	0.263	0.318	0.836	0.415	0.033
Awareness						
Chi	2.1241	15.1859	0.2752	2.4964	0.2471	6.9865
df	1	1	1	1	1	1
P-Value	0.145	0.000	0.600	0.114	0.619	0.008
Participation in YEDF Activities						
Chi	2.1275	2.5241	5.7218	2.2964	0.0028	16.7350
df	1	1	1	1	1	1
P-Value	0.145	0.112	0.017	0.130	0.958	0.000

Source: Field survey (2013)**Key**

Chi – Chi-square

Df – Degree of freedom

P-Value or Level of significance

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

This section covers the summary of study findings in four ways.

5.1.1 The Process Involved in Utilization of the Youth Enterprise Funds

Youth who seek the enterprise funds must be in groups of at least 12 members. The groups ought to have registered with the social department at what was formally called divisional and district offices. Other preconditions include the leadership being 100% youth aged 18 – 35 years with not more than a third of the membership being of either gender. The group must also have an active bank account and be involved in an enterprise. All these conditions are vetted by various committees beginning from the district level (current sub counties), regional level (former provinces) to the national level. This process may take anything between 3 months to 1 year depending on the nature of application.

5.1.2 The Extent to which the Process of Implementation of the Youth Enterprise Fund Program meets intended Objectives

The fund has recorded quite significant steps towards meeting both intended and unintended objectives. To begin with the number of youth groups has been on the increase since inception of the fund. More youth are involved in enterprise ventures though there is little success to write home about. Youth have also increasingly been banked and so far those who have good proposals and need some funds to improve their businesses have some hope even though the application process is long. Those who have managed their small group allocations have opened to the better offers of individual loans that are between Ksh 25,000 to Ksh 1 million per person depending on the level of confidence created. However, given this entrepreneurship approach, there is a group of youth who lack the capacity required and are locked out of the process.

5.1.3 To Find out Challenges Associated with the Implementation of the Youth Enterprise Fund Program

Challenges of information, transparency, capacity and mismanagement forms core hindrances against the success of the youth fund. The design and implementation of the fund provides little or no avenue for extension services or targeted training which as observed in the previous chapter is key determinant of access. The fund officers are limited to making an occasional trip to inspect projects. This has even been ridiculed with some youth with no projects to show, plot and staging other peoples projects that for the show to meet the conditions for loans. Mismanagement of funds by beneficiary groups was also reported by some groups accusing others and confirmed by the district youth officer. There is a tendency by some youth that perceive money from the government as free. Such groups split monies among individuals and squander it.

The representation of females in groups is very low, same as the involvement of those who lack schooling. The involvement of females is important because other studies have shown that empowering women has more benefits to the community that at are longer term.

5.1.4 To Explore Ways of Improving Access to Enterprise Funds by Youth

There is urgent need for improved communication between the funds officers and youth. This process can be done by decentralizing youth offices to the ward level and increasing field extension services. The process of application of the funds should also be fastened to avoid delays.

The capacity of youth to make good proposals needs to be improved. This may be through forums that allow for interaction among youth and with government and other organizations. More youth should also be encouraged to be involved in enterprise activities as a means of self employment.

5.2 Conclusion

The impact of youth fund in enterprise and employment creation yet to be felt. The few groups that have accessed the funds are involved in projects that do not have enough returns. The positive thing though is that the youth are more development conscious since the youth enterprise development fund was first launched. There is need for increased participation of all groups of youth as well as improvement in extension services offered to youth. Due to resource limitations, the fund managers and youth should work to have as many success stories as possible and through learning and diffusion other youth can pick up good practices. The same could be a basis of scale-up for other development conscious agencies and future governments.

5.3 Recommendation

- i. Communication between youth officials and youth need to be improved for better functioning of YEDF. It has been observed that barazas are a common way of communication in the area.
- ii. The setting up of demonstration centers or ‘youth groups of excellence’ to demonstrate to youth in each ward of what is possible with enterprise funds. To youth “seeing is believing”.
- iii. Increase awareness of the importance of involving the females, disabled and the illiterate in youth enterprise activities. This will be good for their empowerment but will also open up opportunities in government set aside for such groups.
- iv. Provision of better systems of verifying projects being undertaken by youth to eliminate cons that give youth groups a bad name. Though extension services may be expensive in the short run, in the long run it will lead to more verifiable projects.

5.4 Suggestion for Further Studies

The most immediate area of interest for a follow up research emanates from suggestion from the youth that there be ‘groups of excellence’ in each ward. These groups would serve as diffusion clinics where other groups can learn the whole process of setting up groups, running projects and seeking funds. Looks like even in the 21st century the old adage of teaching by example should be adopted by government and other partners.

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APPENDICES

Appendix I

QUESTIONNAIRE FOR YOUTH 18 – 35 YEARS

Questionnaire

No. _____

My name is *Collins Wanjala Juma* a Master of Philosophy – Development Studies Student at Moi University. As part of the requirement for the course I am carrying out research on “**The dilemma of utilizing the youth enterprise development fund in Kenya**”. I request you to participate in this study by answering the following questions.

Any information given will be only used for the purpose of the research. Thanks in advance for your cooperation.

Section A: Profiling Youth

1. Name (optional) _____
2. Ward _____
3. Age group
18-23 [] 24-29 [] 30-35 []
4. Gender Male [] Female []
5. Marital status
Single [] Married [] Separated [] Widowed []
6. Level of education
No Formal Education [] Primary [] Secondary [] Tertiary []
7. Occupation

Unemployed [] Casual laborer [] Self employed - farm []

Self employed non-Farm [] Employed – permanent []

Level of Organization

8. Do you belong to:

a) Group [] b) Enterprise []

9. Is your group/enterprise registered by government

Yes [] No []

10. How long has your group/enterprise been in existence

Less than 1 year [] 1-5 years [] More than 5 years []

11. Do you operate an active bank account? Yes [] No []

12. If in group, do you hold group meetings? Yes [] No []

How often

Daily [] Weekly [] Every two weeks [] Every month []

13. If in group, do you keep minutes in your meetings Yes [] No []

14. Do you keep financial records? Yes [] No []

15. Do you have a marketing plan? Yes [] No []

Awareness of the YEDF Products

16. Are you aware of the YEDF? Yes [] No []

17. If yes, how did you learn about the fund? Through:

Media (specify) [] Peers [] Government officer (specify) [] NGO []

Other (specify) []

18. Please indicate (by ticking) your level of knowledge on the following YEDF programs

YEDF Products	Very High	High	Medium	Low	Very Low
C-YES loans					
Financial Intermediaries' Loans					
E-YES					
Market support and Linkages					
Enterprise development services					
Jobs abroad					

Level of Participation in YEDF Programs

19. Do you participate in YEDF programs? Yes [] No []

20. If yes, how will you rate your level of participation in fund programs? (if no, skip to 20)

Very High [] High [] Moderate [] Low []
Very Low []

21. What is the nature of participation in YEDF programs?

Supply of information [] Involved but ‘No say’ []

Initiate Projects [] (Up to) Monitoring & Evaluation []

Other (specify) _____

22. The community has helped improve youth participation in development programs

SA [] A [] UD [] D [] SD []

Level of Utilization of the YEDF

23. Have you ever applied for the YEDF? Yes [] No []

24. If yes how did you conduct the process?

25. Please indicate your reaction on the following features of YEDF loans

Feature	Very High	High	Neutral	Low	Very Low
Flexibility on collateral					
8% per annum interest					

rate					
Group guarantee					
Start-up of Ksh 50,000					
Possibility of individual loans					

26. What is the level of appeal of YEDF programs?

YEDF Products	Very High	High	Neutral	Low	Very Low
C-YES loans					
Financial Intermediaries' Loans					
E-YES					
Market support and Linkages					
Enterprise development services					
Jobs abroad					

Challenges in utilizing the YEDFs and the way forward

27. Please outline some of the weaknesses of the program

28. What in your view can be done to improve the YEDF program

Thank you!

Appendix II

Interview Guide for Key Informants

Name of Organization _____

Title of Officer _____

1. What role do you play in the YEDF program?
2. What is the response to products and services you offer under the YEDF program?
3. How do youth participate in the YEDF program, please explain?
4. In Bungoma North, what milestones has the YEDF achieved?
5. What challenges have you experienced in implementation of YEDF program?

Thank you!

Appendix III
NATIONAL RESEARCH AUTHORIZATION

REPUBLIC OF KENYA



NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY

Telegrams: "SCIENCETECH", Nairobi
Telephone: 254-020-241349, 2213102
254-020-310571, 2213123.
Fax: 254-020-2213215, 318245, 318249
When replying please quote

P.O. Box 30623-00100
NAIROBI-KENYA
Website: www.ncst.go.ke

Our Ref: **NCST/RRI/12/1/SS-011/1236**

9th September, 2011

Collins Wanjala Juma
Moi University
P.O Box 3900
ELDORET

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "**The dilemma in the utilization of youth development fund in Kenya**" I am pleased to inform you that you have been authorized to undertake research in **Bungoma North District** for a period ending **10th September, 2012**.

You are advised to report to **the District Commissioner and the District Education Officer of Bungoma North District** before embarking on the research project.

On completion of the research, you are expected to submit **one hard copy and one soft copy** of the research report/thesis to our office.

A handwritten signature in black ink, appearing to read 'P. N. Nyakundi'.

P. N. NYAKUNDI
FOR: SECRETARY/CEO


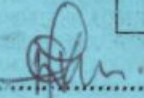
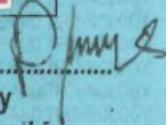
Copy to:

The District Commissioner
Bungoma North District

The District Education Officer
Bungoma North District

Appendix IV

RESEARCH PERMIT

PAGE 2	PAGE 3						
THIS IS TO CERTIFY THAT: Prof./Dr./Mr./Mrs./Miss/Institution Collins Wanjala Juma of (Address) <i>Moi University</i> <i>P.O. Box 3900-30100 Nairobi</i> has been permitted to conduct research in	Research Permit No. NCST/RR1/12/1/SS 011/123 Date of issue 9th September 2011 Fee received Ksh1000						
<table border="0"><tr><td style="text-align: right;">Bungoma North</td><td style="text-align: left;">Location</td></tr><tr><td style="text-align: right;">Western</td><td style="text-align: left;">District</td></tr><tr><td></td><td style="text-align: left;">Province</td></tr></table>	Bungoma North	Location	Western	District		Province	
Bungoma North	Location						
Western	District						
	Province						
on the topic: <i>The Dilemma in the utilization of youth development fund in Kenya</i>	 ----- Applicant's Signature						
for a period ending 10th September 2012	 ----- Secretary National Council for Science and Technology						

Appendix V

DISTRICT RESEARCH AUTHORIZATION

REPUBLIC OF KENYA



OFFICE OF THE PRESIDENT

Telegrams "DISTRICTER" NAITIRI
Telephone: (020) 2029643
Fax: (020) 2029643
When replying please Quote:

DISTRICT COMMISSIONER
BUNGOMA NORTH
P. O. Box 119 – 50211
NAITIRI – MUKUYUNI
DATE: 17TH JANUARY, 2012

REF: NO.ADM 15/22 VOL I/ (45)

Collins Wanjala Juma
Moi University
P.O. Box 3900
ELDORET

RE: RESEARCH AUTHORIZATION

This is to authorize you to carry out Research on 'The Dilemma in the utilization of Youth Development Fund in Kenya' specifically in Bungoma North District.

This authority is to end on 10th September 2012.

A handwritten signature in black ink, appearing to read 'M.K. Barkutwo'.

M.K. BARKUTWO
FOR: DISTRICT COMMISSIONER
BUNGOMA NORTH

CC

All District Officers
BUNGOMA NORTH

District Education Officer
BUNGOMA NORTH

National Council for Science and Technology
P.O Box 30623-00100
NAIROBI (Your Ref letter NO.NC/RRI/12/1/SS-011/1236)