

**THE EFFECTS OF YOUTH FUND ON THE QUALITY OF YOUTH
LIVELIHOOD A CASE OF ELDORET WEST DISTRICT,
UASINGISHU COUNTY, KENYA**

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**A RESEARCH PROPOSAL SUBMITTED TO THE SCHOOL OF BUSINESS
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THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION: MOI
UNIVERSITY**

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DECLARATION

Declaration by the Candidate

This proposal is my original work and has not been presented for a degree in any other university. No part of this proposal may be reproduced without the prior permission of the author

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This proposal has been submitted to the university, Moi, for examinations, with our approval as the university supervisors

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DEDICATION

This research proposal is dedicated to my wife Susan, daughters Faith, Becky, Joyce and in the memory of my late father Cherono Cherop Kamarei for their encouragement and support throughout the research.

ACKNOWLEDGEMENT

Those who have the will will have their way. My sincere thanks to my supervisors Dennis Nkobe and Julius Bittok for their support, encouragement and dedicated counselling.

Secondly is to Dr Boit for his invaluable advice on research methods and methodology

Lastly to my colleagues, friends for their prayers support and encouragement during the research

ABSTRACT

The purpose of the study will be to investigate the effects of youth fund on the quality of youth livelihood in Eldoret West District. The specific objectives of the study will be to establish the effect of access to capital in the livelihood of youth in Eldoret West District, to determine the effect of business skills on youth livelihood, to establish the effects of commercial infrastructure on youth livelihood in Eldoret West District

The study will adopt the Critical theory by Michael Oliver (1996), which covers the importance of youth fund to livelihood of youths in Eldoret West District the research will adopt explanatory research design to carry out the study since it involves the study of a entire district, to ensure adequate representation. The researcher will use stratified sampling to get the representative sample for the youths who will be stratified according to their divisions Data collection instrument to be used will be questionnaires and interview schedules. The data collected will be analyzed using both quantitative and qualitative methods. The study hopes therefore to find out the importance of youth fund to livelihood of youths in Eldoret West District. Data analysis will be done by the use of frequency tables. Further inferential statistic correlation will be used to test the significance of the study while multiple regression moments will be used to test the hypothesis. The study has been chosen due to the high number of complaints and challenges faced by youths in accessing youth funds. The complaints include stringent conditions by banks and MFIs, delay in release of cheques, the need to be in a group in order to benefit from the fund, no entrepreneurship training and the feeling that only the youth in urban areas benefit from the funds and finally on the lack of accessibility to the fund by the youth in hardship areas.

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LIST OF ABBREVIATION

ADB	African Development Bank
FINCA	Foundation for International Community Assistance
KENSAVIT	Kenya National Alliance of Street Vendors and Informal Traders
MSE	Micro Solutions Enterprises
NGO	Non Governmental Organizations
NYS	National Youth Service Programme
NYSP	National Youth Service Programme
UITP	International Association of Public Transport
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNYF	United Nations Youth Fund
YEDF	Youth enterprise development fund

OPERATIONAL DEFINITION OF TERMS

Youth Fund' is the name given to the Youth Opportunity Fund and Youth Capital Fund.

FUND is an investment strategy of holding a portfolio of other investment funds rather than investing directly in shares, bonds or other securities. T

A project is a collaborative enterprise, frequently involving research or design, that is carefully planned to achieve a particular. goal

Livelihood refers to "means of securing the necessities of life".

Youth is the time of life between childhood and adulthood (maturity). Definitions of the specific age range that constitutes *youth* vary.

CHAPTER ONE: INTRODUCTION

This chapter covers the background of the study, statement of the problem, the objectives of the study, research questions, significance of the study, limitation of the study, scope of the study and conceptual framework that the study will base on.

1.1 Background of the Study

Globally, 85 percent of the world's young people live in developing countries. An increasing number of these young people are growing up in cities. In many cities on the African continent, more than 70 per cent of inhabitants are under the age of 30. Young people, especially girls and women, are the most vulnerable to social problems caused by unemployment and poverty. With more than 200 million youth living in poverty globally, there is a clear need to meaningfully engage and support youth. (Harkin, J. 1996)

Organization like UN-HABITAT, which regards youth as a major force for a better world, supports young people in the drive to alleviate poverty. The Habitat Agenda commits governments and UN-HABITAT to work in partnership with youth and empower them to participate in decision-making in order to improve urban livelihoods and develop sustainable human settlements. (Gosling, P. 1999).

The United Nations Youth Fund has also contributed directly benefiting youth around the world since its establishment in 1981. The Fund provides grants of seed money in support of innovative youth-related action by Governments and non-governmental organizations (NGOs). More than two-thirds of the resources disbursed to date have come from

earmarked contributions by Governments and NGOs. During the past two years, the Africa region received 35 per cent of the resources distributed by the Fund, followed by Asia and the Pacific with 34 per cent, and Latin America and the Caribbean with 28 per cent. (Graydon, S. 2003)

In accordance with General Assembly guidelines, the Fund supports activities to strengthen policy-making and programme planning capacities for youth and to encourage research, training, data collection, and evaluation of technical information on youth issues. Fund resources are also used for youth-related technical cooperation activities requested by Governments, especially least-developed countries, and for activities and projects to further the implementation of the United Nations World Programme of Action for Youth to the Year 2000 and beyond.

In Kenya the Youth Enterprise Development Fund (YEDF) was conceived by the government in June 2006 as one of the strategies of addressing youth unemployment. The Fund was officially launched by His Excellency President Mwai Kibaki on 1st February 2007. The Fund was then transformed into a state corporation on 11th May 2007. This enabled the government to overcome the problem of unemployment and also curb the increased rate of crime in the country. Therefore there is need to find out the impact of youth fund on the quality of youths livelihood in Eldoret West District

The YEDF came legally into operation on 8th December 2006 through the legal notice no 167. It was officially launched by president Kibaki on 1st February 2007. It was

transformed into a state corporation on 11th may 2007 through legal notice no 63. The fund focuses on the enterprise, development as key strategy that will increase economic opportunities for ,and participation by Kenyan youth in nation building .the mandate of the fund is not only increasing access to capital by young entrepreneurs but also provides business development services (BSDS) facilitate linkages in supply chains ,create market opportunities locally and abroad for products and services of youth enterprises and facilitates creation of commercial infrastructure to support and growth of youth business .however not all young people are interested in entrepreneurship so the fund facilitates employment of semi skilled and, skilled young people in external markets .the mandate entails job search abroad ,facilitate travel documentation and financing cost of relocation. (YEDF, 2010)

1.2 Statement of the Problem.

In its four years of existence, the Fund has been lending directly to entrepreneurs at the constituency level, mostly due to lack of lending and debt recovery mechanisms within the institution in its initial stages (The standard 5th November,2011). Entrepreneurs borrowing higher amounts had to rely on banks and micro finance institutions that are in partnership with the Youth Fund. But the money advanced to enterprises through financial intermediaries attracts an eight per cent interest rate. Youth Affairs Ministry report (2009), said growing needs of enterprises run by the youth had necessitated the change in operations. Youth enterprises across the country have expressed the need for varied products from the Youth Fund. Some have asked for enhanced loan amounts while others have asked for loan products that are responsive to specific sectors such as

agriculture and the arts. This has improved the live hood of youths; Young people in Kenya today live in complex and challenging times. The political and social turmoil of the 1990s left scars that today are being borne disproportionately by young people. By 2000, Kenya's economy was at its lowest point since independence, with 56 percent of the population living in poverty and a negative growth rate. This economic environment inevitably had a destructive impact on the social fabric of the country. For this reason therefore, the researcher aim to investigate the impact of youth fund on the quality of youth lively hood in Eldoret West District

1.3 1.General Objectives

The purpose of the study will be to evaluate the effects of youth fund on the quality of youth live hood in Eldoret West District

1.3.2. Specific Objectives

- i. To establish the effect of access to capital in the livelihood of youth in Eldoret West District
- ii. To determine the effect of business skills on the livelihood of youth in Eldoret West District
- iii. To establish the effects of commercial infrastructure on the livelihood of youth in Eldoret West District

1.4 Research Hypothesis

H0₁ –There is no significant relationship between access to capital and quality of youth livelihood

H0₂ –There is no significant relationship between business skills and the quality of youth live hood in Eldoret West District.

H0₃- There is no significant relationship between commercial infrastructure and the quality of youth live hood in Eldoret West District.

1.5 Significance of the Study

This study will be of great benefit to the youth of Eldoret West District because based on findings, recommendation and suggestions the county will be in a position to adopt them and therefore improved their services, use the recommendations to address the challenges it is facing at the moment and even other districts using the technique understood the challenges associated with technique and how to address them. Future scholars also will benefit from the findings since it will trigger for more research in the same area of study as criticism or expansion of knowledge.

1.6 Assumption of the study

Since the study will only focus on Eldoret West District, data collected might be limited in scope therefore limiting the reality of the study, some respondents might refuse to answer questions others may give exaggerated information on youth fund and restriction by management may be some of anticipated limitations because they might limit the validity of the study.

1.7 Scope of the Study.

The study on will be limited to the impact of youth fund to quality of youth live hood in Eldoret west. The study will target a total population of 2500 respondents. Sample size was 10%. Categories will include Soy and Turbo Divisions.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter deal with review of literature related to the study. The review will be done in order to identify and evaluate the opinions and knowledge of various studies towards the impact of youth fund on the quality of youth livelihood in Eldoret West District. It also assisted in analyzing existing knowledge in the area under study.

2.2 Main Views

The National Youth Service Programme (NYSP) was initiated in October 2003 as a special presidential programme to address high levels of youth unemployment by creating opportunities for voluntary service and skills development for young people. The programme supports community and national development whilst simultaneously providing an opportunity for young people to access opportunities for skills development, employment and income generation (.GOK 2007)

This fund promotes the poverty reduction aims of Millennium Development Goals and the Habitat Agenda for better, more sustainable and equitable towns and cities throughout the developing world. It provides ideas and solutions for job creation, good governance, adequate shelter and secure tenure. Through research on best practices in youth-led development the fund will also create a greater awareness of the urgency to ensure that youth concerns are integrated into national and local development policies and strategies.

Applicants organizations must be led by young people aged 15-32 years and be based in

cities or towns in developing countries to qualify for a grant. Support will be provided primarily for those working to improve slum conditions and to raise opportunities for young people growing up in poverty. Projects encouraging gender equality or involving partnerships with the government or the private sector are particularly encouraged.

The fund. aims to Mobilize young people for better youth-related policy formulation., Help governments, non-governmental, civil society and private-sector organizations better understand and respond to youth concerns., Support youth information networks; Pilot and demonstrate new ideas on employment, governance, adequate shelter and secure tenure; Share and exchange best practices; Promote vocational training and credit mechanisms for entrepreneurship and employment; Promote gender mainstreaming in all Youth fund also seeks to provide assistance to youth-led NGOs to develop and implement projects that will contribute to sustainable urbanization in the developing world. Persons above the age of 32 years can still take part in the projects demonstrating adult-youth partnerships. Involvement of girls and young women in decision-making at all levels of the organization is another important criterion.(Fareed, 2007)

An interesting feature of the Fund is that it can also support organizations that are legally not registered but fulfill other criteria set down in the application guidelines. Such an NGO needs to apply in partnership with a facilitating organization that will receive and manage the funding on its behalf. Proposed projects should be implemented at the grassroots within a city or town with more than 10,000 inhabitants. The projects should promote youth participation in urban governance, pilot innovative approaches to adequate shelter and secure tenure for youth; promote entrepreneurship and employment for youth;

and support the development of youth networks on sustainable urban development.(John 2007)

2.2.1 Access to Capital

Today, half of the world's population is under the age of 35; this includes the largest ever generation who are approaching adulthood in a rapidly changing world. And the number and proportion of urban young people is increasing dramatically. That is why one of the focus areas of the UITP Youth Project is to work in collaboration with international organizations and Non-Government Organizations (NGOs) worldwide, such as UNESCO and Youth Forums like church groups, extracurricular clubs and athletic teams, as well as community outreach organizations like Boys and Girls Clubs or Scout associations, benefit from inventive fund-raisers. Talk to local business leaders or city council members for ideas specific to your community's needs as well as any pertinent ordinances or restrictions. Projects such as Selling cookie dough, gourmet snacks, pizza certificates, coffee or steaks gives youths the financial and marketing background of a professional company along with the quality guarantee associated with these reputable firms. Office supplies, apparel, home decor and car accessories are nonperishable, easy to transport and make popular gift choices for coworkers, colleagues, teachers and office staffs. Ask local suppliers to donate gift certificates or items and compare costs of bulk orders from mass retailers as well as fund-raising companies. Consider the interests and vocations prominent in your community, such as a beloved sport or local music and art scene, for ideas of which products will sell. Youths take over a restaurant's serving, dishwashing and bussing duties for a donation from the eatery's owner or manager. Patrons may donate

additional funds when told about the change of staff. Raking leaves for older community members, bagging groceries at local supermarkets or offering to pump gas and wash windshields at a service station are refreshing alternatives to car washes and other typical service fund-raisers.

2.2.1.0 Events and Auctions projects

Youths creating events like beauty pageants and bachelor auctions, creates an interesting or quirky evening for a community can successfully raise money for youth projects. Themed events such as mystery dinner theater require more effort and cost they can also draw more revenue..(Johnson,.1998)

Youths in Kenya are eligible to borrow funds depending on their product line They include C-YES Rausha, C-YES Inua, C-YES Special, E-YES Smart and E-YES Swift. (GOK 2006)

2.2.1.1 C-YES Rausha

This loan targets start up group business, the maximum amount is ksh 50,000 a management fee of 5%, repayment period of 12 months and a grace period of 2 months the group minutes will bind group members to loan ownership. The loan amount will be recommended based on the business proposal as seen in the application form, and appraisal of group's ability to manage the funds.

2.2..1.2 C-YES Inua

This loan is for Business expansion purposes only. Eligibility: groups who have cleared C-YES Rausha and other new groups who either: Have existing and well running business enterprises run by the group. Have a good credit history with other lending institutions.

The loan amount: 1st loan Maximum of Ksh. 100,000 payable in 12 months, 2nd Loan: Maximum Ksh. 200, 000 payable in 18 months, 3rd Loan: Maximum Ksh. 400,000 payable in 24 months and a Management fee: of 5%

2.2.1.3.C-YES Special

This is a new loan targeting special business projects across various economic sectors. These include: Agricultural production- horticulture, Livestock trading-fattening and other seasonal/periodical businesses where the clients cannot be able to repay their loans on a monthly basis. the groups eligible to this funds include new or financed groups involved in periodical businesses. The amount includes: Start up loan of Ksh. 50,000 Maximum. Expansion/continuing business loans for new and continuing groups will be as: Maximum Ksh. 100,000 payable within a period not more than 12 months. the requirements include, Business plan/proposal, Valid Registration certificate, Member IDs,project site confirmations, Group minutes authorizing the loan application. and Copies of supply contracts(where applicable)

2.2.1.4. E-YES SMART

This scheme of loans provides loans to individuals within groups who have cleared their C-YES loans. It is meant to empower individuals within groups to start or expand their personal businesses as per the graduated scale of 1st loan; Ksh. 25,000, 2nd loan; Ksh. 50,000, 3rd Loan; Ksh. 100,000 (Government journal 2006)

2.2.2 The effect of business skill on youth live hood

Youth fund in its simplest form involves extending loans to a group of borrowers (usually called self help groups) who agree to help each other by means of group savings and informal support. The typical self help group consists of youths who meet regularly to discuss social issues and activities and deposit their savings in a joint bank account. Once enough savings have been accumulated, group members can apply to internal loans within the group or apply for loans through the youth fund ministry or organization (FINCA 2009)

Even though the youth fund is estimated to have directly reached many youths in the country there is still plenty of debate about whether it has a significant impact on their lives or not. There are many good reasons why it may benefit or harm the people it tries to help. In theory, youth fund helps youth groups are better at allocating resources because it takes advantage of more comprehensive local information regarding local needs and lower monitoring costs, thus mitigating challenges like moral hazard and adverse selection. Therefore transferring resources to self help groups should result in local empowerment and efficiency. On the other hand, those resources devoted to the self

help group may be appropriated by local elites. Additionally, if these resources are channeled through institutions parallel to local governments they may undermine rather than strengthen youth capacity. (Sarah 2006)

There are significant economic gains from program participation in the form of better nutrition, increased asset accumulation, higher levels of consumption and consumption smoothing. Apart from the economic impact, self help groups also have important social effects of female empowerment. Moreover, the authors find that for most of these cases, benefits often accrue to non-participants as well and thus microfinance self-help groups have important positive spillover effects. Surprisingly, no significant effects were found with regards to the incomes of the poor. This may mean that either the youth funding does not have any impact on income or, that the hypothesized positive impact has not been able to materialize in such a short period of time due to the severe drought occurring in the area at that time which resulted in crop failures.(Gosling 1999).

Nonetheless, the effect of self-help groups is not fully rooted after one period and so one may argue that negative effects have yet to kick in or that the study capitalizes on chance. Moreover, since the survey data is quite localized it may be the case that such positive findings are dependent on some specific local factor in the youth funding program. Although all these criticisms are valid, considering how widespread and standardized youth fund endeavors currently are, it is hard to believe that one particular detail which can not be extrapolated to other microfinance programs may be driving the results(FINCA 2009)

. The youth fund development Strategy, was formulated to support the development of high quality, sustainable youth fund services to poor and low-income households and their micro enterprises. Since the release of the strategy, projects with greater focus on youth fund and on women have been initiated, and some projects that were then ongoing have already reached completion. This study was undertaken to assess based on the experience of ADB-supported projects, the extent to which access to microfinance has reduced the poverty of rural poor households and improved the socioeconomic status of poor women.(Sarah 2006),

Youth funds had a significant impact on the number of micro enterprises and the number of persons employed in them, reflecting the project's design to cater to the entrepreneurial poor. The focus group discussions in the three countries indicate that the youth projects had positive effects on the status of women, particularly in the household. The projects, to a large extent, mainstreamed improving the status of women in their design and implementation.

The characteristics and mandate of participating youth and the institutions have important bearings on targeting the youth a. The institutional orientation of the institution or NGO needs to match the development goal in project designs. Planning to reach large numbers of the ultra poor with microfinance alone may not be a realistic objective. Special programs may be needed to provide the ultra poor with a range of services, covering training, health provision, and more general social development for the disadvantaged, as well as grants of assets or credits. .(Sarah 2006),

It is useful to include a gender action plan in the design of microfinance projects, which may include features to increase women's participation in, and access to, benefits of the youth projects. Involving gender specialists in project design, implementation, monitoring, and evaluation to help ensure better integration of gender/women's concerns in the project components.

Youth projects have also led to an increase in productivity for other non-participating farmers in the same villages. There were also more opportunities for day labourers to find employment. These surprising secondary effects of the projects show that the programme benefits both the participating youth groups but also the wider community.

Since many other similar programmes have shown no comparable increase in productivity it has shown high interdependence on other group members which facilitates increases in productivity and repayment,(Graydon 2003)

The fact that the credit supplier has a monopoly over the supply of credit and therefore the threat of exclusion from future credit in case of non-repayment is very effective. the result of informal knowledge sharing. The increase in demand for labour arises because youth projects need help and other inputs, and can use the money normally spent to pay daily labourers. .(Gosling 1999).

The impact of micro credit has been studied more than the impact of other forms of microfinance. Micro credit can provide a range of benefits that poor households highly value including long-term increases in income and consumption. A harsh aspect of poverty is that income is often irregular and undependable. Access to credit helps the poor to smooth cash flows and avoid periods where access to food, clothing, shelter, or education is lost. Credit can make it easier to manage shocks like sickness of a wage

earner, theft, or natural disasters. The poor use credit to build assets such as buying land, which gives them future security. Women participants in micro credit programs often experience important self-empowerment. .(Gosling 1999).

The impact of credit is difficult and expensive to conduct and pose special methodological problems. Most impact studies to date have found significant benefits from micro credit. However, only a few studies have made serious efforts to compensate for the methodological challenges. .(Gosling 1999).

Even so, there is a strong indication from the youths and borrowers that micro credit improves their lives. They faithfully repay their loans even when the only compelling reason is to ensure continued access to the service in the future. Other microfinance services like savings, insurance, and money transfers have developed more recently, and there is less empirical research on their impact. Client demand indicates that poor people value such services. MFIs that offer good voluntary savings services typically attract far more savers than borrowers.(FINCA 2009)

2.2.3 Effects of Commercial Infrastructure

Fund borrowing has become the source of income for many people, who represent the majority of youth in Kenyan. However, this sector faces many challenges, such as financial exclusion and a lack of access to credit. The Government is now “taking the necessary steps to transform the youth funding sector to be one of the key drivers for achieving a broad based economic growth, employment creation and poverty

eradication.” The Government hopes that the Fund will play a key role in tackling unemployment, especially among youth.

The Government is releasing funds to three commercial banks, forming the first disbursement of the MSE Fund. Equity, Co-operative and K-Rep banks each to lend to MSEs at an affordable rate. Under the agreement, each bank will contribute five shillings to the Fund for every shilling provided by the government,. The banks are required to assume the risk of the loans and of non-repayment and to ensure that loans reach MSEs quickly and at affordable rates. Additional funds are to be released by the Government which has been allocated for capacity-building in entrepreneurship for the MSE sector. and for the youths (FINCA 2007)

KENASVIT and other MSE representatives have been active in engaging the Government on issues related to the MSE Bill drafting and to MSE Fund implementation; the Ministry of Finance hosted the MSE Fund workshop with members of the informal economy and bank representatives, in which KENASVIT participated. The workshop sensitized the informal sector on the Fund, its implementation framework, government policy on the financial sector, and the need for financial inclusion of the informal sector. Workshop participants gave proposals with regard to the structure and accessibility of funds by MSEs, for instance; interest rates, bank monopoly and inclusion of the transport sector just to mention a few. A committee of Government, Bank and informal economy representatives was then formed to review and incorporate these proposals into a final resolution on the MSE Fund. KENASVIT and other MSE stakeholders are still engaging the government in attempts to fast-track the MSE Bill. (Johnson, 1998)

Furthermore Banks announced the launch of their Financial Literacy Programme, which aims to provide financial education to the youth and women. As part of the programme, Equity has pledged to lend out loans to graduates of the training. These loans will be in line with those offered by the banks through the government's MSE Fund, and will also be offered at low interest rates. Additionally, Equity Bank will be expanding their coverage across Kenya by licensing establishments to act as Equity agents. These measures have been introduced to promote financial inclusion of unbanked Kenyans, many of whom work in the informal sector.(Gosling, 1999).

Many of the challenges facing the administration of the MSE Fund could be addressed through the enactment of the MSE Bill. The Bill makes provisions for the establishment of an MSE Council, which among other responsibilities, would oversee the accountable and transparent management of the MSE Fund. In the absence of the MSE Bill, there is no institutional framework to ensure smooth, transparent disbursement of the Fund, making it possible for the fund to eventually be misappropriated. The Council would also provide an avenue for affected stakeholders to raise concerns. (John 2007)

Government's most important role is not provision of retail credit services, but contributes most effectively by: Setting sound macroeconomic policy that provides stability and low inflation Avoiding interest rate ceilings - when governments set interest rate limits, political factors usually result in limits that are too low to permit sustainable delivery of credit that involves high administrative costs—such as tiny loans for poor people. Such ceilings often have the announced intention of protecting the poor, but are more likely to choke off the supply of credit Adjusting bank regulation to facilitate

deposit taking by solid MFIs, once the country has experience with sustainable microfinance delivery, Creating government wholesale funds to support retail MFIs if funds can be insulated from politics, and they can hire and protect strong technical management and avoid disbursement pressure that force fund to support unpromising MFIs.(Ian 2007)

Young people particularly women, should receive allocations of idle land or be allowed to lease it. Also and ownership should be revisited to protect squatters young people should get incentives to involve themselves in farming such as access to land subsidized farm inputs and irrigation. The government should also establish firms to process local produce in the regions where they are produced finally cooperatives should play a more proactive role in educating young farmers on new technologies (GOK, 2010).

Youth groups should be developed at no charge ,and should receive a tax holiday to allow them to establish their businesses, the ministry of youth affairs should developed guidelines on group formation including a requirement that they have to prove their viability before accessing the youth fund, the ministry should also expand training on entrepreneurship and business development which should include practical work for trainees to carry out local visibility studies and needs assessments in their own communities leading to more focused proposals (GOK, 2010).

Youth work should be made professional .the national youth service should be reviewed and expanded so that it has branches country wide to offer opportunities and experience through the NYS, young people should access incentives to provide services in remote

and marginalized areas (GOK, 2010).

2.3 Critical Review

According to (Gosling, P. 1999). Youth fund has got many positive impacts to the youth and the community around them but also the fund has excessive interest rates, abusive lending practices, and over-indebtedness on poor borrowers. Alcohol and drugs is also a persistent problem to this funds it contributes to suicides, murders, the breaking up of families, and the deterioration of the person using alcohol to excess. Women who choose to drink or do drugs while pregnant may have babies born addicted or suffering from fetal alcohol syndrome. A youth who turns to liquor will not do his daily chores. He may not be able to care for his family. Money spent on alcohol or drugs is needed for daily living. This may affect the family's ability to obtain the very basic needs of food, utilities, or heat.

(Kingburry k 2007) also said governments and development agencies often use youth fund as a tool to address socio-economic problems such as relocation of refugees from civil strife, generating employment among demilitarized soldiers, or assistance following a natural disaster but the fund does not respond to these situations effectively, and certainly not as a stand-alone intervention. A youth fund is particularly inappropriate for the destitute youth because they may need grants or other public resources to improve their economic situation. Too much risk is placed on the MFI and client, when the only way a client can repay a loan is by starting a successful business. Basic requirements like

food, shelter, and employment are often more urgently needed than financial services and should be appropriately funded by government and donor subsidies (Kingburry 2007)

2.4 Summary

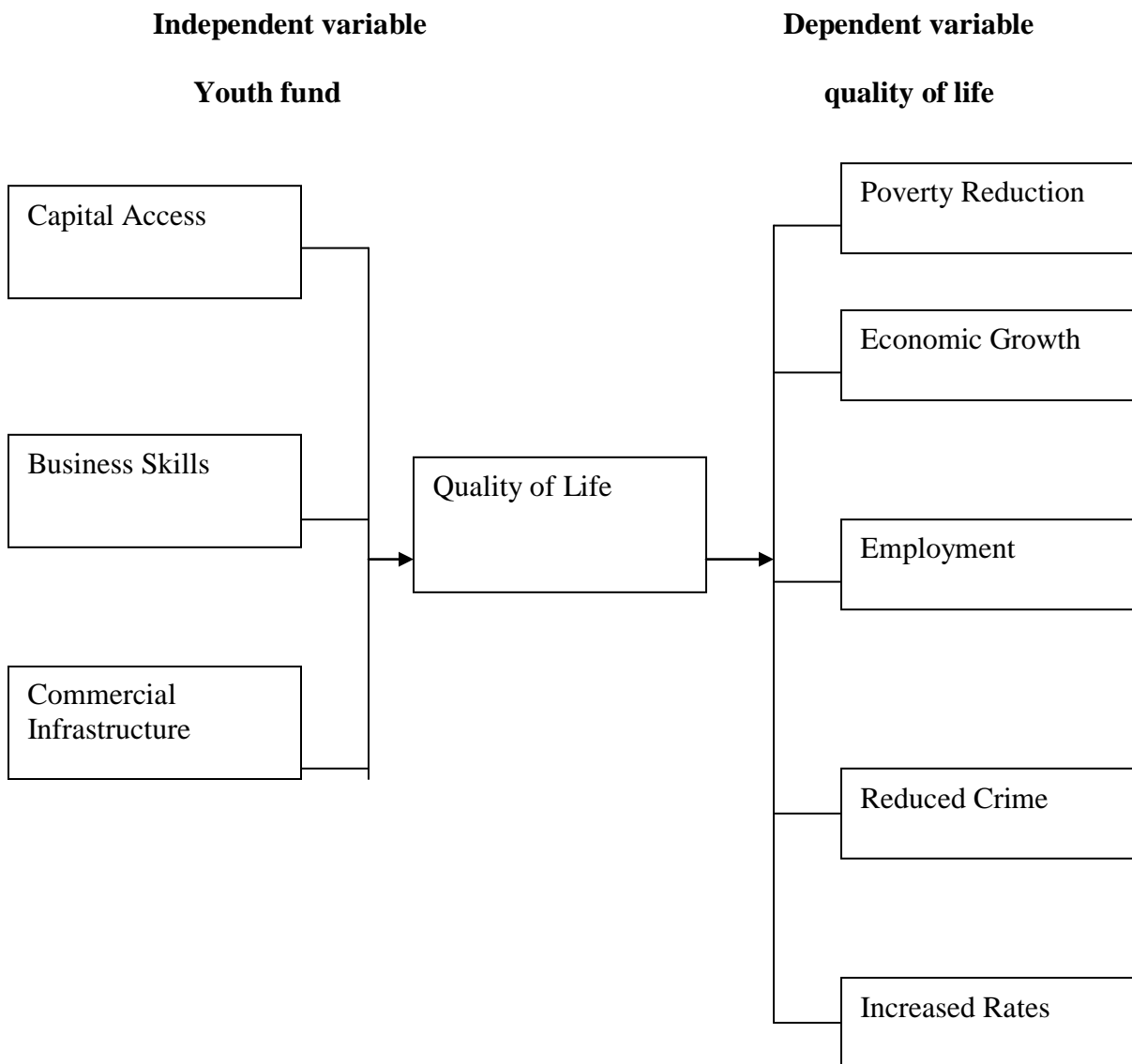
Youth fund can provide a range of benefits that poor households highly value including long-term increases in income and consumption. A harsh aspect of poverty is that income is often irregular and undependable. Access to the funds helps the youth to smooth cash flows and avoid periods where access to food, clothing, shelter, or education is lost. Credit can make it easier to manage shocks like sickness of a wage earner, theft, or natural disasters. The youths use the funds to build assets such as buying land, which gives them future security. Women also who participate in the youth programs often experience important self-empowerment.(FINCA's -2000)

There is a strong indication from youths that the fund improves their lives. They faithfully repay their loans even when the only compelling reason is to ensure continued access to the service in the future. Other microfinance services like savings, insurance, and money transfers have developed more recently, and there is less empirical research on their impact. Client demand indicates that the youth value such services. MFIs that offer good voluntary savings services typically attract far more savers than borrowers. (Sarah Bailey 2006),

2.5 Conceptual Framework

To illustrate, the effects of youth fund on the quality of youth livelihood of youths in Eldoret West District, the researcher will use conceptual framework showing the main determinants accessibility to youth fund in Eldoret West District which will lead to dependent variables which include poverty reduction, economic growth, Employment and increased rates of investment

Figure 2.1 conceptual Framework



$QYLH = F_n(YFED)$

Where QYLH-Quality of Youth Livelihood

F_n -function

YEDF-Youth Enterprise Development Fund

2.5.1 Poverty reduction

Youth fund provides a range of benefits that youths highly value including creation of employment which helps them to smooth cash flows and avoid periods where access to food, clothing, shelter, or education is lost

2.5.2 Economic growth

Youth projects have also led to an increase in productivity in their community it also also creates more opportunities for laborers to find employment. These effects of the projects show that the programme benefits both the participating youth groups and also the wider community this economic growth.

2.5.3 Employment

The accessibility to youth funds youth project are created thus increasing demand for labour because youth projects need help and other inputs, and can use the money normally spent to pay daily laborers.

2.5.4 Increased rates of investment

The funds also increases the rates of investment as the youth can accumulate assets like land which may act as security to future funding

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter discusses the methodological procedures used in data collection and analysis. It describes in detail research design; location and population of the study; sample and sampling procedures; data collection; reliability and validity; and data analysis.

3.2 Research Design

Research design is the researcher's plan for achieving the research objectives. It is a blue print for conducting the research (Crotty, 1994). Research design is a structure within which research is conducted. It informs the arrangement of the conditions for the collections and analysis of the data in a manner that aims to combine relevance to the research purpose (Kothari et al, 2003).

Explanatory research design will be used as it allowed collection and gathering in depth information relevant in the study. This design was suitable for this study as will help the researcher to address the stated objectives and answer the research questions asked after data analysis.

3.3 Location of the Study

The study will be conducted in Eldoret West District. in the Northern Region of the Uasin Gishu County. The neighbouring district is the Eldoret South District. Eldoret west district is cosmopolitan and the main occupation of the residents is agriculture. Inclusive

education has been recently introduced in the district and most people especially the youth have not fully embraced it and as time advances the most youths will need some funding to be able to meet their educational needs.

The researcher will use, Turbo And Soy Divisions as the location of the study because the researcher is familiar with the environs Eldoret West District is one of the new provincial administrative district units that have been formed out of the old Uasin Gishu District..

The location has been chosen because of its cosmopolitan nature which means that it has people of different social and economic backgrounds it has also experienced the highest number of youth projects in Uasin Gishu County

3.4 Target Population

According to Goshi (1982), target population is the sum total of the group in which the researcher has an interest. House (2008) on the other hand defines it as a set of the entire individual which has got a given characteristic. The total population of youth in the district is 25,000 but the researcher will only target 10 % youth from the district. (MOPND and Vision2030, 2009 census report)

3.5 Sample Size and Sampling Procedures

The sample frame of the study will be Soy and Turbo divisions of Eldoret West District For the purpose of getting a representative sample, the researcher will use stratified sampling to categorize the youth in the district to soy and turbo divisions, researcher will include all as the sample size for the study youth from accessible population irrespective

of their gender, race or type of occupation of the respondents. This will ensure that each person is given an equal chance to participate in the research doing this reduces cases of biasness and increased equity to all the respondents. The sample size will be 10% of 2500 which is 250.

3.6 Data Collection Instrument

The data collection instruments are tools used to collect information from the intended target population (sample size). The data collection instruments to be used in this study will be developed by the researcher. The study will use questionnaires and interview schedule. These are briefly discussed below.

3.6.1 Questionnaire

This is a collection of items to which a respondent is expected to react in a written form. The designed questions or items in word format are distributed to the respondents. This method collects a lot of information over a short period of time. The method is suitable when the information needed can be easily described in writing and if time is limited. In this study, the respondents will be given enough time to complete the copies of the questionnaire before returning them for analysis. The questionnaire will include both structured and semi-structured questions. This will allow the respondents to give their own views. The questionnaire will be in three parts.

3.6.2 Interview Schedule

The study will also employ the use of interviews as a method of collecting data. Structured and semi-structured interview questions will be designed for this exercise. The

reason for use of interviews is that they are easy to administer since the questions are prepared in advance. They also allow a great deal of information to be gathered in a short period of time. Interviews also eliminate many sources of bias common to other instruments like observations. In addition, interviews help seek clarification through probing. The questions asked will be confidential between the researcher and the respondent. Also data collected through interviews will be highly amenable to statistical manipulation. The arrangement of events on questions asked and answers obtained allowed easy tabulation and correlation statistical

3.7 Data Collection Procedures

The researcher used questionnaires to collect data. The main advantage of using questionnaires is that a large number of people can be reached relatively easily and economically. A standard questionnaire provides quantifiable answers for a research topic. These answers are relatively easy to analyze. The questionnaire contained pre-designed items where by the respondents were given a chance to fill in there answers. The researcher used open and closed ended questions because they are easier to code, store and analyze it is simple and will allow the respondent to give several ideas.

3.8 Reliability and Validity of the Research Instruments

3.8.1 Validity of the research instruments

Validity is the accuracy and meaningfulness of inferences which are based on research results it is the extent to which it measures what it is intended to measure (Rossi et al., 2004). Validity of an instrument is the success of a scale in measuring what it sets out to

measure so that differences in individual scores can be taken as representing true differences on the characteristics under study (Koul, 1992). Content validity refers to the subjective agreement among professionals that a scale logically appears to reflect accuracy of what it purports to measure (Kothari, 2005). In testing the validity the researcher had to discuss the items in the research instrument with the supervisor and colleagues.

3.8.2 Reliability of the research instruments

(Ross, 2004) Reliability is a measure of degree to which research instruments yield consistent results or data after repeated trials. In testing the reliability of the instruments the test use a questionnaire and was administered

3.9 Data Presentation and Analysis

The study will use a case study research design. The descriptive design will be adopted because descriptive studies are not only useful for fact finding but often result in the formulation of important principles of knowledge and solution to significant problems (Orodho, 2003). Kombo and Tromp (2007) further observe that descriptive approach is designed to obtain information concerning the current phenomenon and wherever possible to draw valid conclusions from facts discussed. further inferential statistic correlation will be used to test the significance of the study while multiple regression moments will be used to test the hypothesis.

3.10 Ethical Consideration

McNamara (1994) identifies five ethical concerns to be considered when conducting survey research. These guidelines deal with voluntary participation, no harm to respondents, anonymity and confidentiality, identifying purpose and sponsor, and analysis and reporting. Each guideline will be addressed individually with explanations to help eliminate or control any ethical concerns.

The researcher need to make sure that participation is completely voluntary. However, voluntary participation can sometimes conflict with the need to have a high response rate. Low return rates can introduce response bias (McNamara, 1994). In order to encourage a high response rate, (Dillman (2000) suggests multiple contacts.

The research letter will be sent a few days preceding the survey to not only verify address of the letter, but also to inform possible participants of the importance and justification for the study. The second contact will be the actual research cover letter explaining the study objectives in more depth

McNamara's (1994) second ethical guideline is to avoid possible harm to respondents. This may include embarrassment or feeling uncomfortable about questions. This study will not include sensitive questions that can cause embarrassment or uncomfortable feelings. Harm may also arise in data analysis or in the survey results.

A third ethical guideline is to protect a respondent's identity. This can be accomplished by exercising anonymity and confidentiality. The respondents will not be asked to provide their identification, names in the process of completing research instruments. A survey is confidential when a response can be identified with a subject, but the researcher

promises not to disclose the individual's identity (McNamara, 1994). To avoid confusion, the cover letter will clearly identify the survey as being confidential in regards to responses and the reporting of results. Participant identification will be kept confidential and will only be used in determining shall have not responded for follow-up purposes.

McNamara's (1994) fourth ethical guideline is to let all prospective respondents know the purpose of the survey and the organization that is sponsoring it. The purpose of the study will be provided in the cover letter indicating a need to identify how absenteeism affects performance of pupils. The cover letter will also explain that the results of the study will be used in a dissertation as partial fulfillment for a master's degree.

The fifth ethical guideline, as described by McNamara (1994), is to accurately report both the methods and the results of the surveys to professional colleagues in the educational community. Because advancements in academic fields come through honesty and openness, the researcher will assume the responsibility to report problems and weaknesses experienced as well as the positive results of the study.

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APPENDIX I: QUESTIONNAIRES

Please do not write your name anywhere on this questionnaire. Information provided will be treated with utmost confidentiality. You are requested to read each question carefully and provide your honest response. Please tick (✓) on your appropriate response.

A. BIODATA

1. Your Gender:

Male []

Female []

2. Your Age in Years

[]

1. below 20 years []

2. 21 – 25 years []

3. 26 -30 years []

4. 31 -35 years

5. above 35 years

[]

3. Are you a resident of Eldoret West District? (Tick the one applicable)

(i) Yes []

(ii) No

4. If yes for how long for how long have you lived here?

(a) 0-5 years

(b) 6-10 years []

(c) 11-15 years []

(d) 16-20 years []

(e) Over 20 years

5. Indicate your highest educational qualification

- (a) 'O' level- Form 4
- (b) Tertiary college
- (c) University level
- (d) Masters degree

FUND DETAILS

1. Do you receive youth funds in Eldoret West District? (Tick the one applicable)

- (i) Yes
-
- (ii) No

2. If yes how often do you receive the fund?

.....

.....

3. How did you utilize the funds?

- (a) Buy food
- (b) Invest in business
- (c) Pay fees

4 What position do you hold as a youth in the youth projects in youth district?

.....
.....

5. Do the youth in the district understand the importance of youth fund?

i) Yes []

ii) No []

6 did you borrow the loan as an individual or as a group?

(a)Group ()

(b)Individual ()

7 Who funded you?

(a) Commercial banks ()

(b) Constituency fund ()

SECTION B: ACCESS TO CAPITAL

This section deals with information pertaining access to capital. Please indicate the level of your agreement with the following statements by ticking the most appropriate box.

Where; Strongly Agree (5), Agree (4), Undecided (3), Disagree (2), Strongly Disagree (1)

Access to Capital Statements	1	2	3	4	5
We access capital through events and auctions projects					
We access capital through C-YES Rausha					
We access capital through C-YES Inua					
We access capital through C-YES Special					
We access capital through E-YES SMART					

SECTION; C BUSINESS SKILLS

This section deals with information pertaining business skills. Please indicate the level of your agreement with the following statements by ticking the most appropriate box.

Where; Strongly Agree (5), Agree (4), Undecided (3), Disagree (2), Strongly Disagree (1)

Business Skills Statements	1	2	3	4	5
Business skills leads to youth empowerment and efficiency					
Business skills leads to economic growth					
Business skills enables asset accumulation					
Business skills leads to mitigation of challenges					
Business skills leads to increased efficiency in youth groups					

SECTION; D COMMERCIAL INFRASTRUCTURE

This section deals with information pertaining commercial infrastructure. Please indicate the level of your agreement with the following statements by ticking the most appropriate box.

Where; Strongly Agree (5), Agree (4), Undecided (3), Disagree (2), Strongly Disagree (1)

Commercial Infrastructure Statements	1	2	3	4	5
The current existing infrastructure is too expensive for the youth to afford					
All present infrastructures is located and operated in very unhygienic conditions.					
Existing infrastructure at the moment lack the essential basic facilities					
Commercial infrastructure makes their businesses profitable.					

SECTION; E YOUTH LIVELIHOOD

This section deals with information pertaining youth livelihood. Please indicate the level of your agreement with the following statements by ticking the most appropriate box.

Where; Strongly Agree (5), Agree (4), Undecided (3), Disagree (2), Strongly Disagree (1)

Youth Livelihood Statements	1	2	3	4	5
The Government is releasing funds to three commercial banks and IMF'S					
Launch of their Financial Literacy Programme					
The ministry of youth would also provide an avenue for affected stakeholders to raise concerns					
Enactment of the MSE Bill					
The government setting sound macroeconomic policy that provides stability and low inflation avoiding interest rate ceilings					

APPENDIX III: Budget Plan

Below is a breakdown of the budget.

Details of Expenditure	Amount to be spent (Kshs)
Research	40,000
Administration cost - Telephone, duplication	10,000
Travel & subsistence	5,000
Publication costs — stationery, typing, binding	4000
Other costs - contingencies, internet browsing	8,000
Total	67,000.00

APPENDIX Iv

TIME FRAME

Activity	Time
Formulating the research topic	Feb 2011
Proposal writing	March-April 2010
Typesetting and printing	May 2011
Presentation of proposal	June 2011
Consultation	July 2011
Data Collection	July-Aug 2011
Data Analysis	August 2011
Submission of the Report	Sep-2011