

**FACTORS AFFECTING REPAYMENT OF YOUTH ENTERPRISE DEVELOPMENT
FUND IN KASARANI CONSTITUENCY, NAIROBI COUNTY, KENYA.**

**BY
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**A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL FULFILLMENT FOR
THE REQUIREMENTS OF THE DEGREE OF MASTER OF ARTS IN PROJECT
PLANNING AND MANAGEMENT OF THE UNIVERSITY OF NAIROBI.**

2012

DECLARATION

This is my original work and has not been presented for a degree in any other university.

Signed



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This research project report has been submitted for examination with my approval as
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DEDICATION

This project report is dedicated to my husband Morris Mworja who has inspired and encouraged me to keep focused in order to achieve my academic potential. It is also dedicated to my daughter Neema Mworja and my sister Terry for their understanding and perseverance during the period of my study.

ACKNOWLEDGEMENT

I wish to humbly appreciate God for His Grace, guidance and protection throughout the proposal development period. I also wish to sincerely express my appreciation to my supervisor Prof. T. Maitho for his great dedication, support and guidance during the development of the research problem, research proposal and entire research process. May God bless him greatly because without him this study would not have been successful.

In addition I would like to thank the University of Nairobi and the lecturers for giving me an opportunity to study. I cannot forget the support given by staff at the Nairobi Extra Mural Centre. I am greatly indebted to my fellow students and group members and particularly Madam Dorothy who was a close source of encouragement during the period.

My appreciation also goes to my Employer; the Barclays Bank of Kenya for supporting staff to develop their careers. I want to specifically appreciate my team leader Susan and my other colleagues who have also been very supportive.

Thank you all.

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ABBREVIATIONS AND ACRONYMS

C-YES	Constituency Youth Enterprise Scheme
E-YES	Easy Youth Enterprise Scheme
GDP	Gross Domestic Product
ILO	International Labour Organization
KNBS	Kenya National Bureau of Statistics
MFI	Micro Finance Institutions
MOYAS	Ministry of Youth Affairs and Sports
NGOs	Non-Governmental Organizations
SACCOs	Savings and credit Cooperatives
SMEs	Small and Micro Enterprises
SPSS	Statistical Package for Social Sciences
UON	University of Nairobi
UYF	Umsobomvu Youth Fund
YEDF	Youth Enterprise Development Fund

ABSTRACT

Youth development in many parts of the world continues to face obstacles at local, national and international levels, despite the numerous international resolutions calling for states to provide young people with opportunities to participate fully in all aspects of society. In Kenya the employment challenge has been growing overtime with the youth being the main casualties. Despite numerous policy efforts, poverty and unemployment continue to afflict many Kenyans. The Youth Enterprise Development Fund is one of the Government initiative established in the year 2006 with a mission to increase economic opportunities and participation by Kenyan youth through enterprise development and strategic partnerships. The plan by Government to reduce unemployment among the youths through Youth Enterprise Development Fund seems to have hit a dead wall due to low recovery of the loans. The objective of the study was to find out the factors that affect the repayment of the Youth Enterprise Development Fund in Kasarani Constituency, Nairobi County. These include business performance, socio-economic factors, repayment infrastructure and follow-up measures as well as disbursement levels. The study adopted a descriptive research design and employed both stratified random sampling and simple random sampling to select the sample from which data was collected out of the 36 active youth groups funded through Youth Enterprise Development Fund in Kasarani Constituency. The data collected using questionnaires was edited, coded and analysed using descriptive statistics facilitated by use of Statistical Package for Social Sciences. The results indicate that most of the youth officers had not attended any training on micro loans and that there are no clear procedures and guidelines on lending and follow up. Further, there are no adequate resources to perform fund activities in addition to the amount of loans awarded to the youth being too little. Youths had problems in borrowing money including long duration taken between application and receiving of funds. Business performance was ranked as the main cause of default. The following recommendations were made to the management of the fund: Ministry employees should be trained on the required skills of micro-credit while a regular capacity building among the youths should be effected so as to empower them. Adequate resources should be provided in order to enable smooth monitoring of all funded youth groups in addition to setting up a legal framework on how to handle defaulters. Regular review of interest rates and the minimum loan amount should be done in order to accommodate the changes in economic situation. Finally, a thorough vetting of groups before awarding them any loan should be done in order to ensure that they are sustainable and that their businesses are viable. The results will be useful to the government and other policy makers in making decisions on appropriate measures which can be put in place in order to reduce default rate. The findings will also benefit the donors and other stakeholders who want to fund youth activities in the model of Youth Enterprise Development Fund or in grants.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Youth development in many parts of the world continues to face obstacles at local, national and international levels, despite the numerous international resolutions calling for states to provide young people with opportunities to participate fully in all aspects of society.

Report by the International Labour Organization (ILO) estimated that the world unemployment has remained almost constant at an average of 6.1 percent over the eleven-year period between 1998 and 2008. In 2008, the world unemployment stood at 6 percent up from 5.7 percent in 2007. Globally, the number of youth unemployed increased to 76 million with the youth-adult employment ratio remaining almost constant at 2.8. According to the Report, the rate of unemployment in Sub-Saharan Africa eased marginally from an eleven year (1998-2008) average of 8.1 percent to 7.9 percent in 2008, with the youth bearing a relatively large burden of the unemployment. High unemployment remains one of the greatest challenges to development and hence a major concern to policy makers and other stakeholders in Africa. Although many policies, programmes and projects have been directed at the problem in Sub-Saharan Africa, unemployment and underemployment continue to be a major obstacle to full utilization of human resources.

In South Africa, the Umsobomvu Youth Fund (UYF) was established and capitalized by the South African government to facilitate and promote the creation of jobs and skills development and transfer among young South Africans between the ages of 18 and 35 years. However, the

fund is faced with challenges which results in clients defaulting or dropping from the loan agreement. The causes for these challenges are not yet clear, nor is it possible to determine during the application stage or during the implementation stage that clients will experience problems that would negatively impact their ability to pay off their loans.

The scenario is not different in Kenya where the employment challenge has been growing over years with the youths being the main casualties (Republic of Kenya, 2008 b and c). When Kenya attained independence in 1963, the Government identified poverty and unemployment as the twin challenges facing the country. Thousands of youth complete education anticipating conventional employment while others opt for entrepreneurship. Most of them are unable to secure employment in already flooded job market. The youths with industrial ideas face several challenges including lack of capital to start businesses, inaccessibility of trading space and work sites and also lack of market for the products and services. The government has continued to place the concerns of Kenyan youths at the heart of the development agenda and has initiated various initiatives towards addressing their needs. More than forty seven years later, and despite numerous policy efforts, poverty and unemployment continues to afflict many Kenyans. Millions of Kenyans especially youth and women are unemployed, underemployed or are in the swelling ranks of the working poor.

The Youth Enterprise Development Fund is one Government initiative established in the year 2006 with a mission to increase economic opportunities for, and participation by Kenyan youth through enterprise development and strategic partnerships. The fund was officially launched by President Mwai Kibaki on 1st February, 2007. It was then transformed into a state corporation on 11th May, 2007 (YEDF Strategic Plan, 2008-2011). This fund is a key component of the marshal

plan of the Ministry of Youth Affairs and Sports geared towards creating employment opportunities for the Kenyan youth as well as one of the flagship projects of the social pillar of Vision 2030. It was established to create economic engagements for the youth most of whom are unemployed. The fund focuses on enterprise development as a key strategy that will increase economic opportunities for and participation by Kenyan youth in nation building. The mandate of the fund is not only increasing access to capital by young entrepreneurs but also provides business development services, facilitates linkages in supply chains, create market opportunities locally and abroad for products and services of youth enterprises and facilitates creation of commercial infrastructure to support growth of youth businesses (YEDF guide,2009). The fund targets the young people within the age bracket of 18 to 35 years whose total population currently stands at 13 million. To date the fund has advanced loans worth kshs.5.9billion to 158,000 youth enterprises. Out of this amount kshs.615million has been advanced to 13,341 group projects while kshs.66 million has been disbursed to 2645 individual enterprises at the constituency level. Through the financial intermediaries the Fund has financed 141,552 groups and individual enterprises to the tune of kshs.5.2 billion (status report, 2007-2012).

Studies carried out in Kenya show that government micro-credit programme perform poorly in terms of slow repayment and high default rates (Wakuloba, 2008). National loan recovery currently stands below 25% for the youths for the last five years the programme has been in place. Through the constituency committees' kshs.614.8 million has so far been advanced to 13,341 group projects. Nairobi County has so far been given kshs. 27, 170,199.50 with Kasarani constituency getting kshs3, 875,500 for the 81 groups. However only 36 groups out of the 81 are currently active. Constituency allocations in Nairobi County are summarised in Table 1.1 as at 31st December 2011(YEDF Status Report, 2007-2012).

Table 1.1 Analysis of group loans of constituencies in Nairobi

Constituency	No. of groups	Amount(Kshs)
Makadara	86	4,005,000.00
Kamukunji	69	3,150,000.00
Starehe	70	3,343,500.00
Langata	64	2,896,200.00
Dagoretti	59	2,000,000.00
Westlands	62	3,049,999.50
Kasarani	81	3,875,500.00
Embakasi	97	4,850,000.00
Total	588	27,170,199.50

Source: YEDF Status Report, 2007-2012.

Table 1.2 gives repayment analysis for all constituencies in Nairobi County as at 30th June 2011 where the percent repayment in Kasarani constituency stood at 13.87% which is very poor and if this trend continues, the fund may not achieve its objectives.

Table 1.2 Youth Loan Repayment Analysis for Constituencies in Nairobi County.

Constituency	Amount disbursed(Kshs)	Amounts repaid as at 30/6/2011(Kshs)	Percent repayment
Makadara	3,835,000.00	367,750.00	9.59
Kamukunji	3,125,000.00	531,390.00	17.00
Starehe	3,018,500.00	652,224.00	21.61
Langata	2,596,200.00	330,173.00	12.72
Dagoretti	2,150,000.00	407,812.00	18.97
Westlands	2,949,999.50	701,413.50	23.78
Kasarani	3,025,500.00	419,711.00	13.87
Embakasi	2,850,000.00	363,774.00	12.76
Total	23,550,199.50	3,774,247.50	16.03

Source: YEDF Report, 2011.

1.2 Statement of the Problem

Youth Enterprise Development Fund was established in December, 2006 in order to create economic engagements for the youth most of whom are unemployed. The fund focuses on enterprise development as a key strategy that will increase economic opportunities for and participation by Kenyan youth in nation building. The mandate of the fund is not only increasing access to capital by young entrepreneurs but also provides business development services, facilitates linkages in supply chains, create market opportunities locally and abroad for products and services of youth enterprises and facilitate wealth creation.

Despite the fact that YEDF could be a preferred source of funding among the youths, accessing it remains a great challenge. Most youth have not been properly informed on how this fund can be accessed. The plan by Government to reduce unemployment among the youths through YEDF seems to have hit a dead wall due to low recovery of the loans. Projects funded by the funds have not been managed properly and hence low repayment rates. Studies carried out in Kenya show that government micro-credit programmes perform poorly in terms of slow repayment and high default rates (Wakuloba, 2008). National loan recovery currently stands below 25% for the youths for the last five years the programme has been in place. In addition the fund has not been able to address gender imbalances and has not made significant impact in society. Majority of the youths are yet to see the benefits of the programme due to poor repayment. In fact this poor recovery by previous beneficiaries threatens to block other potential youths in need of the funds to access it.

Hence, the overall research problem addressed in this study is that despite the increased non-repayment of the Youth Enterprise Development Fund, not much has been done to analyze the factors affecting loan repayment. It is therefore against this background that this study intends to

find out the factors affecting the repayment of Youth Enterprise Development Fund in Kasarani Constituency and provide appropriate suggestions to improve the repayment rate.

13. Purpose of the study

The purpose of the study was to identify the factors affecting the repayment of youth enterprise development fund in Kasarani constituency. The study sought to investigate how inadequate training, repayment infrastructure and disbursement level affect repayment of YEDF. It also examined the relationship between business performance and repayment of YEDF in Kasarani constituency.

1.4 Research objectives

The general objective of the study was to identify the factors that affect the repayment of Youth Enterprise Development Fund in Kasarani Constituency, Nairobi County. The specific objectives were as follows:

1. To examine the influence of socio-economic factors on the recovery of Youth Enterprise Development Fund in Kasarani constituency, Nairobi County.
2. To investigate the extent to which repayment infrastructure and follow-up measures in place affects the repayment of Youth Enterprise Development Fund in Kasarani constituency, Nairobi County.
3. To assess the extent to which disbursement levels affect the repayment of Youth Enterprise Development Fund in Kasarani constituency, Nairobi County.
4. To examine how business performance factors affect the recovery of Youth Enterprise Development Fund in Kasarani constituency, Nairobi County.

1.5 Research questions

The research questions for the study were:

1. How do socio-economic factors affect the repayment of Youth Enterprise Development Fund in Kasarani constituency, Nairobi County?
2. To what extent does repayment infrastructure and follow-up measures affect the repayment of Youth Enterprise Development Fund in Kasarani constituency, Nairobi County?
3. How does disbursement levels affect the repayment of Youth Enterprise Development Fund in Kasarani constituency, Nairobi County?
4. How does business performance affect the repayment of Youth Enterprise Development Fund in Kasarani constituency, Nairobi County?

1.6 Significance of the study

Findings from the study were used to make recommendations to the government and other policy makers on appropriate measures which can be put in place in order to reduce default rate of YEDF. This will help in making the funds more available to other potential youths in need of the funds. The study also gathered together literature from key stakeholders among them being the youths hence developing a more pronounced and wide understanding of the challenges that affect the repayment of YEDF. The findings will also benefit the donors and other stakeholders who would want to fund youth activities in the model of YEDF or in grants.

1.7 Limitations of the study

Efforts were made to get the questionnaires to the hands of all the sampled respondents. However there was no guarantee that the individuals would return duly completed

questionnaires. Research assistants were very useful in giving guidance to the respondents. The study sought to get views of all sampled respondents in Kasarani constituency. However due to limitations of time the data collection process was guided by the key questions on the questionnaire thus saving on time as well collecting only relevant data. The study intended to cover the funded youth groups in each of the locations in Kasarani constituency which is a very hard task especially in accessing them. However this was mitigated by partnering with Ministry of Youths Affairs and Sports in Kasarani Constituency. The study was also carried out over a short duration of time hence maximum utilisation of the available time.

1.8 Delimitation of the study

The study drew respondents from youth groups engaged in small businesses from the 7 locations of Kasarani constituency funded by YEDF as well as employees working in YEDF offices. The study was conducted in Kasarani Constituency as it is one of the highest funded constituency in Kenya as well as having a high rate of unemployed youths in Nairobi County.

1.9 Basic assumptions of the study

The study assumed that the sample size chosen was a true representative of the target population in order to make valid conclusions. It also assumed that respondents were truthful and responded to research questions correctly.

1.10 Definitions of significant terms

Business performance Size of the enterprise in relation to investment level, total assets and number of employees.

Business It is an organization engaged in the trade of goods, services or both.

Enterprise It describes the actions of someone who shows some initiative by taking a risk by setting up, investing in and running a business.

Repayment This refers to paying back money borrowed.

Micro and Small Enterprises Businesses operating in formal and informal sectors of the economy and employing between five and less than 20 employees.

Training This refers to needs assessment of the youths in terms of skills required and provision of necessary capacity building seminars and workshops.

Youth development Entails coordinated and purposive series of activities and experiences aimed at preparing young people to meet the challenges of adolescence and adulthood.

Youth Fund A loan scheme established by the Kenyan Government to help curb the unemployment challenge amongst the youth.

Youth The Kenya National Youth policy defines "youth" as persons resident in Kenya in the age bracket of 15 to 35 years.

1.11 Organization of the study

Chapter one gives a brief background information on the establishment of Youth Enterprise Development Fund, an overview on repayment of the youth enterprise development fund in Kenya and a background on the fund repayment in Kasarani constituency. It also contains a statement of the problem, research objectives, research questions the study seeks to answer, purpose of the study, significance of the study, assumptions of the study, limitations as well as the delimitation of the study. Chapter two gives the literature review, theoretical and conceptual framework while chapter three gives the research design, target population, sample size and sampling procedure, method of data collection and analysis as well as operationalisation table. Chapter four gives data analysis, presentation and interpretation while chapter five summarises the findings of the study, discussion, conclusions made from the study and recommendations made from the study. This is followed by references and appendix section.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature on youth unemployment and challenges faced by Small and micro Enterprises in general. It also contains some literature on factors affecting the repayment of micro loans in addition to presenting gaps to be filled by the study and the conceptual framework.

2.2 Youth unemployment problem

The magnitude of the youth development challenge in developing countries manifests itself in the size and share of the population that youth represent. Globally youth constitute 18 percent of the world population but in many developing countries this share is above 20 percent. Changes in a country's age structure do have significant effects on its social, economic and political performance.

Currently, Africa's population is about three-quarters of a billion. African countries continue to have high rates of population growth averaging about 2.6 per cent per annum for the first half of the 1990s (World Bank, 1997). The world rate of growth in population is much lower, at about 1.5 per cent. High population growth places an unusually severe burden on African economies to produce adequate income earning opportunities if per capita incomes are not to fall.

The problem of youth unemployment and underemployment in Africa poses complex economic, social and moral policy issues. This problem is part and parcel of the overall problem of unemployment and underemployment that afflicts almost all African countries. In its generality, the problem affects the majority of adults in both rural and urban areas, even if its incidence may

be higher among youth, women and rural folk.

Despite all the problems of consistency that afflict employment statistics in Africa, youth unemployment rates are consistently higher than overall unemployment rates. The ratio of the former to the latter varies from 1.5 to as much as 4 or more, although in most cases the rate of youth unemployment is about twice as high as the overall unemployment rate. This pattern of unemployment rates can be found in many countries, developed as well as developing.

The youth unemployment problem is exacerbated by the demographic structure of the population. The combination of high population growth and low life expectancies implies that the populations in Africa are comparatively youthful, with the age dependency ratio (ratio of dependants to the working population) close to one, as compared to a ratio of less than one for many countries elsewhere in the world. The youth thus bear the brunt of the unemployment problem in many African countries.

Generally, youth unemployment rates are higher in urban areas than in rural areas. Youth unemployment rates are higher among females than males and the relationship between the rate of unemployment and level of education of youth is generally curvilinear where the rates of unemployment of youth with the least (or no) education or with the most education are lower than the rate of unemployment of youth with intermediate levels of education, as in South Africa (Statistics South Africa, 1998).

The number of unemployed youth in Kenya could rise to 14 million over the next seven years (Republic of Kenya, 2008 b and c). It is feared that this high number of jobless youths could spark off a peoples' revolution if it is not tamed. The specific data of youth unemployment might not be available, but barely 125,000 are annually absorbed into formal employment which today has nearly 1.8 million employees. The informal sector, which has about 8million workers,

absorbs the most. Kenya is not alone, of the 6 billion people in the world; nearly 1 billion comprises the youth and over 850 million of these live in developing countries.

23 Small and Micro Enterprises

Small and Micro Enterprises (SMEs) play an important economic role in many countries and Kenya in particular. According to the Economic Survey (2006), the sector contributed over 50 percent of new jobs created in the year 2005. Despite their significance, past statistics indicate that three out of five businesses fail within the first few months of operation (Kenya National Bureau of Statistics, 2007). These challenges seem to change or evolve according to different macro and micro conditions. SMEs face the following challenges; competition among themselves and from large firms, lack of access to credit, cheap imports, insecurity and debt collection. Relevant training or education is positively related to business success. According to Amyx (2005), one of the most significant challenges is the negative perception towards SMEs. Potential clients perceive small businesses as lacking the ability to provide quality services and are unable to satisfy more than one critical project simultaneously. Often larger companies are selected and given business for their clout in the industry and name recognition alone.

Starting and operating a small business includes a possibility of success as well as failure. Because of their small size, a simple management mistake is likely to lead to death of a small enterprise hence no opportunity to learn from its past mistakes. Lack of planning, improper financing and poor management have been posited as the main causes of failure of small enterprises (Longenecker, *et al.*, 2006). Lack of credit has also been identified as one of the most serious constraints facing SMEs and hindering their development (Oketch, 2000; Tomecko and Dondo, 1992; Kiiru, 1991).

Education is one of the factors that impact positively on growth of firms (King and McGrath,

2002). Those entrepreneurs with larger stocks of human capital, in terms of education and (or) vocational training, are better placed to adapt their enterprises to constantly changing business environments. Infrastructure as it relates to provision of access roads, adequate power, water, sewerage and telecommunication has been a major constraint in the development of SMEs (Bokea, Dondo and Mutiso, 1999).

Many SMEs owners or managers lack managerial training and experience. The typical owner or managers of small businesses develop their own approach to management, through a process of trial and error. As a result, their management style is likely to be more intuitive than analytical, more concerned with day-to-day operations than long-term issues, and more opportunistic than strategic in its concept (Hill, 1987). Although this attitude is the key strength at the start-up stage of the enterprise because it provides the creativity needed, it may present problems when complex decisions have to be made. A consequence of poor managerial ability is that SME owners are ill prepared to face changes in the business environment and to plan appropriate changes in technology. Majority of those who run SMEs are ordinary lot whose educational background is lacking. Hence they may not be well equipped to carry out managerial routines for their enterprises (King and McGrath, 2002).

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

profits. Financial constraint remains a major challenge facing SMEs in Kenya (Wanjohi and Mugure, 2008).

Mead (1998) observes that the health of the economy as a whole has a strong relationship with the health and nature of micro and small enterprise sector. When the state of the macro economy is less favourable, by contrast, the opportunities for profitable employment expansion in SMEs are limited. This is true especially for those SMEs that have linkages to larger enterprises and the economy at large. Given this scenario, an understanding of the dynamics of SMEs is necessary not only for the development of support programmes for SMEs, but also for the growth of the economy as a whole.

Lending to the poor or lower income group raises many debates among practitioners and academicians. The poor are usually excluded from credit facilities because of many reasons. These include insufficient collateral to support their loans, high transaction costs, unstable income, lower literacy and high monitoring costs. Usually they survive through involvement in micro business activities or informal activities that comprises food processing and sales, small scale agriculture, services, crafts and petty trading. However, these activities actually contribute a number of total employment and gross domestic product (GDP) to the country.

Small and Micro enterprises (SMEs) have been recognized as a major source of employment and income in many countries of the Third World (Mead and Liedholm, 1998). The Inter-American Development Bank (1997) reported that micro enterprise makes a major contribution to aggregate employment, production, and national income in Latin America and the Caribbean. Budiantoro (2004) found that 30 percent of GDP in Indonesia was contributed by SMEs. SMEs provide income and employment for significant workers in the rural and urban areas by producing basic goods and services such as traditional foods.

2.4 Emergence of Youth Enterprise Development Fund

The Youth Enterprise Development Fund is one of the Government initiative established in the year 2006 with a mission to increase economic opportunities for, and participation by Kenyan youth through enterprise development and strategic partnerships (Status report, 2007-2012). The Fund is one of the flagship projects of Vision 2030, under the social pillar. The Vision 2030 sees the fund as a strategy of gainfully engaging the youth, majority of who are unemployed. This is achieved through provision of credit and equipping the youth with appropriate skills to creatively engage in economic viable activities. The Fund was designed to address the challenges of youth owned enterprises and the following are the objectives it is founded on:

1. Provide loans to youth owned enterprises
2. 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.
3. Support youth oriented micro, small and medium enterprises to develop linkages with large enterprises.
4. Facilitate marketing of products and services of youth enterprises both in domestic and the international markets.
5. Provide business development services to youth enterprises.
6. Facilitate employment of youth in the international labour market.

Youth Enterprise Development Fund provides loans to youths enterprises thorough two channels namely district committees and financial intermediaries. Under district committees the funds is disbursed through two components. First there is the Constituency Youth Enterprise Scheme(C-

YES) that funds enterprises of youth groups in all constituencies. It caters for youth especially those at the lowest levels who have no experience in business and in dealing with financial institutions. The committees that preside over the C-YES are essentially community structures with representation from government, faiths, youth and other community leaders. Secondly there is the Easy Youth enterprise Scheme (E-YES) which was launched in April 2009 targeting individual youth members within a group, relying on group members for guarantee purposes. E-YES initially targeted members in groups that have completed repayment of C-YES in order to graduate them into taking bigger loans for individual enterprises. It has however introduced a new product where individuals with unique ideas can directly borrow from the Fund without belonging to groups.

Financial intermediaries on the other hand manage funds allocated to the district from which the youth will access funds directly either as individuals or as organized entities to start or expand viable businesses. They include banks, Non-Governmental Organizations (NGOs), Savings and credit Cooperatives (SACCOs) and Micro Finance Institutions (MFIs). In a nutshell the fund focuses on enterprise development as a key strategy that will increase economic opportunities for and participation by Kenyan youth in nation building. Enterprise development could be in form of Small and Medium Enterprises.

2.5 Factors affecting micro loan repayments

The literature on factors influencing loan repayment performance among financial institutions targeting the poor is very sparse and limited mainly to microfinance experience in low-income countries (Derban et al., 2005; Silwal, 2003). The factors affecting repayment performance of MFIs can be divided into four factors namely individual/borrowers factors, firm factors, loan factors and institutional/lender factors. Several studies (Greenbaum et al., 1991; Hoque, 2000;

Coyle, 2000; Ozdemir and Boran, 2004) show that when a loan is not repaid, it may be a result of the borrowers' unwillingness and/or inability to repay.

In considering for giving out loans, there are few criterions that need to be taken into account such as the borrower's profile, the ability to pay back, the reason for borrowing, the amount of the loan, loan tenure and security of the loan. The borrower's profile is important before approving a loan application in order to evaluate the integrity and self-attitude of the borrower. An honest and good integrity borrower would have the awareness to fulfill their responsibility (Rosli, 1998).

According to Rosli (1998), those borrowers who apply for bigger loan amount and longer repayment period could have problem in their repayment unlike those who get small amount and be improved in order to encourage the borrower to pay back their loan. Failure to pay back loan is divided into two different issues namely not paying back the loan at all and delayed repayment. The reason for this problem lies on the burden of paying the interest of the loan.

Groves (1992) outlines some of the reasons of the loan repayment problem. This include loan amount that is so big thus exceeding the affordability of the borrower, ineffective credit checking on the borrower for some banks as well as the weaknesses in following-up the security document such as land title or insurants.

Behrens (1992) has identified four reasons that contribute to the problems of the loans and its repayment including mismanagement, economic recession, fraudulent and other unavoidable problems such as death, illness, natural disaster and accidents. A study made by Robert Morris Associations in 1993 shown that the mismanagement is referring to the inability of the management to organize things properly and accordingly. A systematic and well managed of the loan provider agency could increase the loan repayment performance. The economic recession is

related to the drop in economic market value and the change in economic cycle. While fraudulent was referred to as a problem caused by the borrower such as providing false financial documents, fraud in getting loan and false statement about the repayment ability. Attitude was found to be the most important factors in the loan repayment problem even if the borrower has the ability to re-pay the loan but without the sense of responsible, it could create disaster to the loan (Behrens, 1992).

Kajubi (1992) mentioned that it is a moral responsibility to pay back whatever one had borrowed. The same was found by Christopher (1981) which shows that the unsatisfactorily loan repayment pattern is highly caused by the attitude of the borrower than the borrower's economic position.

2.5.1 Socio-economic factors

Westland, (2007) says that default arises due to counter party's inability and/or unwillingness to meet commitments in relation to lending. It is said that people do not simply decide not to pay their loans; it is a result of some other circumstances that puts them into this situation. He cites divorce, sickness or inability to work, failed business and over commitment by high interest debts as the various situations that may put you to risk. All these challenges can be reduced by conducting capacity building workshops and business seminars to improve the level of skills and knowledge among the youths in running their businesses and keeping day to day records. Due to limited access to secondary schools and alternative forms of education the Kenyan youth lack suitable vocational training to equip them with necessary entrepreneurship and life skills to enable them fit in the entrepreneurial world.

It is said that people never plan to fail, people only fail to plan. Feasibility studies demonstrate to a prospective project owner or investor that a given concept is financially viable and whether

further study and/or a business plan is warranted. Developing a business plan requires some knowledge and skills which many youths may not have. To be a successful entrepreneur requires a combination of problem solving and interpersonal skills as well as self confidence and leadership attributes. Financial literacy is a lifelong process as there is continually new information, products and opportunities one needs to explore and understand to navigate life's financial playing field. The studies have found a strong relationship between major source of income and cause of default. Loanees, who depended on their businesses that performed poorly, defaulted.

2.5.2 Repayment infrastructure and follow-up Measures

According to Bryson (1989), human resource is the ultimate resource. Thus a strong organization must be supported by an effective human resource management. Organizations' successful at any strategy implementation consider the human resource factor in making strategies happen.

Robertson, (2008) says that recovery of loans is always an erroneous task. Unscrupulous borrowers prefer to expand or diversify their businesses in preference to honouring their repayment obligations. If the present level of computerization were not attained, it would be a Herculean task for the lenders to handle the huge volume of accounts and render prompt customer service as well as recover the dues in time.

Stearns (1995) argues that, "it is the lender not the borrower, who causes or prevents high levels of delinquency in credit programs. While, Awoke (2004), reports that most of the default arose from poor management procedures, loan diversion and unwillingness to repay loans. Therefore, the lenders must devise various institutional mechanisms that aimed to reduce the risk of loan default.

Clarke and Johnston (1995) added that by visiting and following-up the borrower could be very helpful to identify the ability of the borrower and the problem faced by the borrower earlier and this could reduce the unpaid loan problem. If needed, restructuring of the loan could be suggested in order to reduce the number of potential bad debts. This could also avoid the increase of the loan cost such as interest and legal cost.

Albrecht and Ziderman (1992) suggested that two main strategies to improve the ability of the loan repayment program. The first strategy was to design a staggered loan repayment programme. Secondly, hidden subsidy should be reduced with charging a positively interest rates but it could be together with reasonable repayment. Thirdly, a strong strategy should be designed in order to face with the repayment problem and the inefficient credit collection company should be terminated if they cannot do their job effectively.

2.5.3 Disbursement level

Hulme and Mosley (1996) argue that the important factors that contribute to loan repayment performance are the design features of the loan. They categorize the design features into three categories namely access methods, screening methods and incentive to repay. Access methods generally ensure that poor people access the loans not the richer people and the features include maximum loan ceilings and high interest rate. Screening methods are used to screen out bad borrowers. Loan characteristics also play an important role in determining repayment performance (Roslan and Mohd Zaini, 2009; Njoku, 1997; Ugbomeh et al., 2008). Copisarow (2000) found that defaults generally arise from poor program design or implementation, not from any essential problems with the borrowers.

2.5.4 Business Performance

Business performance is defined in terms the size of the enterprise in relation to the number of employees, level of investment, total assets and turnover. Some of the causes of default are low sales; fall in product prices, poor yield, low product prices, low demand for products, and perishable nature of products, pest attack and inclement weather (especially inadequate rainfall). Business performance is achieved when an organization is generating the maximum level of profitability possible given the human, financial, capital and other resources of possesses.

2.6 Theoretical Framework

A loan is a type of debt which entails the redistribution of financial assets over time between lender and the borrower. Repayment is paying back money borrowed. Most studies on group lending accept the assumption that peer pressure and group solidarity are enigmatically causing groups to function properly and bolstering repayment rates in developing countries. Many advantages to group lending are cited in the literature.

An often cited justification for group lending is that it provides pecuniary returns, especially to women who have no other means of exerting their independence (Berenbach and Guzman (1993), Khandker, Khalily, and Khan (1994), Goldberg and Hunte (1995)). The argument is that group credit gives women self-esteem, mutual trust, empowerment, and other "psychic benefits." Other benefits attributed to group lending are the access to credit, training, and organizational inputs, reduction of lending and borrowing transaction costs (Braverman and Guasch (1993), Khandker, Khalily, and Khan (1994)) and higher repayment rates than under individual lending programs (Bratton (1986), Harper (1995)).

Huppi and Feder (1990) challenge the notion that repayment rates are truly higher for group lending operations. Instead, they suggest that loan repayment performance is a function of counteracting negative and positive externalities. The domino effect is one that has been witnessed in a variety of group lending programs. In numerous cases, group lending starts strong with 100 percent repayment, but after a few months or years, certain areas experience widespread default. This may be explained by an inherent "matching problem" causing certain individuals to default, followed by a domino effect of borrowers defaulting due to their loss of effective incentives.

Analyzing strategies and equilibria in credit groups through game theory has been attempted using a variety of techniques. A relatively simple, yet very insightful model of group loan repayment was created by Besley and Coate (1993). The authors set up a "repayment game" for group lending which illustrated how the formation of a group led to both positive and negative effects of repayment compared to individual loans. Of all the theoretical models, this formulation most aptly captures the opposing forces of group loan repayment and demonstrates the potential instability of group lending. Because of its ability to incorporate numerous facets of group lending, a variation of the Besley and Coate model will be used as the theoretical foundation of the empirical model for this study.

In its simplest version, the repayment game includes two homogeneous borrowers who attain a return on their project, depending on a random probability distribution. The individuals each borrow one unit of capital and must pay back the unit plus interest at the end of the period. The individuals can encourage each other to repay by inflicting social sanctions against one another in the case of arrears. Finally, the bank can charge penalties for arrears by confiscating property

or by hassling recalcitrant borrowers. This gives an illustration of the possible outcomes and pay-offs of playing the repayment game. Given their project returns, each individual decides to contribute or not to contribute. In the case that one individual pays and the other does not, the repaying member decides whether or not to repay, for both or to default. Hence it is possible to have group solidarity (helping a member who cannot/will not repay) to maintain correct repayment. Secondly, the domino effect can occur when an individual who independently would repay the loan decides to default based on the default of the other member.

One of the least understood elements of group dynamics has been the actual functioning of peer pressure and group solidarity in the face of repayment problems. Under contract or joint liability theory, members of a peer lending group must have some way to ensure that the other members of the group repay their portions of the loan so that all have future access to loans. Each group devises implicit and explicit rules and norms that can diminish the risk of default, provided that repaying the loan is a utility maximizing outcome for group members.

Risk management includes identifying and evaluating exposure to loss as well as selecting optimum methods of reducing exposure to risk. A formal or informal contract between group members is a risk management method. One way in which the seriousness of the members is proven is by attending regular meetings (Adams and Canavosi, 1992). An implicit opportunity cost exists by attending the meetings, as well as fines for tardiness or absenteeism in many cases. Not only does attendance at these meetings show a seriousness of intent, but it provides a forum in which mutual trust is built, ideas are shared, and strategies are discussed. These two effects are classified as an intragroup contract which acts as an insurance mechanism to encourage repayment. The contract has an *ex ante* expected outcome and an *ex post* realized outcome.

Before problems arise, the group members have an implicit or explicit understanding of the consequences of defaulting under various states of nature.

2.7 Conceptual Framework of the Study

The conceptual framework gives the relationship between independent and dependent variables of the study. The research shall adopt the conceptual framework illustrated in figure 1. The independent variables identified are social economic factors, inadequate disbursements, repayment infrastructure and follow-up measures as well as business performance. The factors will be studied in order to identify their significance in the achievement of successful repayment YEDF.

Independent variables

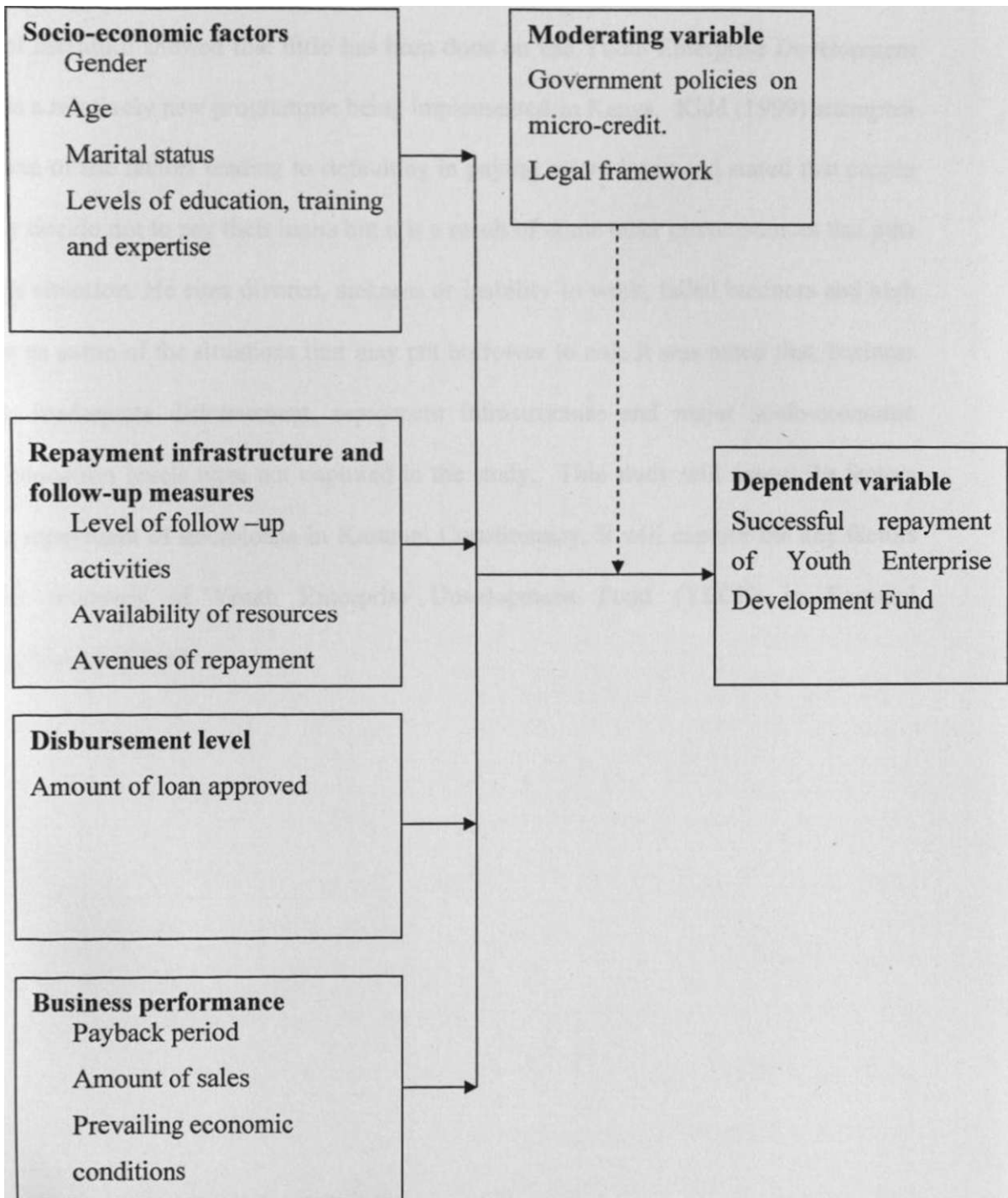


Figure 1. Conceptual Framework

2.8 Gaps identified in literature review

The review of literature showed that little has been done on the Youth Enterprise Development Fund which is a relatively new programme being implemented in Kenya. Kidd (1999) attempted to look at some of the factors leading to defaulting in paying micro loans and stated that people do not simply decide not to pay their loans but it is a result of some other circumstances that puts them into this situation. He cites divorce, sickness or inability to work, failed business and high interest debts as some of the situations that may put borrower to risk. It was noted that, business performance, inadequate disbursement, repayment infrastructure and major socio-economic factors like education levels were not captured in the study. This study will assess the factors affecting the repayment of microloans in Kasarani Constituency. It will capture the key factors affecting the recovery of Youth Enterprise Development Fund (YEDF) in Kasarani Constituency, Nairobi County.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research design and methodology that was used for the purpose of gathering information in order to complete the study. It gives details on the research design, target population, the sample and sampling procedure, data collection instruments and data analysis and presentation.

3.2 Research Design

Data was collected from the respondents using descriptive survey. According to Mugenda and Mugenda, (2003) survey research design could be descriptive, exploratory or involving advanced statistical analysis. Kerlinger, (1969) points out that descriptive studies are not only restricted to fact finding but often result in formulation of principle of knowledge and solutions to significant problems. They are more than just a collection of data since they involve measured classification, analysis and interpretation of data. Descriptive research determines and reports the way things are and attempts to describe such things as possible behaviour attitudes, values and characteristics. Schindler and Coopers, (2003) says that descriptive studies are structured with clearly stated investigative questions. They serve a variety of research objectives including description of phenomena or characteristics associated with subject population, estimate of proportion of population that have similar characteristics associated and discovery of association among different variables. Descriptive survey design was chosen in this study because the researcher aimed at identifying the factors which affect the repayment of the Youth Enterprise Development Fund. It also helps to describe the state of affairs of the problem under

investigation and the relationship between the variables.

3.3 Target population

Mugenda and Mugenda (1999) describes target population as complete set of individual cases object with some common characteristics to which researchers want to generalize the result of the study. The study was carried out in the 36 active youth groups funded through the Youth Enterprise Development Fund (YEDF) in Kasarani Constituency of Nairobi County. The researcher targeted the 72 group officials (chairpersons and treasurers), 454 group members and 8 employees of the Ministry of Youth Affairs and Sports working in Kasarani Constituency. The scope of the study focused on micro and small enterprises owned and operated by youths engaged in various entrepreneurial activities in all subsectors of trade, services and manufacturing.

3.4 Sample size and sampling procedure

A sample was picked from individuals from Kasarani Constituency. Sampling is the process of selecting a number of individuals or objectives from a population such that the selected group contains elements representative of the characteristics found in the entire group (Mugenda and Mugenda, 2003). The study used probability sampling design which is based on the concept of random selection. It gives each possible sample combination an equal probability of being picked up and each item in the entire population to have an equal chance of being included in the sample (Kothari, 2004). All categories of employees of the Ministry of Youth Affairs and Sports and group members were sampled. The study employed both stratified random sampling and simple random sampling. Stratified random sampling was suitable in this case because the population was divided into different strata or sub groups which were not homogenous. The aim of stratified

sampling was to achieve an even representation of the subgroups of the population in the selected sample (Mugenda and Mugenda, 2003). In this study, the population was stratified into chairmen of groups, secretaries, treasurers and members. The researcher targeted 30% of the population although in descriptive study 10% of accessible population is enough (Mugenda and Mugenda, 2003). This is summarized in Table 3.1.

Table 3.1 Sample Size

Category	Number in Category	Percentage of Population	Sample Size
MOYAS Staff	8	100	8
Group Chairpersons	36	30	11
Group Treasurers	36	30	11
Group Members	454	30	136
Total			166

3.5 Methods of data collection

The primary data was collected from the youths and ministry officials using a questionnaire. A questionnaire consists of a number of questions printed or typed in a definite order on a form or set of forms and given to respondents who are expected to read and understand the questions and write down the reply in the space meant for the purpose in the questionnaire itself (Kothari, 2004). It was structured to accommodate both open-ended and closed-ended questions. The structured questionnaire was selected because it is simple to administer and relatively inexpensive to analyse (Kothari, 2004). These questionnaires were administered by the researcher with the help of research assistants to the respondents on a drop and collect later basis. Because of its descriptive nature, the use of the technique is more economical and providing a safe basis for generalization (Kothari, 2004). The research made use of two sets of questionnaires

whereby one was administered to the youth groups to solicit information on the challenges they face in their efforts to obtain and repay Youth Fund while the other one to the Ministry of Youth Affairs and Sports employees to solicit information on how they administer loans and effect follow ups in their areas of jurisdiction. For a successful data collection the questionnaires were maintained comparably short and simple.

A pilot study was conducted before using the questionnaire to collect data in order to test it. Piloting indicates if there is a weakness of the questionnaires and also the survey techniques thus facilitating its improvement. This ensures that any irrelevant questions in the instrument are removed and focus the questionnaire so that the right information is obtained. Piloting was conducted to check the questionnaires content, general form, question sequence, question formulation and wording (Kothari, 2004). According to Fraenkel and Wallen (2000), content validity is determined by expert judgment. The researcher amended the interview schedules in consultation with the supervisor in order to ensure that they address all the possible areas of the study appropriately and accurately. This helped to rectify any inadequacies in time before actual collection of data and thus reducing biases.

3.6 Validity of research instrument

According to Mugenda and Mugenda, (2003) validity is the accuracy and meaningfulness of inferences, which are based on the research results. It is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study. It is the degree to which evidence supports any inferences a researcher makes based on the data he or she collects using a particular instrument. Content validity was used to ensure that the measures include an adequate and representative set of items to tap the dimension and elements of concepts under study. The researcher with the support of the supervisor who is an expert in research fine-tuned

the instrument to ensure it is appropriate for the purpose of the study, comprehensiveness and of the appropriate format.

3.7 Reliability of research instrument

According to Mugenda and Mugenda, (2003) reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials. It has stability and equivalency aspects. Reliability is said to be stable if it gives consistent results with repeated measurements of the same objects with the same instrument with degree of stability determined by comparing the results of repeated measurements. Equivalency is the measure of how much error gets introduced by different investigators or different samples of items being studied. Reliability was measured through test-retest technique, where the questionnaire was administered to a group of individuals with similar characteristics as the actual sample. The test was repeated after one week. The Spearman's Rank Correlation Coefficient was used to compute the correlation of the results of the two tests. A correlation coefficient of 0.7 was obtained.

3.8 Analysis of data

Collected data went through a processing procedure of editing, coding, tabulation and classification for it to be analysed (Kothari, 2004). Data editing involved some level of proof-reading in order to eliminate common mistakes like duplication and vague responses as well as detecting errors and omission while correcting them. This involved a careful scrutiny of the completed questionnaires in order to ensure that the data was accurate and consistent with all facts gathered and uniformly entered. Coding is the process in which variables are coded in the form of symbols or numeric characters in order to reduce the amount of data entry. Tabulation involved organization of data into tables in preparation for computer manipulation. Classification

is the organization of similar objects into same classes in order to maintain cohesion.

The data was then analyzed by use of descriptive statistics which included measures of central tendency (mean, mode and median). This was facilitated by the use of Statistical Package for Social Sciences which is a computer software for statistical analysis.

3.9 Ethical issues

For respondents to make informed decisions about participating in the study they were provided with enough and accurate information about the research. The principle of data confidentiality and anonymity was also clarified as part of gaining the participant's informed consent. In designing and conducting the research, the researcher paid attention to, and respected all groups regardless of their gender.

3.10 Operationalisation of Variables

The operationalisation of variables is given in Table 3.2

Table 3.2 Operationalisation Table

Objective	Type of variable	Indicators	Measurement scale	Tools of data analysis	Type of analysis
To examine the influence of socio-economic factors on the recovery of Youth Enterprise Development Fund in Kasarani Constituency, Nairobi County.	Independent	Gender of borrower Age of the youth Marital status Level of education, training and expertise	Ordinal Interval	Mean Percentage	Descriptive
	Socio-economic "actors				
To investigate the extent to which repayment infrastructure in place affects the repayment of Youth Enterprise Development Fund in Kasarani Constituency, Nairobi County.	Repayment infrastructure	Repayment channels and follow-up measures	Ratio	Mean Mode Percentage	Descriptive
To assess the extent to which disbursement level affect the repayment of	Loan disbursed	Amount of loan received	Ratio	Mean Percentage	Descriptive

Youth Enterprise Development Fund in Kasarani Constituency, Nairobi County.					
To examine how business performance factors affect the recovery of Youth Enterprise Development Fund in Kasarani Constituency, Nairobi County.	Business performance	Amount of revenue	Ratio	Mean	Descriptive
	Dependent Successful Repayment of Youth Enterprise Development Fund	Amount of loan repaid	Ratio	Mean Percentage	Descriptive

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter reports the major findings of the data which was collected using questionnaires that targeted funded youth group members and employees of the Ministry of Youth Affairs and Sports. Data was analysed separately for each set of questionnaires and presented in the form of frequency distribution tables. Data interpretation was done in order to make inferences on the factors which affect the repayment of Youth Enterprise Development Fund in Kasarani Constituency, Nairobi County.

4.2 Questionnaire Return Rate

Out of the 166 respondents, eight were Ministry of Youth Affairs and Sports staff, eleven group chairpersons, eleven group treasurers and one hundred and thirty six group members. The response rate of all the questionnaires stood at 99% with only one member not returning the questionnaire. This high return rate was attained through consensus with the youths and Ministry of Youth officers who participated on voluntary basis and the questionnaires were issued by the researcher with the help of research assistants on a drop and collect later basis.

4.3 Demographic Characteristics of the Respondents

This sub-section will discuss the age of respondents, gender of respondents and the highest level of education of the respondents.

4.3.1 Age of the Respondents

The analysis of the ages of the youths funded through the YEDF were between 19-24 years, followed by those aged between 25-29 and 30-35 years respectively as indicated in Table 4.1. Majority of youths who access credit are below 30 years of age hence may require some training in order to acquire the relevant skills necessary for their enterprise development.

Table 4.1 Distributions of Youths Respondents by Ages

Age	Frequency	Percentage
19-24 years	43	27.4
25-29 years	71	45.2
30-35 years	43	27.4
Total	157	100

4.3.2 Gender of the Respondents

Table 4.2 shows that the YEDF target more males than females with males respondents being 72% while females had 28% representation. This could be because many females shy away from joining youth groups within the constituency.

Table 4.2 Distributions of Youths Respondents by Gender.

Gender	Frequency	Percentage
Male	113	72
Female	44	28
Total	157	100

4.3.3 Level of Education of Youths

Majority of the youths represented by 58.6% of the 157 respondents were secondary school leavers followed closely by University/college graduates who were 33.1% while Primary school leavers were represented by 8.3% (Table 4.3).

Table 4J Youths Level of Education

Highest Level Completed	Frequency	Percentage
Primary School	13	8.3
Secondary School	92	58.6
College	22	14.0
University	30	19.1
Total	157	100

4.3.4 Distribution of the Ministry Employees by Gender

Distribution of the Ministry of the Youth employees by gender indicated that Government policies are followed in the employment of government officers. This is especially in relation to promoting and developing girl child. This is shown in Table 4.4 where 75% of the respondents were females while 25% were males.

Table 4.4 Gender of the Ministry Employees.

Gender	Frequency	Percentage
Male	2	25
Female	6	75
Total	8	100

4.3.5 Highest Level of Education of the Ministry Employees

As regards the level of education, 62.5% of the ministry employees within the Constituency are university graduates as indicated in Table 4.5. The other 37.5% represented those who had completed college education, postgraduate diploma or Masters programme. All the employees had at least college qualifications probably because of stiff competition as there are many citizens graduating from universities.

Table 4.5 Highest Level of Education of the Employees

Highest Level Completed	Frequency	Percentage
University	5	62.5
Others	3	37.5
Total	8	100

4.4 Socio-economic factors

Skills and expertise an individual possesses determines whether one is able to perform his/her duties as expected. The respondents were asked to comment on how often they attend training on micro-credit and whether the training content enable them to improve their performance .

4.4.1 Employees training on micro credits

62.5% of the respondents indicated not to have attended any training at all on micro credit with only 37.5% indicating that they attend training annually as shown in Table 4.6. This implies that most of the staff are not well equipped with the necessary skills specific to their job roles.

Table 4.6 Frequency in attending training on micro credits

Training	Frequency	Percentage
No training at all	5	62.5
Once per year	3	37.5
Total	8	100

4.4.2 Effects of Training Content on Ministry Employees

Table 4.7 indicates that all respondents who had been trained (100%) benefited from the content of the training in terms of improvement in their performance. This implies that training is very critical hence the management of YEDF should endeavour to equip their staff with the necessary

and relevant skills that will enable them be more effective in their work.

Table 4.7 Effects of Training Content on Employees

Yes/No	Frequency	Percentage
Yes	3	100
No	0	0
Total	3	100

4.5 Repayment infrastructure and follow-up measures

Respondents were asked to give their opinions about the repayment of YEDF in general, comment on the availability of procedures and guidelines on lending and follow-up measures as well as availability of resources to perform YEDF activities and how it affects the repayment of YEDF.

4.5.1 Repayment of the Youth Enterprise Development Fund (YEDF) Scheme

Respondents were asked to comment about the repayment of the Youth Enterprise Development Fund (YEDF). 62.5% of the respondents indicated that the repayment of the YEDF has been poor especially for the past disbursements, while 37.5% of the respondents indicated that it has been fairly good especially for the current disbursements as shown in Table 4.8. This implies that if the Government can put the necessary structures in place the progress in terms repayment rate can be commendable.

Table 4.8 Comments on Repayment of the Youth Enterprise Development Fund

Comments	Frequency	Percentage
Poor for past disbursements	5	62.5
Fairly good	3	37.5
Total	8	100

4.5.2 Procedures and guidelines on lending and follow-up

As per Table 4.9, half of the respondents (50%) indicated that there are clear procedures and guidelines on lending and follow up while the other 50% felt that there were no procedures in place. This division in terms of officers views clearly points out on training and awareness needs which requires to be addressed by the relevant body in order for all officers to be more effective in their follow-up.

Table 4.9 Presence of clear procedures/guidelines on lending and follow-up

Yes/No	Frequency	Percentage
Yes	4	50
No	4	50
Total	8	100

4.5.3 Resources to Perform YEDF Activities

Table 4.10 shows that 87.5% of the respondents indicated that there are no adequate resources to perform YEDF activities. The main problem that was cited was the inadequate capacity in terms of enough personnel to follow-up the youth groups. Only 12.5% of the respondents indicated that the resources at their disposal were sufficient. This implies that there is a possibility of some groups not being monitored in terms of their activities as well as follow-up on their repayment effected.

Table 4.10 Adequate Resources to Perform YEDF Activities.

Yes/No	Frequency	Percentage
Yes	1	12.5
No	7	87.5
Total	8	100

4.5.4 Follow-up on YEDF without Adequate Resources

Respondents were asked to comment on how they ensure follow-up is done in the absence of adequate resources. According to Table 4.11, 43% of the respondents indicated that they talk to the youth groups persuading them to pay. Another 43% of the respondents use provincial administration to coerce the youths to pay while about 14% cited using other mechanisms depending on their creativity. Follow-up is very critical because it ensures that the fund issued is recovered for it to be available to other borrowers.

Table 4.11 Follow Up on YEDF Without Adequate Resources.

How officers follow up on YEDF	Frequency	Percentage
Talking to youth groups and persuading them	3	43
Through provincial administration	3	43
Other mechanisms	1	14
Total	7	100

4.5.5 Factors Contributing to High Default Rate in YEDF

Table 4.12 indicates various factors that contributed to high default rate with lack of training of youths on entrepreneurship (63%) being the main factor. This implies that if the youths are equipped with the relevant skills on entrepreneurship could go a long way in curbing the high default rate. It would also reduce the cases of youths moving from one business to the other as the first business fail which was also cited as a factor contributing to high default rate by 38% of youths. The other key factors which were cited include lack of coordinated centralized system within to ensure repayment (38%), attitude of the youths (38%) as well as lack of clear punishment for defaulters (38%). About 25% of the respondents also mentioned politics as a key factor contributing to high default rate.

Table 4.12 Factors Contributing to High Default Rate in YEDF According to Youth Officers.

How officers follow up on YEDF	Frequency	Percentage
Lack of coordinated centralized system within to ensure repayment	3	38
Lack of training of youths on entrepreneurship	5	63
Inadequate facilitation /follow up	2	25
Politics	2	25
Attitude	3	38
No clear punishment for defaulters	3	38
Difficult business environment	1	13
Group disintegration / Change of business enterprise	3	38
Mismanagement of funds by youth	1	13
Total	23	

4.5.6 Factors to Reduce the High Default Rate in YEDF

Youth officers were asked to give their opinions on what can be done to reduce the high default rate in YEDF. According to Table 4.13, 75% of the respondents felt that youth officers should be given enough resources for routine and strict follow-up while 63% indicated regular training to enhance business as a very key factor. Other factors mentioned includes putting in place legal recovery procedure (50%) and setting up legal framework on how to handle defaulters (38%). The government also has a role to play in creating favourable economic environment that can enhance growth of business to make repayment easier.

Table 4.13 Factors to Reduce the High Default Rate in YEDF

How to reduce default rate	Frequency	Percentage
Have a recovery procedure that is legal	4	50
Regular training to enhance business	5	63
Officers be given enough resources for routine and strict follow-up	6	75
Ensure that there is a legislation that punishes defaulters	3	38
Create a favourable economic environment that can enhance growth of businesses	1	13
Dissuade politicians from interfering with YEDF matters	1	13
Fund groups that are known and stationary	1	13
Encourage youths to take more loans	1	13
Total	22	

4.6 Disbursements level

One of the factors that affect the establishment and growth of businesses is the availability and access to adequate and reliable funds. The amount of capital available in return determines the nature of business undertaken.

4.6.1 Economic Activities Carried Out by Youths

Table 4.14 indicates that youths engage in diverse economic activities such as carpentry (16%), motorcycle transportation (13%), beauty shop (18%), and restaurants (13%), among others. This implies that there are many opportunities available for the youths to do business. Hence, the government should make it possible for the youths to access enough funds in order for them to be self sustaining.

Table 4.14 Projects Economic Activity Carried Out by Youths

Economic activity	Frequency	Percentage
Carpentry	25	16
Motor Cycle Transportation	21	13
Car wash/parking	16	10
Beauty shop	28	18
Garbage collection	6	4
School	5	3
Restaurant	20	13
Poultry keeping	6	4
Others	30	19
Total	157	100

4.6.2 Access to micro loans

According to Table 4.15 more than 50% of the youths are able to access the micro loans frequently. However a significant number of respondents (47%) indicated that it is on rare occasions that they access the fund. This implies that the YEDF has now penetrated the intended community and what is required is close monitoring in order to ensure its achieving its intended objectives.

Table 4.15 Frequency of access to micro loans

Access	Frequency	Percentage
Very frequently	13	8
Frequently	70	45
Rarely	74	47
Total	157	100

4.63 Gender influence on access to micro loans

All the female respondents were asked to give their opinions on whether being a woman makes it more difficult for one to get a loan. According to Table 4.16, out of the 44 women respondents, 91% indicated that gender does not play a key role in determining whether one gets a loan or not. This implies that women issues have been integrated into the Government policies and that the Government is after empowering all irrespective of ones gender.

Table 4.16 Gender as a determinant of access to micro loans

Yes/No	Frequency	Percentage
Yes	4	9
No	40	91
Total	44	100

4.6.4 Time Taken Between Application and Receiving of Funds

Majority of the respondents represented by 79.0% of the 157 youths indicated that it took them between 3 months-5 months from application till receiving of funds. Only 6.0% indicated that it took between 1 month - 2 months between application and receiving of funds. The long duration taken to receive funds is likely to adversely affect majority of youths who are new in businesses sometimes leading to changes in the nature of business. In turn this also affects the repayment because the loan beneficiaries are expected to use the proceeds from the activities that they are undertaking to repay the loan. This analysis is presented in Table 4.17.

Table 4.17 Time Taken Between Application and Receiving of Funds

Duration between application and receiving of funds(months)	Frequency	Percentage
1-2	9	6
2-3	19	12
3-4	71	45
4-5	53	34
Above 5 months	5	3
Total	157	100.0

4.6.5 Amount of Loan Awarded by YEDF to Engage in Business

Table 4.18 indicates that 89.2% received Kshs40, 000 and below with about 70.1% receiving between 20,001-30,000. Only 2.5% received amounts above 50,000 while 8.3% received between 40,001-50,000. This indicates that the amount given to majority of the youth groups is little. Inadequate funding for any income generating activity makes it not realize to its full potential and this can adversely affect its performance.

Table 4.18 Amount of Loan Awarded by YEDF to Engage in Business

Amount	Frequency	Percentage
Below 20,000	4	2.5
20,001-30,000	110	70.1
30,001-40,000	26	16.6
40,001-50,000	13	8.3
Above 50,000	4	2.5
Totid~	157	100.0

4.6.6 Problems Faced in Borrowing the Money

According to Table 4.19, 78.0% of the respondents indicated that they had problems in borrowing money while 22.0% did not have problems. Some of these challenges include long duration taken between application and receiving of funds, small amount of loans awarded, group formation problems, problems in development of business plans, high interest rates as well as lack of collateral. This can be addressed by the management of YEDF through making funds affordable and available in time and allocating funds according to the businesses that the youths intend to start.

Table 4.19 Problems in Borrowing Money

Yes/No	Frequency	Percentage
Yes	122	78
No	35	22
Total	157	100

4.6.7 Rankings of the Problems Faced in Borrowing Money

Table 4.20 indicates that there are four main factors that were ranked as the leading problems encountered when borrowing money. Cumbersome procedures (24%) was ranked as the first main problem, followed by problems in group formation (19%), small loan offered by YEDF(17%) as well as lack of business plan(16%). Lack of collateral and high interest rate also acted as hindrances in borrowing.

Table 4.20 Ranking Problems in Borrowing Money

Problems Faced	Frequency	Percentage
Cumbersome procedures	36	24
lack of collateral	16	11
Small loans offered by YEDF	26	17
Lack of business plans	24	16
Group formation	28	19
High interest rates	15	10
Others	5	3
Total	150	100.0

4.7 Business performance

This sub-section gives comments from the youth respondents in terms of the sources of funds for repaying their loans, challenges faced during repayment, weekly income and their views on what can be done to reduce default rate.

4.7.1 Challenges in Loan Repayment

Respondents were asked whether they face any challenges in repayment of the fund. According to Table 4.21, 94.0% of the respondents indicated that they face challenges in loan payment while a small percentage (6%) indicated no challenges. These challenges need to be addressed so as to achieve sustainability of the YEDF.

Table 4.21 Challenges in Repayment of Loans

Yes/No	Frequency	Percentage
Yes	147	94
No	9	6
Total	157	100

4.7.2 Sources of Funds for Re-paying Loan

Table 4.22 indicates that 94.2% of the respondents repay their loan from business proceeds while 5.8% repay their loan from member's contribution. This indicates that if the business is not profitable the returns will not be adequate to repay the loan and therefore defaults arise.

Table 4.22 Sources of Funds for Re-paying loan

Source of Funds for Paying Loan	Frequency	Percentage
Business proceeds	146	94.2
Contribution from members	9	5.8
Total	155	100.0

4.7.3 Weekly business proceeds

As indicated in Table 4.23 about 63.7% of the respondents indicated that they earn a weekly income of Kshs2, 000 and below. 32.5% earned between Kshs2, 001 and kshs4, 000. Only 3.8% earn kshs 4,000 and above. This implies that majority of the business cannot sustain themselves due to low income hence adversely affecting repayment.

Table 4.23 Respondents weekly business proceeds

Weekly income(kshs)	Frequency	Percentage
Below 1,000	32	20.4
1,001-2,000	68	43.3
2,001-3,000	41	26.1
3,001-4,000	10	6.4
Above 4,000	6	3.8
Total	157	100.0

4.7.4 Factors that Hinder fast Repayment of YEDF among Youth Groups

Youth respondents were asked to rank the factors that hinder fast repayment of YEDF. According to Table 4.24 business performance was ranked by majority (25.5%) as the main factor. This was followed closely by inadequate capital (18.5%), socio-economic factors (14.6%) as well as poor follow-up procedures (14.6%). Competition and lack of trust among the members were also ranked by a number of respondents as key factors. This implies that for a business to be able to meet all its liabilities it must be performing well.

Table 4.24 Factors that Hinder Repayment according to the youths

Factors that Hinders Repayment of YEDF	Frequency	Percentage
Business performance	40	25.5
Attitude of members and officials	5	3.2
Trust among members	8	5.1
Inadequate capital	29	18.5
Socio-economic factors	32	20.4
Risk planning and management	6	3.8
Competition	8	5.1
Poor follow-up procedures	23	14.6
Few pay points	6	3.8
Total	157	100.0

4.7.5 Factors which Reduce the High Default Rate in YEDF

Youth respondents were asked to give their opinions on what can be done to reduce the high default rate in YEDF. According to Table 4.25 training on entrepreneurship and business plans was mentioned by majority of the respondents (64%) as the main factor that can reduce default

rate. The other main factors mentioned by a large number of respondents include; increasing loan amount awarded (46%), increasing the repayment period (39%) and being strict on follow-up (36%). Capacity building among the youths will equip them with the necessary skills to manage their businesses effectively and be able to repay their loans. Other key areas that need to be addressed according to the youths were putting in place legal procedures of dealing with defaulters, assisting in marketing of the goods and services of the groups in order to increase sales as well as reducing the number of members in a group to a manageable level as it is more effective.

Table 4.25 Factors which Reduce the High Default Rate in YEDF according to youths

How to reduce default rate	Frequency	Percentage
Training on business/business plans	101	64
Enough money to be awarded	72	46
Longer repayment period	61	39
Be strict on follow-up	56	36
Lower interest rates	18	11
Legal procedures of dealing with defaulters	31	20
Assisting in marketing	31	20
Reduce number of members in a group	31	20
Others	18	11
Total	419	

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS.

5.1 Introduction

The study aimed at identifying the factors affecting the repayment of youth enterprise development fund in Kasarani Constituency, Nairobi County. This chapter summarizes the research findings, discussions and conclusions drawn from the findings and the researcher's recommendations on the management of Youth Enterprise Development Fund and other stakeholders.

5.2 Summary of Findings

In the researcher's endeavour to examine the influence of socio-economic factors on the recovery of Youth Enterprise Development Fund in Kasarani constituency, Nairobi County, 62.5% of the youth officers indicated that they had not attended any training at all on micro loans. Socio-economic factors were also cited by 20.4% of the youths' respondents as one of the main factors that hinder repayment of the YEDF. Further, all respondents who had been trained on micro loans (100%) indicated that they benefited from the content of the training in terms of improvement in their performance.

The researcher further sought to investigate the extent to which repayment infrastructure and follow-up measures in place affects the repayment of Youth Enterprise Development Fund where half of the respondents (50%) indicated that there are no clear procedures and guidelines on lending and follow up. In addition 87.5% of the respondents indicated that there are no adequate

resources to perform YEDF activities in terms of enough personnel to follow-up the youth groups. As a result 62.5% of the respondents indicated that the repayment of the YEDF has been poor for the past disbursements.

In addition, the study sought to assess the extent to which disbursement level affect the repayment of Youth Enterprise Development Fund, whereby despite the fact that more than 50% of the youths are able to access the micro loans frequently, 89.2% indicated to have received Kshs40, 000 and below. About 70.1% received between 20,001-30,000 which was too little to start their business. In addition 78.0% of the respondents indicated that they had problems in borrowing money including long duration taken between application and receiving of funds, small amount of loans awarded, group formation problems, problems in development of business plans, high interest rates as well as lack of collateral. Further about 18.5% of the respondents cited inadequate funding as a challenge in their businesses. However, 91% of the respondents indicated that gender does not play a key role in determining whether one gets a loan or not.

Finally, the study sought to examine how business performance factors affect the recovery of Youth Enterprise Development Fund in Kasarani constituency, Nairobi County with 94.2% of the respondents indicating that they repay their loan from business proceeds. However 94.0% of the respondents were facing challenges in loan payment. Business performance was ranked by majority of the respondents (25.5%) as the main factor that hinders fast repayment of YEDF. This was followed closely by inadequate capital (18.5%), socio-economic factors (14.6%) as well as poor follow-up procedures (14.6%). About 63.7% of the respondents indicated that they earn a weekly income of Kshs2, 000 and below with only 3.8% earning kshs 4,000 and above implying majority cannot be able to meet their liabilities due to low income earnings.

5.3 Discussion

The study indicated that there is a problem in the repayment of YEDF which requires to be addressed as a matter of priority if the fund is to be sustainable. This is especially with regards to the initial disbursements of the fund.

The study clearly shows that socio-economic factors such as education, training and expertise could be contributing to poor repayment of the YEDF. Therefore, this could be one of the main hindrances in the repayment of YEDF. These findings largely agree with what King and MacGrath noted that education is one of the factors that impact positively on growth of firms (King and McGrath, 2002) whereby those entrepreneurs with larger stocks of human capital, in terms of education and vocational training, are better placed to adapt their enterprises to constantly changing business environments. The youths requires some training on entrepreneurship in order to improve their skills as majority have attained secondary school level and they have basic knowledge to engage in income generating activities. Relevant training especially for new entrepreneurs is very crucial because it serves to equip the personnel with the relevant skills and knowledge to be able to operate their businesses well. The study also indicated that the employees who had been trained on micro credits benefited from the content of the training. This clearly shows the importance of equipping employees with the relevant knowledge, thus posing a big challenge to the management of YEDF to equip their staff with the relevant skills that will enable them follow-up on loan repayment.

The study also indicated that repayment infrastructure and follow-up in place largely affect the repayment of the YEDF. This is in line with what Sterns (1995) argued that, "it is the lender not the borrower, who causes or prevents high levels of delinquency in credit programs. Further,

Awoke (2004), reports that most of the default arose from poor management procedures, loan diversion and unwillingness to repay loans hence need for lenders to devise various institutional mechanisms that aimed to reduce the risk of loan default.

Inadequate disbursements leads to very low capital base for any entrepreneurial activity and was found to be one of the factors that affect repayment of YEDF. These findings relate to what Hulme and Mosley (1996) argues that the important factors that contribute to loan repayment performance are the design features of the loan which are in three categories namely access methods, screening methods and incentive to repay.

The study found that when the youth businesses are not doing well the youths are not able to repay their loans. Hence, there is a relationship between loan repayment and business performance. This is against what was said by Christopher (1981), that unsatisfactorily loan repayment pattern is highly caused by the attitude of the borrower than the borrower's economic position. The youths could be willing to repay their loans but if the enterprises are not doing well they are not able to meet all their financial obligations.

5.4 Conclusions of **the Study**

Based on the findings from the study, it was noted that Youth Enterprise Development Fund (YEDF) Scheme is faced with numerous challenges in its attempt to empower the youths and sustain itself in repayment. Some of the challenges are socio-economic in nature and include inadequate training for both the ministry employees and the youth groups. Employees of the Ministry of Youth Affairs and Sports were from diverse careers and some employees lacked skills as far as micro-credit was concerned. These employees were required to head committees to vet the groups to be funded and follow-up on them to repay their loans without adequate skills.

This is an area that needs to be looked into if the YEDF is to achieve the desired sustainability. In addition, the youths also lack the necessary entrepreneurial skills necessary for enterprise establishments and growth including training on business plan development. If all these areas are not addressed by the management of the YEDF, the much money invested by the government to empower the youths may be a waste.

Secondly, most of the respondents felt that there are no adequate resources in terms of personnel to perform YEDF activities such as follow-up on repayments. There is also lack of clear legal recovery procedure and legislation that punishes defaulters. These structures need to be put in place by the fund management if successful loan recovery is to be achieved.

Majority of the youths felt that the amount of loan given is very little leading to low capital base especially for the new youth entrepreneurs. In addition, most respondents experienced problems in borrowing money including long duration taken between application and receiving of funds, small amount of loans awarded, group formation problems, problems in development of business plans, high interest rates as well as lack of collateral. However, gender was not a key factor in determining whether one gets a loan or not.

Finally, most of the respondents ranked business performance as the main factor that hinder their ability to repay loans. They cited lack of training on entrepreneurship and business plan developments as the main contributing factor to poor performance. Majority of respondents indicated that they earn a very low weekly income thus cannot be able to meet their liabilities

5.5 Recommendations

From the results of this study, the following recommendations are made to the management of YEDF. First, employees should be trained on the required skills of micro-credit so that they can perform their duties efficiently. There should also be a regular capacity building among the youths so as to empower them. Secondly, adequate resources should be provided in order to enable smooth monitoring of all funded youth groups in addition to setting up a legal framework on how to handle defaulters. In addition, regular review of interest rates and the minimum loan amount should be done in order to accommodate the changes in economic situation. Finally, there should be a thorough vetting of groups before awarding them any loan amount in order to ensure that the groups are sustainable and that their businesses are viable.

5.6 Suggestions for Further Research

The researcher suggests that further research should be done on the following:

1. A study on the impact of the Youth Enterprise Development Fund on the lives of Kenyans youths should be done.
2. A comparative study should be carried out in other constituencies in Nairobi County.
3. A study on how social- economic factors affect the repayment of YEDF in other constituencies should be done.
4. A study on how politics affect the repayment of YEDF in Kenya should be done.

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APPENDICES

Appendix 1: **Letter of transmittal**

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NAIROBI

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29/03/2012.

THE

Dear Sir/Madam,

RE: ACADEMIC RESEARCH.

I am a student of the University of Nairobi pursuing a Masters of Arts Degree in Project Planning and Management. I am conducting an academic research on Factors Affecting the Repayment of Youth Enterprise Development Fund (YEDF) in Kasarani Constituency, Nairobi County.

I am kindly requesting for your assistance in responding honestly to the interview questions.

I look forward for your cooperation on the study.

Thank you.

Yours faithfully,

Teresa G. Mugira.

Reg NO.L50/63 876/2010

Appendix 2: Questionnaire for collecting data from youths

Instructions

Please tick or fill in the spaces provided. You do not need to write your name.

SECTION A: Personal Information

Date.

(i) Age

(a) 15 - 18 years

(b) 19 - 24 years

(c) 25 - 29 years

(d) 30 - 35 years

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(ii) Gender

(a) Male

(b) Female

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(iii) Marital status

(a) Married

(b) Single

(c) Windowed

(d) Divorced

(e) Separated

(f) Others specify

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(iv) Highest completed level of education

(a) Primary

(b) Secondary

(c) University

(d) Others specify

(v) **Age of eldest child under your care**

- a) None
- b) Under 5 years
- c) 5 - 10 years Q
- d) 11 - 15 years
- e) 16 - 20 years ●
●
- f) Above 20 years

SECTION B: Profile of the groups

(i) Name of the group

(ii) Location of the group

(ii) Project economic activity

(iv) Your position in the group

- a) Chairperson
- b) Vice chairperson
- c) Secretary |_|
- d) Treasurer
- e) Vice Secretary ●
●
- f) Member

SECTION C: Enterprise growth

(i) How often do you access micro loans?

Very frequent |_| Frequent |_| Rarely _| Never

(ii) Does your being a woman make it more difficult to get a loan?

Yes | [No | [

(iii) How long did it take between application and receiving the funds

- (a) Below 1 month ●
- (b) 1 month - 2 months ●
- (c) 2 months - 3 months ●
- (d) 3 months - 4 months ●
- (e) 4 months - 5 months ●
- (f) Above 5 months

(iv) Amount awarded by Youth Enterprise Development Fund to enable you engage in business (Ksh).

- a) Below 20,000 ●
- b) 20,001 -30,000 ●
- c) 30,001 -40,000 ●
- d) 40,001 -50,000
- e) Above 50,000

(v) Weekly income (Ksh)

- a) Below 1,000 ●
- b) 1,001 -2,000 ●
- c) 2,001 -3,000 ●
- d) 3,001 -4,000 ●
- e) 4,001 -5,000 ●
- f) Above 5,000

Have you faced any problems in borrowing money from Youth Enterprise Development Fund?

Yes • No •

- (vi) If the answer is YES, how do you rate the following challenges when borrowing money?
 (Tick your opinion on a scale of 1-4 where 1=very high; 2=high; 3=low; 4=very low).

Problems (Challenges)	1	2	3	4
Cumbersome procedures				
High interest rates				
Group formation				
Small loan offered				
Lack of collateral				
Lack of business plans				
Other (specify)				

- (vii) Have you started repaying your loan?

Yes | | No | |

- (ix) How much have you repaid so far?

Kshs

- (x) Do you repay your loan from your business proceeds?

Yes • No | |

- (xi) If No, list the other sources of funds

(i)

(H)

(iii)

(xii) Are you facing any challenges in the repayment of your loan?

Yes •

No •

(xiii) In the list below tick four (4) main factors that hinder fast repayment of your loan.

- a) Business performance
- b) Attitude of the members and officials
- c) Trust among members
- d) Inadequate capital
- e) Socio-economic factors e.g. health status
- f) Risk planning and management
- g) **Competition**
- h) Poor follow-up procedures
- i) Few pay points
- j) Any other (Specify)

(xiv) In your own opinion what can be done to reduce the high default rate in YEDF (Please arrange three ways in order of priority).

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Thank you for your cooperation.

Appendix 3: Questionnaire for collecting data from MOYAS employees

Instructions

Please tick in the spaces or fill the blank spaces provided. You need not to write the respondent's name.

SECTION A: Personal Information

Date

1. Gender

Male

Female

2. Age

20-29 years

30-39 years

40-49 years

50-59 years

3. Number of years in public service

1-2 years

3-4 years

Above 5 years_

4. Number of years in the department

0-2 years

3-5 years

5. Number of years in the District

1-2 years

3-4 years

Above 5 years_

6. Your highest completed level of education

Secondary

University

Others (Specify)

SECTION B: Employees Training

6. How often do you attend training on micro-credit?

(i) No training at all

(ii) Once per year

(iii) Twice per year

(iv) Many refresher courses in a year

7. Does the training content enable you to improve your performance on your duties on lending?

Yes No

8. How has the training helped you in the area of micro-credit and default follow-up?

SECTION C: Resources and Follow-Up

9. Are there clear procedures/guidelines on lending and effecting follow-up?

Yes No

10. Are there adequate resources in term of staff to perform YEDF activities?

Yes No

11. If yes, how often do you follow up on YEDF defaulters?

12. If no, how do you ensure borrowers pay?

13. Comment on the repayment of the Youth Enterprise Development Fund (YEDF)

14. In your own opinion what are the three main factors which contribute to the high default rate in the YEDF (Please arrange them in order of priority)

5. In your own opinion what can be done to reduce the high default rate in YEDF (Please arrange the three ways in order of priority).

Thank you very much for your cooperation.

