

**FACTORS INFLUENCING ACCESSIBILITY TO YOUTH ENTERPRISE
DEVELOPMENT FUND LOANS BY YOUTH GROUPS IN MSAMBWENI
DISTRICT, KWALE COUNTY, KENYA**

BY

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DECLARATION

I declare that this research project report is my original work and has not been previously published or presented for an award of degree in any other University.

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This research project report has been submitted with my approval as the University Supervisor.

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DEDICATION

I dedicate this work to my wife Christine and daughter Angel for their encouragement and support. I also thank my dear parents Mr and Mrs. Gatonga for standing by me through this trying moments.

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ABSTRACT

The purpose of this study was to establish the factors that influence the accessibility of Youth Enterprise Development Fund (YEDF) loans by youth in Msambweni District. The study objectives were to investigate how profitability of youth enterprises, effective management of the youth enterprises and effective communication influences accessibility of YEDF loans in Msambweni District. The target population for this study was the 220 registered youth groups, the Ministry of Youth Affairs and Sports (Msambweni) officers, YEDF officers and the financial intermediaries' officials. The sample size comprised of 67 randomly selected youth groups, the Youth Development Officer, YEDF officer, and 6 financial intermediaries officials. The research used questionnaires as the main research instrument. The collected data was tabulated and analyzed using descriptive statistics and SPSS software. The study revealed that there were different economic activities that the youth groups engaged in. The study revealed that most of the youth groups did not apply for the youth enterprise development fund loan since they were discouraged by the loan administration process and also other new groups had not learnt about the youth fund. It also revealed 49.3% of the respondents noted that the time taken to access such loan was 4-6months. The study established that 80.6% of the youth group members had professional skills and 71.3% of them said there was need for the group to get training on entrepreneurship/ business management. The most popular means of communication between the youth groups and youth department was mobile telephone because the feedback was immediate. The main challenges were delay in disbursing the loans and strict requirements (proposal, registration, operation bank account and the amount was too little). The study established that the current Government Policy did not influence the accessibility of YEDF since group business proposal matters the most and the revolving fund was not adequate for all youth groups. The following conclusions were drawn. The youth were involved in different economic activities and they had been trained and equipped with skills to enhance growth and repayment of funds given. The youth groups did access funds although not from the YEDF but from the financial intermediaries. The main challenge affecting access to the YEDF was disbursement of loans. The Government Policies did not influence the accessibility of YEDF since group business proposal matter most. The following recommendations were drawn; the youth should be equipped with skills and training on activities to enhance their ability to pay loans. The YEDF should encourage the youth to get loans from them by easing the administration process to be followed. The loan should not take too long to be disbursed. Youth should be equipped with entrepreneurial skills and business management skills to help them make informed decisions on the businesses that are viable for their groups. Both open and closed communication would assist the group to operate effectively. The government to change the policy on the need for the business proposal to visiting sites of the youth group business and make recommendations whether the business is viable for a loan or not. A check on the books of accounts for the youth groups could also be helpful when making such decisions. The suggestions for further research should be carried out to establish factors that influence the accessibility to the youth enterprise development fund loans by the youth groups in the Kenya.

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ACRONYMS AND ABBREVIATIONS

C-YES	Constituency Youth Enterprise Scheme
DYO	District Youth Officer
EAC	East African Community
E-YES	Enhanced Youth Enterprise Scheme
NGO	Non-Governmental Organization
OECD	Organisation for Economic Co-operation and Development
SACCO	Savings and Credit Cooperative Organizations
SME	Small and Medium Enterprises
SPSS	Statistics Packages for Social Sciences
UN	United Nations
YEDF	Youth Enterprise Development Fund

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

With the global youth populations reaching a historical height of 1.5 billion, economies worldwide are increasingly unable to provide young people with jobs, as youth employment grew by only 0.2% over the past decade against the global youth population growth rate of 10.5%. This prompted the first-ever Global Youth Micro enterprise Conference held in Washington, D.C. in September, 2007 to address the rising youth unemployment situation (Fiona, 2007). Outreach of financial institutions has reached approximately 35% of the population. This indicates that 65% are relying in other means of raising capital and finances for other social economic activities such as local lenders, traditional cooperatives, merchants, relatives, etcetera whose interest rates are high (Economic Review, 2005).

All over the world entrepreneurship is linked to employment generation, innovation and economic growth, but entrepreneurship has been downplayed in Africa over the past 30 years (Marsden 1992). Fundamental to Africa's problems is high youth (15-35 years old) unemployment, and integrating more youth into the small business sector can contribute to alleviating the myriad of issues associated with unemployment, underemployment and poverty. Yet, specific research into the field of youth entrepreneurship in the African context is limited or non-existent (Chigunta 2002). While entrepreneurship may not be the total solution to youth unemployment, it is an innovative strategy that can personally and professional develop vibrant individuals and raise the entrepreneurial potential of young people. In addition, risk taking personalities can be created through targeted support and development that

communicate the reality that risk and uncertainty are 'perennial facts of life' (Farley 2000).

It is also important to note that many micro-credit schemes, especially youth credit schemes, have failed in many countries. The overall message from the failure of these schemes suggests that success or failure in terms of financial viability and servicing the poor, in this case young people largely depends on the design of the program (Curtain, 2000).

To promote effective micro credit programs, there is need both to reduce access barriers and design programs that meet the needs of potential youth entrepreneurs and existing youth enterprises. This will require doing the treating youth as 'clients' and not mere program 'beneficiaries', shifting the focus from 'product-centered' to 'customer-based' programs, innovative steps are needed for new types of collateral, such as business plan, level of education, and residence status, broadening the current definition of 'sustainability' from a narrow focus on program sustainability to livelihood viability through enterprise, de-politicizing micro or youth credit schemes, especially in developing countries, depending on context and need, other financing mechanisms such as grants and soft loans can be given to youth, and strengthening financial systems management.

One of the key problems facing youth enterprises relates to limited prospects for value addition. In addition, youth enterprises, especially those in poor countries, are concentrated in low value local markets. Such youth also lack access to information on product and input markets. Thus, promoting the viability of youth enterprises will

require facilitating the access of youth to information on product and input markets and linking them to global value chains. This will require encouraging young to explore existing global initiatives aimed at promoting trade between developed countries and developing countries. An example is the African Growth and Opportunity Act (AGOA) passed by the US Congress which was signed into law by President William Jefferson Clinton. There is urgent need to explore the opportunities that such global trade initiatives offer to potential youth entrepreneurs and existing youth enterprises in developing countries (Chigunta, 2002).

In both developed and developing countries, including the transition countries, youth enterprises and adult enterprises face many constraints which impede their growth. Recent survey data from Southern Africa suggest that both youth enterprises and adult enterprises face similar problems (Chigunta, 2001; Kambewa, 2001; Mkandawire, 2000). This is supported by evidence from Australia (White and Kenyon, 2000). The constraints that both youth enterprises and adult enterprises face are largely in the following areas: lack of access to institutional capital; lack of access to lucrative markets; poor marketing and branding; inadequate planning; lack of access to suitable working space; lack of business management skills and abilities; inadequate, inaccurate and non-existent financial records, lack of new product development, and; lack of on-going business support. However, the data from Southern Africa suggest that there are some important differences between youth enterprises and adult enterprises (Chigunta, 2001; Kambewa, 2001). Research in the OECD and in Australia has also found that, in addition to the above problems, many young people face the challenge of their age, limited life and work experience (OECD, 2001; White and Kenyon, 1996).

In recent years the cultivation of enterprise amongst young people has been seen as an antidote to a feared dependency culture. Between 1980 and the late 1990s there was a steady withdrawal of state welfare support for young adults (Roberts, 1995). Part of the stated rationale in introducing these changes was to encourage young people to become more self-reliant and enterprising (Roberts, 1995). At the same time positive steps were being taken to encourage enterprise. Training providers developed curricula around enterprise training. Groups of school pupils were encouraged to model business developments, setting up their own businesses and marketing services or products. The aim was to ensure that they would at least consider the option of self-employment.

The majority of the youth (63%) held the view that the Kenyan government had not put adequate effort into addressing the challenges faced by the youth; only 37% affirmed that the government efforts were adequate. Indeed, 80% of the sample at least agreed that the Kenyan government had not done its best in addressing the problems of the youth. In particular, the government was emphatically faulted for its failure to keep its promise of creating employment for the youth. Further, 78% of the youth shared the view that the existing Kenyan youth policies are not adequate to cope with the problems facing the Kenyan youth. Overall, these perceptions suggest that although the Kenyan government has put appreciable efforts to address the problems faced by the Kenyan youth (including creation of a youth ministry, formulation of a national youth policy and initiation of a special youth fund), a lot more needs to be done to meet the high expectations of the youth (Kenya National Human Development Report, 2009).

1.2 Statement of the problem

A major constraint to the growth of youth enterprises is lack of access to finance. While potential youth entrepreneurs and existing youth enterprises generally lack access to credit in both developed and developing countries, the problem is particularly acute in the latter. Not only are there few micro-finance institutions in many countries, but those specifically targeted at youth are even fewer. A review of 902 organizations in 96 countries listed under the Microcredit Summit's Council of Practitioners revealed only 21 organizations with 'youth' in their title (Curtain 2000). Admittedly, there are credit schemes directed at young people in the mainstream microcredit organizations, but surveys reveal that youth are an underrepresented group. Lack of sufficient collateral, experience and biases further disadvantage young people. Inaccessibility of finances by youth is perceived as one of the biggest impediments for younger people to start their own business (Greene, 2005).

The unemployment being one of the most daunting economic challenges facing the Kenyan youth today, the Government has prioritized job creation as one of its policy agenda. The establishment of the YEDF in 2006 is one of the bold and radical interventions to address the youth unemployment question (Boucher, 2004), but yet there are many youth who cannot access the YEDF and the issue of unemployment.

1.3 Purpose of the study

Purpose of this study was to investigate factors that influence accessibility of YEDF loans by youth groups in Msambweni District.

1.4 Objectives of the study

The following objectives guided the study.

- i. To investigate the influence of performance of youth enterprises to the accessibility of YEDF in Msambweni District
- ii. To investigate how management of youth enterprises influence the accessibility of YEDF loans in Msambweni District
- iii. To assess how communication network influence the accessibility of YEDF loans in Msambweni District

1.5 Research Questions

- i. How does performance of youth enterprises influence accessibility of YEDF loans in Msambweni District?
- ii. How does management of youth enterprises influence the accessibility of YEDF loans in Msambweni District?
- iii. How does communication influence the accessibility of YEDF loans in Msambweni District?

1.6 Significance of the study

The findings and recommendations of this study would provide beneficial information to the YEDF, District Youth Fund Committees, the youth and youth groups and also institutions that offer loans to groups including Government institutions like Women Enterprise Fund and Poverty Eradication Funds. The study would also be useful to scholars and other researchers who may use the study as a source of reference in future in their research work.

1.7 Delimitation of the study

This study focused on youth enterprises in Msambweni District. It dealt with youth enterprises groups. To overcome the anticipated limitations, the scope of the study was reduced to just dealing with a representative sample drawn from the target population so as to complete the study within limited time and money.

1.8 Limitation of the study

The major limitation envisaged in this study is that it was not possible to interview all the youth and youth groups in Msambweni District due to their sparse distribution in the District against time and resource constraints. Hence simple random sampling of youth groups was used.

1.9 Basic assumptions of the study

The study assumes that the respondents would provide reliable and valid data that could be used to make conclusions in relation to the study. The study also assumed that the questionnaire would be returned in time.

1.10 Definition of significant terms as used in the study

Accessibility: In this study, accessibility as used in the study is the ease of youth groups/ youth to obtain the YEDF loans.

Communication: Communication between lender and borrower is the exchange and flow of information and ideas from one person to another.

Enterprise: Medium sized ventures that are implemented by the youth groups/ individuals using the YEDF loans.

Financial intermediaries: Other institutions authorized by the YEDF to disburse YEDF loans to youth groups and individuals.

Performance: Ability of an enterprise to make profit.

Youth: This means any persons of age between 18 and 35 years.

Youth group: Entity comprising of youth registered and recognized by the Ministry Youth Affairs and Sports.

1.11 The organization of the study

The study is organised in five chapters. Chapter One contains background of the study, statement of the problem, purpose of the study, objectives of the study and research questions, basic assumptions, limitations and delimitations of the study and definitions of significant terms. Chapter Two contains literature review arranged in line with the objectives of this study. Chapter Three contains the research designs, target population, sample size and sampling procedures, research instrument, data collection procedures and analysis techniques. Chapter Four contains data analysis, presentation and interpretation. Chapter Five contains the summary of findings, conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter comprises of information of other researchers on YEDF loans and other sources of funds and also on accessibility of funds by youth in Kenya. This chapter covers area like the youth and development, entrepreneurial education, discussion of various funds available to youth and youth enterprises and public perception on YEDF.

2.2 Historical Development of YEDF in Kenya

The Youth Enterprise Development Fund (YEDF) was officially launched on 1st February 2007, as one of the strategies of addressing youth unemployment. The fund is one of the flagship projects of Kenya Vision 2030, under the social pillar. The Kenya Vision 2030 sees the funds as a strategy of gainfully engaging the youth, majority of who are unemployed. This will be achieved through provision of credit and equipping the youth with appropriate skills to creatively engage in economically variable activities (YEDF status Report, 2011). Objectives of the fund are to provide loans and business development services to youth enterprises, provide incentives to commercial banks through appropriate risk mitigation instruments to enable the commercial banks to increase lending to youth enterprises, provide loans to existing micro-finance institutions, registered NGO's involved in micro financing, savings and credit cooperative organizations for on lending to youth enterprises, support youth oriented micro, small and medium enterprises to develop linkages with large enterprises, facilitate marketing of products and services of youth enterprises in both domestic and international markets and facilitate employment of youth in the

international labour market (YEDF status Report, September 2011). The Fund so far disbursed over 6 billion shillings to over 157,000 youth enterprises across the country. Some of these enterprises have grown and are employing many Kenyans as well as contributing to the exchequer. These efforts have also resulted in the creation of over 300,000 new jobs (www.youthfund.go.ke). Some challenges facing the YEDF includes insufficient policy and legislative frameworks, inadequate disbursement and repayment infrastructures in some parts of the country particularly remote areas and insufficient funds to cater for high demand and expectations of the youth (Fund Status Report As At 30th September 2011).

The fund is one of the flagship projects of Kenya Vision 2030, under the social pillar. The Kenya Vision 2030 sees the funds as a strategy of gainfully engaging the youth, majority of who are unemployed. This will be achieved through provision of credit and equipping the youth with appropriate skills to creatively engage in economically variable activities (YEDF status Report, September 2011). The fund was transformed into a state corporation on 11th May 2007. The funds targets young people within the age bracket of 18 and 35 years whose total population currently stands to be 150,000 in Msambweni (Msambweni District YEDF Status Report, 2012). To date the funds has advanced loans worth Kshs5.9 billion to 158,000 youth enterprises. Out of this amount Kshs.615 million has been advanced to 13,341 group projects while Kshs66 million has been disbursed to 2,645 individual enterprises at the constituency level. Through financial intermediaries the funds has financed 141,552 group and individual enterprises to the tune of Kshs5.2 billion. The funds has further trained over 200,000 youth in entrepreneurship and assisted 1,800 youth to market their products and

services. A further 6,000 youth has been facilitated to obtain employment abroad (YEDF status Report, September 2011).

There are two levels of disbursement of the youth enterprise development fund, Constituency based disbursement and through financial intermediaries. There are two types of disbursement under constituency based scheme which are Constituency Youth Enterprise Scheme (C-YES), where the youth through groups' access funding up to a maximum of 50,000 shillings either to start businesses or for expansion. For new enterprises the loan product extended is called C-YES Rausha while for expansion, it is called C-YES Inua. Repayment commences after three months grace period and should be completed within a year i.e. 12 months. The C-YES loans attract no interest but a management fee of 5% deducted up front. The second type of disbursement under constituency based scheme is Enhanced Youth Enterprise Scheme (E-YES); this is a loan facility extended to youth groups which have completed repaying C-YES. It is usually extended to individuals within the group or the group itself. E-Yes loans are extended to individual(s) (up to a maximum of 4 members) in three stages, first loan individual(s) receive Kshs.25,000.00, second loan individual(s) receive Kshs.50,000.00 and third and final loan individual(s) receive Kshs.100,000.00. E-YES loan given to youth groups is also in three stages, the groups receive Kshs.100,000.00, Kshs.200,000.00 and Kshs.400,000.00 in the first, second and third loans respectively. The E-YES loans attract no interest but a management fee of 8% deducted up front (YEDF guide, 2009).

2.3 Performance of youth enterprises and accessibility of finances

Profitability of an enterprise is the ability of an enterprise to earn profit. For an enterprise to be profitable, it must be viable. The viability of a business is measured by its long-term survival, and its ability to have sustainable profits over a period of time. If a business is viable, it is able to survive for many years, because it continues to make a profit year after year. The longer a company can stay profitable, the better its viability. This is the major factor that any lender looks into before disbursement of business loans. The core dimensions of business viability are market viability, technical viability, business model viability, management model viability, economic and financial model and exit strategy viability (Thompson 2003a).

A business or an enterprise is said to be viable if it has the potential for growth, easy access to infrastructure such as roads, water, electricity, telephone and postal services among others enables business enterprises easily make orders for goods and deliver them hence reducing operating expenses. With low operating expenses, profits can be maximized. An entrepreneur has to access potential and actual market for the goods and services he would like to sell. There must be a clearly defined market if the opportunity is to be considered. A viable business should be rewarding to the investor (cost-benefit consideration). One should consider the expected returns against the expected cost to ensure that the benefits outweigh the cost one has to put into consideration the price-structure of the goods and services one would like to offer. Goods and services, which are subjected to constant inflation, are likely to change in terms of price (Thompson 2003b).

Competition is regarded as a threat to business of similar kinds operating in a similar location. Although competition is a threat, it is healthy in the sense that it goes along the way in controlling price of goods offered. It is crucial for entrepreneurs to consider opportunities where competition is not high as this will enable them to get reasonable market share. They should venture where competitive advantage is. Incentives offered by the government and Non-Governmental Organizations, incentives are legitimate business opportunities to exploit as they save on costs e.g. duty free importation of sugar and maize, tax waivers, etc. Legal Consideration for a new idea is important in a venture, the new idea should be in line with the legal regulatory framework e.g. an idea to sell drugs may not be viable because it is illegal. Financial viability which is the assessment of financial viability is of significant importance when looking at the viability of the business. Capital investment requirements, break even analysis, cash flow projections, profitability of the business have to be analyzed. This is because they determine the sustenance of the business in the market-mix.

Few available studies (Chigunta, 2002, Aryeetey, 1997) show that young people are actively involved in running their own businesses in both developed and developing countries. However, the level of youth entrepreneurship and self-employment tends to be considerably lower than that of adults. It also tends to significantly vary according to the age category of youth and gender, with more young men likely to be self-employed than young women. Similarly, older youth are involved in running enterprises than younger youth. In both developed and developing countries, including the transition countries, youth enterprises and adult enterprises face many constraints which impede their growth. However, there are some important differences between

youth enterprises and adult enterprises, with many young people facing the challenge of their age, limited life and work experience. In general, the data suggest that, compared to adults, young people are disadvantaged in the following areas: more youth face problems of access to resources such as capital; more young people start their enterprises with lower levels of initial capital; more enterprises owned by young people have a lower market value or inventory; more youth entrepreneurs are engaged in a narrower range of activities; more young people tend to operate from homes or streets (lack of access to space); more young people do not bring experience and contacts to the business, and more enterprises owned by youth tend to rely on simple tools or have no equipment at all. These constraints expose youth enterprises to greater risk than adult enterprises. Many youth enterprises in both developed and developing countries also largely rely on the local market. Available evidence suggests that heavy reliance on the local market, especially in poor countries, is a key constraint on earnings and growth of enterprises (Chigunta, 2002).

World over, provision of micro finance to the vulnerable has been considered an innovative and sustainable approach where the youth can engage in micro enterprise activities to generate income so as to improve their livelihoods and contribute to economic growth. Micro finance refers mainly to small loans; savings mobilization and training in micro enterprise investment services extended to poor people to enable them undertake self-employment projects that generate income. Rural-based micro finance programs in particular have the potential to help poor people perform business activities through which they may acquire employment as well as income. This is in view of the fact that the Micro and Small Enterprises (MSEs) sector has a potential to create wealth and employment as demonstrated in previous studies (Aryeetey, 1997).

2.4 Management of enterprises and accessibility of finances

Before starting a business, it is necessary to make an assessment of the required personnel training and management. Look at the ability, cost of hiring and training human resource. Management efficiency will enable the business to succeed (<http://www.kenyaplex.com>). Entrepreneurship education generally refers to programs that promote entrepreneurship awareness for career purposes and provide skill training for business creation and development (Vesper, 1990; Bechard & Toulouse, 1998). It is distinguishable from other forms of business education when its purpose is creating a new product or service that results in higher economic value (Hanesmark, 1998).

Micro finance is not a new development. Its origin can be traced back to 1976, when Muhammad Yunus set up the Grameen Bank, as experiment, on the outskirts of Chittagong University campus in the village of Jobra, Bangladesh. The aim was to provide collateral free loans to poor people, especially in rural areas, at full-cost interest rates that are repayable in frequent instalments. Borrowers were organized into groups and peer pressure among them reduces the risk of default (Khan and Rahaman, 2007).

Bowen et al. (2009) researched on Management of business challenges among small and micro enterprises in Nairobi Kenya. The findings of the research indicated that over 50% of MSEs continue to have a deteriorating performance with 3 in every 5 MSEs failing within months of establishment. Only 2.5% respondents saying their businesses were very successful. The results also showed that 49.5% of those who had received training in their areas of business reported that their businesses were doing

well. He recommended that there is need to get trained in an area that is relevant to the business carried.

Webster and Fidler (1996) advocate that in many cases, basic business skill training should accompany the provision of micro loans to improve the capacity of the poor to use funds. Micro enterprise investment training mainly addresses capital investment decisions, general business management and risk management. Capital investment decisions include allocation of the micro enterprise limited capital funds most effectively in order to ensure the best return possible. Therefore, a wrong decision can have long lasting effect not only on the profits but on very survival of the enterprise.

2.5 Communication and accessibility of finances

Scholars suggest that community ICT networks provide greater access to essential services such as education, training, and health care (Fawcett, Francisco, & Schultz, 2000) and may increase community capacity, ultimately strengthening communities (Telenor, 2004). Increased access to information is reported to improve a community's ability to interact with other organizations, such as governments, businesses, and other administrative units. These capabilities would enable more equitable participation in areas of community administration and governance (Daly, 2005). A U.S. study (Ruiz, 2004) found that broadband access is an important part of enhancing rural community development, improving the economy, health care, and general quality of life. Poor accessibility in the rural areas of developing countries perpetuates the deprivation trap by denying communities access to their most basic needs. Chambers (1983) lists isolation as one of the five factors (isolation, powerlessness, vulnerability, poverty and physical weakness) which contribute to the

deprivation trap. Isolation through poor accessibility will slow down the diffusion of new technologies and techniques, increase marketing and production costs and limit access to education and health facilities.

Creightney (1993) defines accessibility as “the ability or ease of reaching various destinations or places offering opportunities for a desired activity”. The elements of accessibility therefore include the infrastructure and the means by which to use it. With respect to rural accessibility the infrastructure will be feeder roads, tracks and paths, and the vehicles (motorised or non-motorised) will provide the mobility hence increased access to roads is provided but there is no provision for vehicle services and hence mobility, then there has been no improvement in accessibility according to Creightney’s definition. Reducing the time and effort involved reaching essential services is not only a case of providing infrastructure and transport services but also relocating services.

By bringing services closer to people or making services mobile, the need for travel is reduced. Jones (1981) adds a further component to accessibility, that of time i.e. the time at which the individual is able to participate and the time at which the facility is available. Particular interventions are likely to suit access to certain facilities and services better than others. For example, access to water, firewood, health and educational facilities can be most improved through the more appropriate location of these services. Crop marketing can be improved through low cost means of transport, conventional transport services and provision of roads. A combination of roads and conventional transport services is the most sensible approach to be taken for improving access to markets and employment activities.

Rural inaccessibility is not exclusively a problem of the developing world. Research in the developed world suggests that many of the problems of inaccessibility can be solved by bringing the services to the people instead of taking the people to the services. Mobile centres can be used for a number of purposes including retailing (as is the case in developing countries today), social and health services, information and advice centres, banking and education. Two main advantages with mobile centres are Mobile centres can serve small pockets of demand by effectively rolling them together to make a viable operation and Mobile centres provide flexibility in that they can be located anywhere; they can arrive at times best suited to the needs of the clientele; they can be used for more than one activity either simultaneously or sequentially; and different types of clientele can be reached with the same vehicle (Moseley and Packman, 1983).

The high costs of reaching fixed public services and facilities may mean that mobile centres can provide a more effective delivery system. This is particularly the case for programmed to promote primary education, vocational training and health. For example, in Bangkok 60 percent of students attending evening training courses at mobile units in slum areas successfully completed the courses. By contrast a competing scheme based at a fixed facility had a 90 percent dropout rate (Creightney, 1993).

2.6 Resource-based theory

Resource-based theory has been developed to understand how organisations achieve sustainable competitive advantages. The theory focuses on the idea of costly-to-copy attributes of the firm as sources of business returns and the means to achieve superior performance and competitive advantage (Barney, 1986; Conner, 1991; Hamel and Prahalad, 1996). A firm can be understood as a collection of physical capital resources, human capital resources and organisational resources (Barney, 1991). Resources that cannot be easily purchased, that require an extended learning process or a change in the corporate culture, are more likely to be unique to the enterprise and, therefore, more difficult to imitate by competitors. It is argued that performance differentials between firms depend on having a set of unique inputs and capabilities (Conner, 1991). According to resource-based theory, competitive advantage occurs only when there is a situation of resource heterogeneity (different resources across firms) and resource immobility (the inability of competing firms to obtain resources from other firms) (Barney, 1991).

Barney (1991) argues that in order to provide competitive advantage a resource must fulfil four criteria: Valuable: the resource must have strategic value to the firm (for example, by exploiting opportunities or neutralising threats); Rare: the resource must be unique or rare to find amongst the current and potential competitors of the firm; Imperfect imitability: It must not be possible to perfectly imitate or copy the resource (because it is difficult to acquire; because the link between the capability or the achieved sustained competitive advantage is ambiguous; or because it is socially complex); Non-substitutability: competitors cannot substitute the resource by another alternative resource to achieve the same results.

As Grover et al. (1998) explain, the essence of a resource-based theory is that given resource heterogeneity and resource immobility and satisfaction of the requirement of value, rareness, imperfect imitability, and non-substitutability, firms' resources can be a source of sustained competitive advantage. Resource based theory treats enterprises as potential creators of value-added capabilities. Understanding the development of such capabilities and competences involves viewing the assets and resources of the firm from a knowledge-based perspective (Conner and Prahalad, 1996; Prahalad and Hamel, 1990). Prahalad and Hamel (1990) concentrate their attention on the collective learning processes of the organisation, on the development of skills and technology integration. Their concept of "core competences" is related to mechanisms by which firms learn and accumulate new skills in order to develop business capabilities to outperform competitors. One of the objectives of the theory is to help managers to appreciate why competences can be perceived as a firm's most valuable asset and, at the same time, to understand how those assets can be used to improve business performance. A resource-based view of the firm accepts that attributes related to past experiences, organisational culture and competences are critical for the success of the firm (Campbell and Luchs, 1997; Hamel and Prahalad, 1996). Conner (1991: p.140) suggests that "an in-house team is likely to produce technical knowledge, skill, or routine that fits better with the firm's current activities".

2.6 Conceptual Framework

In this study, the independent variables are profitability of youth enterprises, management of the youth enterprises and communication of the youth groups and the dependent variable is accessibility of YEDF loans by the youth. Moderating variable

is Government policy and intervening variable in this study is the number of youth groups.

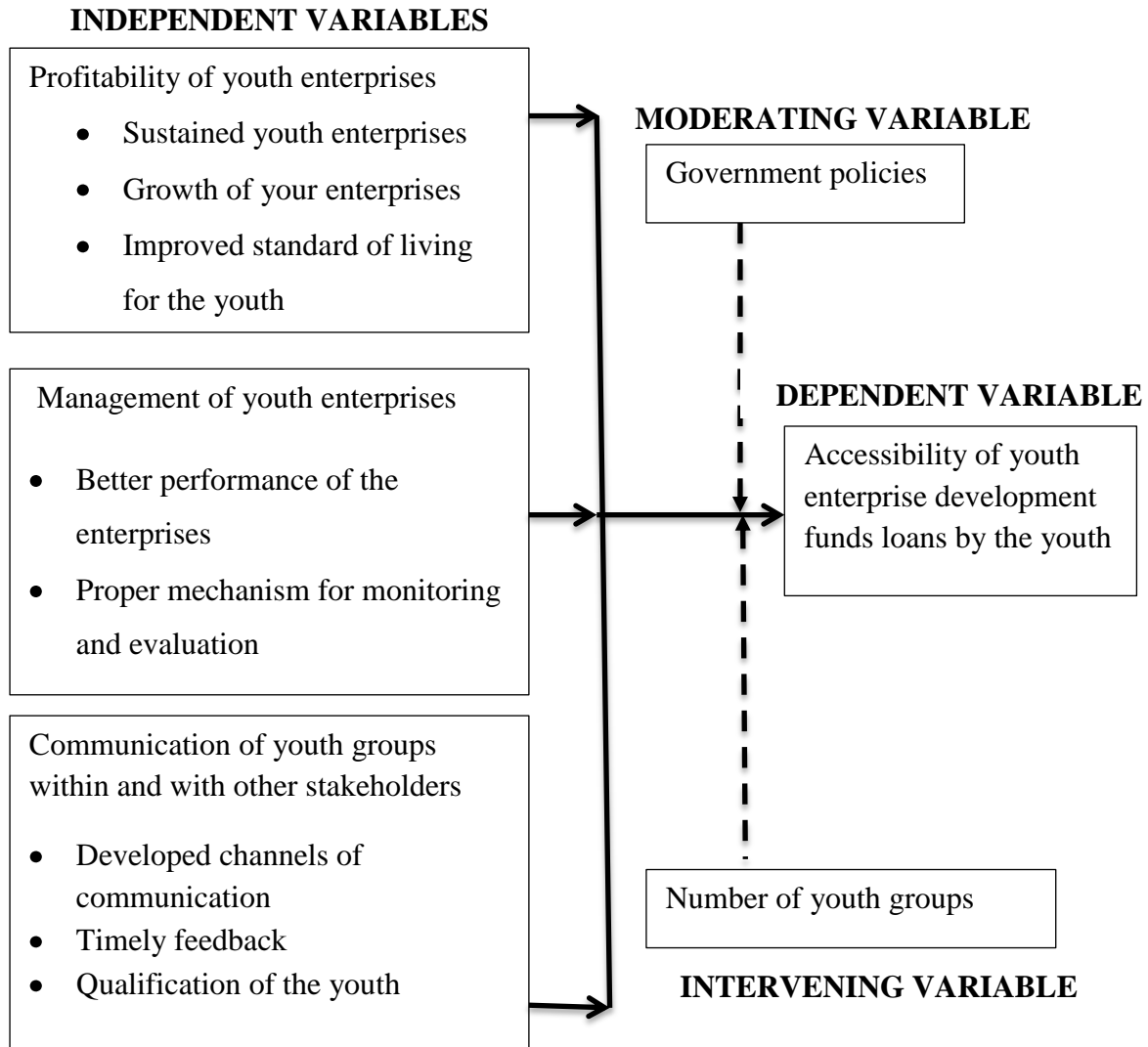


Figure 1 Conceptual framework

The variables in this study are profitability of youth enterprises; management of the youth and communication channels of the youth groups which are the independent variables, the other variable is accessibility of YEDF loans by youth which is the dependent variable in this study. Government policies are the moderating variable and the number of youth groups is the intervening variable. The researcher is to find out the relationship between the independent and dependent variables.

2.7 Summary

This chapter has introduced the literature review for the study. Brief history of the YEDF has been outlined and has described how the YEDF was initiated and developed in Kenya. Review on the three study objectives have been discussed in detail, the objectives of the study are to investigate how profitability of youth enterprises, management of the youth enterprises and communication channels of the youth groups influences the accessibility of YEDF loans by youth groups in Msambweni District.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In this section the researcher identifies the procedures and techniques that will be used in the collection, processing and analysis of data. Specifically the following subsections will be included; research design, target population, sampling design, data collection instruments, data research instruments procedures and finally data analysis.

3.2 Research Design

The design that was adopted for the study is descriptive survey design. According to Mugenda and Mugenda (1999) a descriptive study can be used to explain or exploring status of two or more variables and any given time and point. This type is appropriate for gathering information, summarizing, presenting and interpreting it for the purpose of clarification (Orodho, 2004). Orodho and Kombo (2002) state that this design can be used when collecting information about people attitudes, opinions, habits and experience then the design is considered to be more appropriate.

3.3 The target population

According to Ngechu (2004) a study population is a well-defined or specified set of people which are being investigated. Mugenda and Mugenda, (1999), explain that the population should have some observable characteristics which the researcher generalizes the results of the study. The population should fit a certain specification, which the researcher is studying and the population should be homogenous.

The target population for this study was the 220 registered youth groups, 6 financial intermediaries, 2 Ministry of Youth and Sports (Msambweni) officers and 2 YEDF (Msambweni) officers.

Table 3.1: Target population

Target population	Population Size
Registered Youth groups	220
Financial Intermediaries	6
Ministry of Youth (Msambweni)	2
Youth Enterprise Development Fund (Msambweni)	2
Total	230

3.4 Sample size and Sampling procedures

The sampling frame was drawn from the total number of registered youth groups. Ngechu (2004) underscores the importance of selecting a representative sample through making a sampling frame. Kothari (1999) noted that an optimum sample is the one that fulfils the requirements of efficiency, representativeness, reliability and flexibility. The sample should be in the range of 10-30 percent. A representative sample of 67 groups was drawn from the 220 registered youth groups using simple random sampling.

A purposive sample of 6 officials (one per Financial Intermediary) from the 6 financial intermediaries providing YEDF loans to youth of Msambweni District were selected. One YEDF officer and Msambweni Youth Development Officer were

purposively selected as key informants. The sampling frame is summarized in the table below.

Table 3.2: Sampling frame

Population Group	Population Size	Sample
Registered Youth groups	220	67
Financial Intermediaries	6	6
Ministry of Youth (Msambweni)	2	1
Youth Enterprise Development Fund (Msambweni)	2	1

3.5 Research Instruments

The research instruments used was a questionnaire. The questionnaire contained both open and closed ended structure questions developed by the researcher and developed with questions based on the variables developed in the conceptual framework. The questionnaires were used on the sample consisting of the youth, youth group and the disbursement committee.

3.6 Validity and reliability of the research instrument

Validity of a research instrument is the extent to which the questions provide a true measure of what they are designed to measure (Orodho, 2004). The purists would argue that there are many different types of validity in such studies but the key things that you need to consider are that the questions are clear and likely to produce accurate information, and that the full scope of the area that you intend to measure is covered by your tool (Taylor, Gibbs and Lewins, 2005). The researcher included both open and closed ended questions to capture all information from the respondent to

ensure content validity is achieved. When a test has content validity, the items on the test represent the entire range of possible items the test should cover. To test validity, the researcher went through the questionnaires with the supervisor and ensures validity is achieved and piloted.

Reliability refers to consistency of the measurement; in other words, consistency can relate here to the questionnaires being clear and well defined in order not to confuse the respondent and repeatability here means that if researchers have findings from a group they should be able to repeat the survey and get exactly the same results. Reliability in questionnaire studies relates to the ability of your tool to produce the same results if you tested it five times over. The researcher employed split-half method to test reliability. Threats to reliability in questionnaires include the use of ambiguous questions, or being overly long. Reliability is more likely to be ensured if the respondent devotes a consistent degree of concentration and interest throughout (Taylor, Gibbs and Lewins, 2005).

3.7 Data collection procedures

The researcher obtained an approval for the proposal and introduction letter from the University of Nairobi to accompany the questionnaires to the research field. The researcher sought authority from the Ministry of Higher Education, Science and Technology. Prior to the distribution of the questionnaires the researcher sought the requisite permission from the relevant authorities including authorities at the Msambweni District Youth Enterprise Development Fund office. The researcher paid a courtesy call to Msambweni Youth Development Office. The questionnaires were delivered physically to the respondents by the enumerators and they assisted in filling

in the questionnaires whenever the respondent could not do it by him/herself especially if the respondent is semi illiterate or completely illiterate. The enumerators were trained on the questionnaires before they started the exercise.

3.8 Data Analysis techniques

Data analysis took descriptive statistics. The structured questionnaire was coded in respect to questions for ease of electronic data processing prior to the commencement of the fieldwork. After tabulation, the data was coded to facilitate statistical analysis. On the quantitative data, SPSS (Statistical Package for Social Sciences) software version 19 was used to analyze the data. Report was written using Microsoft Word, Microsoft Excel was used to formulate the tables and also for entry of arithmetic data. Data was also analysed by performing correlation and cross tabulation analysis.

3.9 Operationalization of variables

The operational definitions of variables described the independent and dependent variables measurement indicators of the study as shown in Table 3.3.

Table 3.3: Operationalization of variables

VARIABLE	VARIABLE INDICATORS	MEASUREMENT	MEASUREMENT SCALE	TYPE OF ANALYSIS
<i>INDEPENDENT VARIABLES</i>				
Profitability of Youth enterprises	Sustained youth enterprise	Profit per month	Ratio	Correlation
	Improved livelihood of the youth	Profit per month	Ratio	Correlation
Management of youth enterprises	Better business skills	Presence of skills	Nominal	Cross tabulation
	Training in business skills	Number of persons	Ratio	Correlation
	Need for training	Need for training	Nominal	Cross tabulation
Communication in Youth enterprises	Developed channel of communication	Means of communication	Nominal	Cross tabulation
	Timely feedback	Numbers of days	Ratio	Correlation
	Distance between the enterprises and the Youth Department/ financial intermediary	Number of kilometres	Interval	Correlation
<i>DEPENDENT VARIABLE</i>				
Accessibility of YEDF loans by youth	YEDF loans received	Amount of YEDF loan received	Ratio	Correlation
	Duration of YEDF Loan application	Number of months	Ratio	Correlation
	Successful YEDF Loans applied	Proportion of successful YEDF loans applications	Ratio	Correlation

3.10 Summary

In this chapter, the research design used in the study was descriptive survey design and the main research instrument was questionnaire. The validity and reliability of the research tool was explained. Sample size, target population and sampling procedure have also been explained. The researcher has explained how data was collected and analyzed. Data was collected using questionnaires; the data was entered into a computer using SPSS software. The data was analysed using SPSS software and the result was in form of frequency tables.

CHAPTER FOUR
DATA ANALYSIS, DISCUSSION, PRESENTATION AND
INTERPRETATION

4.1 Introduction

This chapter presents a description of analysis of data, presentation, interpretation and discussions. The study was on factors that influence the accessibility to the youth enterprise development fund loans by the youth groups in Msambweni District, Kwale County, Kenya. The work is organised based on the three research questions raised for the study. Data is then presented in form of frequency tables and charts where applicable. This presentation is based on the questionnaires administered and observations made.

4.2 Questionnaire Return Rate

Completion rate is the proportion of the sample that participated as intended in all the research procedures. The returned questionnaires were from 67 for the treasurers of the youth groups and questionnaire for the District youth officer, Youth Enterprise District Fund Officer and an official from the financial intermediaries who were 8 key informants. Analysis and data interpretation was based on these returns.

4.3 General findings

The study sampled 67 youth groups from a population of 220 registered youth groups in Msambweni District. The study also sought views from the Ministry of Youth and Sports officials as well as those from Youth Enterprise Development Fund (YEDF). Although part of the population, information from the financial intermediaries was not collected due to logistical challenges.

4.3.1 Descriptive Statistics

The study carried out descriptive statistics on gender of respondents, groups higher education level of members, and age bracket of all the youth group leaders. This information was to know the type of respondents who were answering the question and have an idea on the people leading this group of young people.

Gender of Respondents

Table 4.1 shows the composition of the respondents by gender.

Table 4.1: Gender of the respondents

	Frequency	Percentage
Male	50	74.6
Female	17	25.4
Total	67	100.0

Composition of respondents was male (74.6%) and females (25.4%) hence there were more male participants than their female counterparts. This implies that in most youth groups male were higher risk takers hence had joined in groups to support each other in business.

Proportion of the respondents by division of the target groups

Members were asked to indicate where the group was located. Since Msambweni District has three divisions and the groups were sampled from the three divisions, that is, Msambweni, Diani and Lungalunga. Table 4.2 shows the location of sampled target groups within Msambweni District.

Table 4.2: Proportion of respondents by Divisions in Msambweni District

	Frequency	Percentage
Msambweni	23	34.3
Diani	21	31.3
Lungalunga	23	34.3
Total	67	100

The proportion of respondents by division was 34.3%, 31.3% and 34.3% from Msambweni, Diani and Lungalunga respectively indicating each of the divisions was well represented by their groups. There was a fairly equal representation among the three divisions in the District.

Highest Education of Youth Group Officials

The researcher sought to know the highest education level for the key officials such as the chairman, the treasurer and secretary.

Table 4.3: Secondary education of youth group officials

Official	Percentage with Secondary Education
Chairman	70.1
Treasurer	79.1
Secretary	75.1

Majority of the officials have secondary level of education with 70.1% of the chairman being average was 79.1% of the treasurer being average and 75.1% of the

secretaries being average. This means they are able to influence the youth groups in accessibility of Youth Enterprises Development Fund Loans.

Age Bracket of Youth Group Officials

The researcher then sought to know the age bracket of the youth group officials. The table 4.3 shows composition of officials by age bracket. The officials considered were chairman, secretary and treasurer of the groups.

Table 4.4: Age Bracket of Youth Group Officials

	Chairman		Secretary		Treasurer	
	Frequency	Percent	Frequency	Percent	Frequency	Percentage
18-23	5	7.5	9	13.4	6	9.0
24-29	32	47.8	42	62.7	37	55.2
31-35	29	43.3	16	23.9	24	35.8
Above 35	1	1.5	0	0	0	0
Total	67	100.0	67	100	67	100.0

Majority of the officials were aged between 24-29 years, the chairman recorded 47.8% while the secretary recorded 62.7% and 55.2% for the treasurer. It is however worthy to note that the groups prefer to have chairman with an advanced age as it can be seen where 43.3% are in the 31-35 age bracket and had a chairman who was above 35 years. This implies that the groups had officials of the required age groups since in Kenya the youth are considered to be between 18-35 years of age.

4.4 Performance of youth enterprises

This study sought to establish whether the performance of youth enterprises influenced the accessibility of YEDF loans in Msambweni District. Profitability of youth enterprises was measured in various ways. First, the popularity of economic activity engaged by youth groups and accessibility of the fund by the youth.

4.4.1 Economic Activities of the Youth Groups

The researcher sought to know the economic activities of the youth groups. The results are as shown in Table 4.5.

Table 4.5: Economic Activities of the Youth Groups

Sector	Frequency	Percent
Arts	3	4.5
Beekeeping	3	4.5
Ecotourism	1	1.5
Education	2	3.0
Environmental conservation	13	19.4
Farming	9	13.4
Fish business	1	1.5
Health	4	5.9
HIV/AIDS awareness	7	10.4
Horticulture	5	7.4
Merry-go-round	4	5.9
Poultry	7	10.4
Retail	5	7.4
Scouting	1	1.5
Tailoring	1	1.5
Transport	1	1.5
Video café	1	1.5
Total	27	100.0

Economic activities of the sampled groups were varied; the study found out that groups engaged in more than one activity in a bid to diversify their source of incomes. Figures indicate that environmental conservation activities (19.4%), farming (13.4%), HIV/AIDS awareness (10.4%), poultry farming (10.4%), horticulture (7.4%) and

retail business (7.4%) are the main economic activities among the youth groups of Msambweni District. The key informants also noted that the youth were engaged in various activities which included farming, poultry rearing, merry go round, retailing clothes, tailoring, transport, video cafes, eco-tourism, curios and others that assisted in the growth of the groups. The researcher then asked the key informants to indicate whether there was local or international market for the products /services from young entrepreneurs. All the key informants noted that there was market for animal products both locally and internationally, horticulture produce and curios were also sold locally and internationally.

Other activities such eco-tourism (1.5%), retailing clothes (1.5%), tailoring (1.5%), transport (1.5%), video cafes (1.5%) were traded locally with both local and international communities within the county. The key informants were asked to give a recommendation to facilitate better business performance, with majority of them indicating that the youth required skills and training in various business ventures, before and after receiving the loans. This would help them gain skills that would help them develop their businesses, the youth should also be encouraged to produce goods and services that can sell in international markets since it would assist in earning them foreign forex hence not relying fully on the local market. The results agree with Chigunta (2002) more enterprises owned by young people have a lower market value or inventory; more youth entrepreneurs are engaged in a narrower range of activities; they operate from homes or streets (lack of access to space); they do not bring experience and contacts to the business, and more enterprises owned by youth tend to rely on simple tools or have no equipment at all. These constraints expose youth enterprises to greater risk than adult enterprises. Many youth enterprises in both

developed and developing countries also largely rely on the local market. Available evidence suggests that heavy reliance on the local market, especially in poor countries, is a key constraint on earnings and growth of enterprises.

4.4.2 Accessibility of Youth Enterprise Development Fund (YEDF)

In Kenya, the YEDF loan targets all forms of youth owned enterprises whether individual, companies, groups, cooperatives or otherwise and the loan is accessible to any youth owned enterprise operating within the District. A second component is the Constituency Youth Enterprise Scheme (C-YES) that funds enterprises of youth groups in all constituencies. Groups were asked for the reason for not applying for the YEDF loan. Responses were tabulated in the Table 4.6.

Table 4.6: Reasons for not applying for Youth Enterprise Fund loan

Reasons for not applying for YEDF	Frequency	Percentage
Amount to borrow was too little	4	5.9
Collateral too high	4	5.9
Group is new	15	22.4
Fear of taking risks	4	5.9
Discouraged by loan administrators	23	34.3
Unaware about the loan scheme	15	22.4
Group is disorganized	2	3.0
Total	67	100

Most of the respondents (34.3%) said that the main aim for not applying for the youth enterprise development fund loan was discouragement by the loan administration

processes. Other reasons included group was new and unaware about the loan schemes. The other reasons were minor which included amount being too little, collateral too high, fear of taking risks, and the least was that the groups was disorganised. From these answers the researcher then sought to know whether there was profitability of youth enterprises. Seventy six percent of the groups were involved in some business, of which 90% of them were making profits. These results agrees with Amenya [2011] who noted that YEDF could be a preferred source of funding among the youth, accessing it remained a great challenge, there was lack of monitoring and evaluation affected its implementation. Gumbo [2010] establishes that the critical problem faced by MFIs was limited and unreliable sources of funding and inflation which had eroded the monetary value of the currency. Mburu [2010] observes that the loan given was minimal below Kshs.20,000 and that some lending institutions required collaterals which indicates that a small fraction of the youth are likely to have access to the funding.

Source of Loan

There are two levels of disbursement of the youth enterprise development fund, Constituency based disbursement and through financial intermediaries. There are two types of disbursement under constituency based scheme which are Constituency Youth Enterprise Scheme (C-YES), where the youth through groups' access funding up to a maximum of 50,000 shillings either to start businesses or for expansion. For new enterprises the loan product extended is called C-YES Rausha while for expansion, it is called C-YES Inua. Those who had accessed the youth fund were asked to indicate the source of the loan. The responses are as shown in the Table 4.7.

Table 4.7: Distribution of Respondent by Component of the loan accessed

	Frequency	Percentage
Constituency Youth Enterprises Scheme	21	31.3
Microfinance Intermediary	46	68.7
Total	67	100.0

Majority (68.7%) of the respondents indicated that they had accessed loan from the financial intermediary and 31.3% had accessed the loan from constituency youth enterprise scheme. The researcher observed that most youths had accessed the fund through the Financial Intermediary component since they believe they could get more funding from them. This is because they are believed to be more appealing to the youth since they are more flexible. The grouping in Financial Intermediaries required lesser members up to four and at times the intermediaries fund individuals as opposed to at least ten members for the C-YES component.

Time taken to access the fund

The researcher enquired from the respondents to list the number of months they waited to receive the loan. The results are as shown in the Table 4.8.

Table 4.8: Time taken to access the loan

Duration in months	Frequency	Percentage
1-3months	21	31.3
4-6months	33	49.3
Above 6months	13	19.4
Total	67	100.0

Slightly below half of the respondents (49.3%) indicated that it had taken them 4-6 months to access the loan while 31.3% of them had taken 1-3months to access the loan and 19.4% had taken above 6 months to access the loan. The researcher observes that sometimes for the youth to meet the requirement it was necessary for the institution lending them money to identify whether they were reliable to pay the said amount. The key informants also noted that sometimes there was delay in the disbursement of the youth fund. This was because all the processes had to be followed by the youth in order to successfully access the fund.

The key informants noted that entrepreneurship is a slow process which demands amongst other factors calculated risk-taking, patience and above all commitment by all parties concerned. It is gratifying to note that the youth of this country can now be gainfully employed through setting up own businesses with the help of government funding. The results agrees with Mwangi (2006) who noted that whereas appreciating that financing is a major component of enterprise development, it may be necessary to consider other factors that may hinder sustainable entrepreneurship development amongst the youth.

Requirement of security

Security for a loan is required at all times. This is done by the youth group guaranteeing each other hence they can borrow some money that they can either invest together or can be invested individually. Hence this study sought to know from the youth whether there was time when they were required to give a security other than the group to access the fund. The results are as shown in Table 4.9.

Table 4.9: Required Security

Security required	Frequency	Percentage
Yes	13	19.4
No	54	80.6
Total	67	100.00

Majority of the respondents (80.6%) had not been asked for a security while 19.4% of them had been asked to bring in collateral. The key informants noted that the youth defaulted the payment of the loans hence this could have been as a results of many issues which included that some thought the money was free, others businesses did not pick because of skills deficit, others had issues in developing profitable businesses hence could not afford to pay back the loan.

This results with some institutions asking for collateral so that they could make sure the groups did not default or thou the main security was the group itself. The result agrees with Lapenu and Zeller (2001), group lending programs provides a loan to an individual borrower, who is a member of a borrowing group. Non-repayment by the group means that all borrowers in the group will be denied future access to loans from

the program. In this way, group lending creates incentives for individual group members to screen and monitor the other members of the group and to enforce repayment, because each individual wants to reduce the risk of having to contribute to the repayment of loans of other members and since he/she wants to ensure access to future loans.

4.5 The influences of management in the accessibility of YEDF loans

Before starting a business, it is necessary to make an assessment of the required personnel training and management. Look at the ability, cost of hiring and training human resource. Management efficiency will enable the business to succeed (<http://www.kenyaplex.com>). Entrepreneurship education generally refers to programs that promote entrepreneurship awareness for career purposes and provide skill training for business creation and development (Vesper, 1990; Bechard & Toulouse, 1998). It is distinguishable from other forms of business education when its purpose is creating a new product or service that results in higher economic value (Hanesmark, 1998). This study sought to know whether the group members had any professional skills. The results are as shown in Table 4.10.

Table 4.10: Professional skills

Professional skills	Frequency	Percentage
Yes	54	80.6
No	13	19.4
Total	67	100.0

Majority of the respondents (80.6%) had professional skills while 19.4% of them had no professional skill. When asked whether these skills assisted in running the group activities, all the respondents indicated that the skills were very useful to the group hence the activities they were carrying out were assisted by them. The researcher observes that all the respondents had benefited in one way or the other from the professional skills of the each other. Those who had accounting skills helped the rest of the group members in doing their book keeping hence assisted to know whether they were making profits or losses. The key informants were asked to indicate the qualification of youth for YEDF loan.

All the key informants noted that the youth must have a registered group/company/cooperative which is in existence for at least 3 months as of the date of application, the registered entity must have a bank account, prepare business proposal (business proposal form will be provided), submit the proposal form to Divisional Social Development Committees through Youth Officers, District Social Development Officers or the Constituency Office, Divisional Social Development Committee evaluates the proposal using evaluation guide provided by Ministry of State for Youth Affairs, recommended proposals submitted to the District Social Development Committee for validation and funding, District Social Development Committee disburses the payment in the name of the youth group, the entity has a grace period of 3 months to commence loan repayment, entity repays the loan in installments within 12 months after the grace period into the District Social Development Committee bank account (www.youthaffairs, 2007).

This prompted the researcher to enquire whether the group needed more training in entrepreneurship/ business management skills. The results are as shown in Table 4.11.

Table 4.11: Group requirement training for in entrepreneurship management skills

Require training in entrepreneurship management	Frequency	Percentage
Yes	49	73.1
No	18	26.9
Total	67	100.0

Majority of the respondents (73.1%) felt that there was need for the group to get training on entrepreneurship/ business management while 26.9% of them felt the training was not required. The researcher observes that entrepreneurship skills are very important within the group since it would help even those with professional skills that would assist in other areas to be able to gain new skills that would assist them in the management of business. This may help them improve on their profitability. The key informants noted that there was need for technical skills training to be offered by rehabilitated Youth Polytechnics and the National Youth Service, entrepreneurial skills training in the Districts and at institutions of learning whose focus will be on provision of sustainable and integrated training system that would build the business and entrepreneurial capacities of the youth and provide them with opportunities for self-employment. There was also need for the officers to conduct a national business plan competition and intensive training for qualifying participants, the Fund will embrace a public-private partnership in which the government, private

sector, civil society and development partners each performs their respective roles. In these roles and the government was to provide funding, an enabling environment through policy and regulatory reforms as well as infrastructure investment (www.youthaffairs.go.ke/downloads/supplement). These results correspond with Bowen et. Al. 2009 who noted that training received in their areas of business helped businesses to perform better. Hence he recommended that there was need to get trained in an area that is relevant to the business carried out. The researcher then sought to know the number of times the group meet to discuss official matters. The results are as shown in Table 4.12.

Table 4.12: Frequency of group meetings

Frequency of group meetings	Frequency	Percentage
Weekly	33	49.3
Fortnightly	21	31.3
After three weeks	5	7.4
Once per month	8	11.9
Total	67	100

Slightly below half of the respondents (49.3%) indicated that meeting were held weekly while 31.3% met in a fortnightly. About 7.4% indicated that the group meetings were held once per month and 11.9% after three weeks. When asked whether the group kept the minutes for the meetings. All the respondents said that minutes for the meetings were kept by the secretary of the group. This helped them track down their progress and also helped them to keep in touch with each other and the activities they were engaged in.

4.6 The Influence of Communication and accessibility of finances

Scholars suggest that community ICT networks provide greater access to essential services such as education, training, and health care (Fawcett, Francisco, & Schultz, 2000) and may increase community capacity, ultimately strengthening communities (Telenor, 2004). Increased access to information is reported to improve a community's ability to interact with other organizations, such as governments, businesses, and other administrative units. The study wished to establish the distance from the headquarters / financial intermediary in kilometres to the youth. The result shows that Msambweni District has three divisions namely Msambweni, Diani and Lungalunga. The youth groups are scattered in the District, with those near the District headquarters in Msambweni town to those from far areas of Lungalunga and Vanga. Majority of the groups came from the District headquarters at 30 kilometres. The nearest group was at a distance of one kilometre while the farthest group covered 45 kilometres. Groups were asked about the use of various means of communication with the youth department and responses are as summarised in Table 4.13.

Table 4.13 Popularity of the Means of Communication

Means of Communication	Youth Groups		Youth Department	
	Frequency	Percentage	Frequency	Percentage
Mobile telephone	39	58.2	38	56.7
Email	2	3.0	0	0.0
Letters	2	3.0	6	9.0
Oral	24	35.8	23	34.3
Total	67	100	67	100

The most popular means of communication between the youth groups and youth department used was a mobile telephone at 58.2% and 56.7% respectively. While 35.8% of them indicated that the other common mode of communication was oral communication between the youth groups and youth department. The majority of respondents also noted that communication was immediate (less than a day). This was irrespective of the mean of communication used by both parties. The longest it took for a communication to be responded to was a day and this delay was significant at 9%, only second to the immediate response category. The key informants also indicated that their main means of communication they used to contact the youth group was mobile communication and emails. This was quick and would help to get feedback. According to the key informants this was deemed to be the best means of communication since feedback was given immediately. Another means of communication that was good since it was officially acceptable was through emails.

Reasons for preference of means of communication

Communication between the youth group officials and the youth fund officers is very important. The researcher sought whether there were reasons for preference of means of communication. The respondents were asked the reasons for preferring the means of communication they use to communicate with the youth department. Responses were summarised in the table 4.14.

Table 4.14: Reasons for Preferring Means of Communication

Why Means of Communication is Preferred	Frequency	Percentage
Cheap	11	16.4
Convenient	18	26.9
Easy to understand	14	20.9
Fast	23	34.3
Good for record keeping	1	1.5
Total	67	100.0

Most of the respondents (34.3%) noted that the reasons for preferring means of communication was fast while 26.9% of them noted that the means of communication was convenient that the means of communication used was the best for the purpose and the reasons offered for the preference was the fastest of information flow, convenience, 20.9% ease of understanding and affordability. 1.5% noted that good for record keeping. The key informants said that the mean of communication was cheap and convenient and it also help keep good record for the groups especially through emails to the groups and to their institution from the youth.

4.7 Challenges in Accessing the Youth Enterprise Development Fund

The sampled youth groups noted various challenges limiting the access of YEDF among the youth groups. Groups gave various challenges affecting their access to the YEDF loans and summarised in the Table 4.15.

Table 4.15: Extent to which Various Challenges influence the access of YEDF

Challenges	Frequency	Percentage
Delay in disbursing loans	26	38.8
Youth groups lack capacity to utilize the loans	2	3.0
The loan given is inadequate	8	12.0
Information about the YEDF is inadequate	5	7.4
YEDF officers have integrity challenges	2	3.0
Fund has strict requirements	23	34.3
YEDF are not available	1	1.5
Total	67	100.0

The main challenges were delay in disbursing the loans at 38.8%, strict requirements at 34.3% and inadequacy of the loan amounts at 12.0%. Other challenges include groups' limited capacity to utilize the loans, inadequacy of information about the fund and poor management of the fund with a percentage ranking of less than 7.4%, 3.0% were YEDF officers have integrity challenges, youth groups lack capacity to utilize the loans and 1.5% YEDF. The key informants noted that some of the challenges encountered included Many young people lack entrepreneurial skills lack of credible Financial Intermediaries in some areas of Kenya, demand for services of the Fund is very high compared to the resources allocated and many young people are unable to

access financial services owing to distances between their homes and the nearest financial institution. This may at times have a negative effect on uptake and on repayment. To address these challenges, various recommendations were made which seek to ensure the efficiency of youth enterprise development funds in addressing the issues of youth unemployment in Msambweni District in particular and the country generally. Various recommendations were given by groups as shown in the Table 4.16.

Table4.16: Recommendations for Improving the Management of YEDF

Recommendations	Frequency	Percentage
Avoid unnecessary delays	18	26.9
Increase amount of loan offered per group	14	20.9
Simplify loan conditions	24	35.8
Train youth groups on group dynamics	6	9.0
Ensure YEDF officers are available	5	7.4
Total	67	100

About 35.8% of the youth groups surveyed recommended that the stringent loan conditions should be simplified, while 26.9% recommended that delays in the disbursement of the loans should be avoided. Further, 20.9% recommended that the amount of loan per youth group should be increased. Administrative issues such as training of the youth groups (9.0%) and availability of youth officers (7.4%) were respectively. The key informants noted that to improve the groups once registered with the constituency youth officers then training should commence and the grace period for them to be trained on different business opportunities after coming up with a proposal then they will have established what business they wish to carry out. The

key informants also noted that delays after application of loans should be improved on the side of the youth officers and that the YEDF officers should be readily available all the times since the government has employed youth officers in each District.

4.8 Government Policy and Recommendations Regarding the Accessibility Youth Enterprise Development Fund

The relevance of the government policy towards the accessibility of the youth enterprise development fund was tested among the youth groups. Table 4.17 provides the results of various opinions held in the study area.

Table 4.17: Reasons why Government Policy does not influence YEDF

Accessibility

Reasons	Frequency	Percentage
Group business proposal matters most	34	50.7
Youth groups have not been sensitized about the Fund	9	13.4
The revolving fund is not adequate for all youth groups	24	35.8
Total	67	100.0

Of the sampled groups, 50.7% felt that the current government policy did not influence the accessibility of the YEDF since the group business proposal matters the most and; 35.8% felt it did have an influence since the revolving fund was not adequate for all youth groups and 13.4% felt that youth groups have not been sensitized about the fund in the grassroots. The key informants noted that government

policy did not influence YEDF accessibility since the management of YEDF the Fund would avail more capital to young entrepreneurs through partnership with the private sector to ensure sustainability and growth of its interventions. More financial products will be launched to meet the growing needs of youth enterprises. Such products include bid bonds and performance bonds, LPO financing, and invoice factoring. Mechanisms to ensure participation of youth enterprises in government procurement contracts will be developed and a directory of youth enterprises published. Youth enterprises that have unique products and services will be linked to markets locally and abroad. Marketing support will be provided to all youth businesses financed. Comprehensive Business Development Services will be provided to young entrepreneurs financed by the fund. Entrepreneurship training will be continuously provided to youth entrepreneurs in all constituencies and a loan guarantee fund that will specifically target new business ideas will be established within the course of the year. The fund was publicized once the operational mechanisms have been finalized.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter contains the summary, conclusions and recommendations of the study. It will also have the suggestions for further study.

5.2 Summary of findings

The study revealed that there were different economic activities that the youth groups engaged in with the most common being environmental conservation, farming and poultry rearing in Msambweni. This was also supported by the key informants who also noted that they were able to equip the youth with skills and training required in venturing in these activities.

Accessibility of youth enterprise development fund

The study revealed that most of the youth groups did not apply for the youth enterprise development fund loan since they were discouraged by the loan administration process and also other new groups had not learnt about the youth fund. The study also established that the source of the loan the youth had borrowed was from the microfinance intermediary. The study revealed that 49.3% of the respondents noted that the time taken to access such loan was 4-6months and it also established that the youth group had not been asked for a security. These results agrees with Amenya [2011] who noted that YEDF could be a preferred source of funding among the youth, accessing it remained a great challenge, there was lack of monitoring and evaluation affected its implementation. Gumbo [2010] establishes that

the critical problem faced by MFIs was limited and unreliable sources of funding and inflation which had eroded the monetary value of the currency.

Management influence in the accessibility of YEDF loans,

The study established that 80.6% of the youth group members had professional skills. The study also established from 71.3% of the respondents that there was need for the group to get training on entrepreneurship/ business management. The skills were important to assist the youth group members in the management of the business. The study revealed that the youth group had their meetings on weekly basis. According to the youth fund officers interviewed as the key informants youth must have a registered group/company/cooperative which is in existence for at least 3 months as of the date of application, the registered entity must have a bank account, prepare business proposal (business proposal form will be provided), submit the proposal form to Divisional Social Development Committees through Youth Officers, District Social Development Officers or the Constituency Office, Divisional Social Development Committee evaluates the proposal using evaluation guide provided by Ministry of State for Youth Affairs, recommended proposals submitted to the District Social Development Committee for validation and funding, District Social Development Committee disburses the payment in the name of the youth group, the entity has a grace period of 3 months to commence loan repayment, entity repays the loan in instalments within 12 months after the grace period into the District Social Development Committee bank account (www.youthaffairs, 2007).

On the communication and accessibility of finances

The study revealed that the most popular means of communication between the youth groups and youth department used mobile telephone. This was because the response was immediate or less than a day. The other reason for this type of communication was fast and convenient. The results agreed with Fawcett, Francisco, & Schultz, (2000) suggest that community ICT networks provide greater access to essential services such as education, training, and health care (Fawcett, Francisco, & Schultz, 2000) and may increase community capacity, ultimately strengthening communities (Telenor, 2004). Increased access to information is reported to improve a community's ability to interact with other organizations, such as governments, businesses, and other administrative units. The study wished to establish the distance from the headquarters / financial intermediary in kilometres to the youth.

Challenges in accessing the youth enterprise development fund

The study established that there were several challenges affecting the access to the youth enterprise development fund. The main challenges were delay in disbursing the loans and strict requirements (proposal, registration, operation bank account and the amount was too little).

The study sought to establish ways of improving the management of youth enterprise development fund, where the study recommended that the stringent loan conditions should be simplified and also delays in the disbursement should be avoided. The key informants (youth officers) noted that delays after application of loans should be improved on the side of the youth officers and that the YEDF officers should be

readily available all the times since the government has employed youth officers in each District.

Government policies and recommendations regarding the accessibility of YEDF

The study established from more than half of the respondents indicated that the current government policy did not influence the accessibility of YEDF since group business proposal matters the most and the revolving fund was not adequate for all youth groups.

5.3 Conclusions

The following conclusions can be drawn from the findings.

There are different economic activities the youth groups engage in the area which they have been equipped with skills and training to enhance them in growing and repaying back the funds given from the YEDF and be able to repay back. The youth groups did access funds although not from the YEDF but from the financial intermediaries in the area.

The youth group members had professional skills and they were also offered training by the YEDF officers to gain skills that were important in learning their type of activities which in turn would enable them to make a profit hence enabling them to repay the fund. The most common means of communication between the youth groups and youth department was a mobile phones since they were able to get feedback from each other immediately or within a day. There are challenges affecting access to the YEDF with disbursement of loans being the most common because of

the requirements. The government policies did not influence the accessibility of YEDF since group business proposal were considered the most.

5.4 Recommendations

The following recommendations were drawn.

- i. There is need for the youth to be equipped with skills and training on activities they are undertaking so as to be able to repay the money given to them by the YEDF.
- ii. There is need for the YEDF to encourage the youth to get loans from them by easing the administration process followed for them to access funds. The loan should not take too long to be disbursed since the need is then when the groups apply for it.
- iii. There is need for the youth to be equipped with entrepreneurial skills and business management skills to help them make informed decisions on the businesses that are viable for their groups.
- iv. There is need for both open and closed communication since this will assist the group to operate effectively. Closed communication may include emails and letters from both the youth groups and the youth department in the constituency level.
- v. There is need for the youth enterprise development fund to improve on disbursement loan. There is need for the youth enterprise development fund to ease the stringent loan conditions. There is need for the government to change the policy on the need for the business proposal but they can visit the site of the youth group business and make recommendations whether the business is

viable for a loan or not. A check on the books of accounts for the youth groups could also be helpful when making such decisions.

5.5 Suggestions for further research

- i. A similar research should be carried out to establish factors that influence the accessibility to the youth enterprise development fund loans by the youth groups in the Kenya.
- ii. A research should be carried out on issues of gender parity and issues affecting gender participation in youth enterprise development fund.

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APPENDICES

APPENDIX 1: INTRODUCTION LETTER

UNIVERSITY OF NAIROBI

P.O. BOX 30197

NAIROBI

July 9, 2012

Dear Respondent,

I am a student at University of Nairobi, in the Department of Extra Mural studies currently undertaking a Master of Arts degree in Project Planning and Management. My area of study is to investigate factors influencing the accessibility of the Youth Enterprise Development Fund loans by the youth in Msambweni District. To enable me collect data necessary for this project, I have attached a Questionnaire. I would like to assure you that information provided will be used for purposes of this research and not any other reason whatsoever.

You have been selected to participate in this study, kindly provide the information in the questionnaire to the best of your ability. I will appreciate if you could sacrifice a bit of your time to answer these questions. No name of individuals, business enterprise or youth group is required from the respondent.

Thank you for your cooperation.

Sincerely yours,

Gatonga Robert

L50/65411/2010

**APPENDIX 2: QUESTIONNAIRE FOR THE TREASURER OF THE YOUTH
GROUP**

Dear Respondent,

This study seeks to investigate factors that influence the accessibility of Youth Enterprise Development Fund loans by youth groups in Msambweni District. This is in view of establishing the factors that influence the accessibility of Youth Enterprise Development Fund loans by youth groups in Msambweni District.

Please read the question carefully and ask for any clarification before answering the questions. Answer all the questions, giving your honest opinion in all cases.

SECTION I: GENERAL INFORMATION

1. Gender of the respondent , Male [] Female []

2. Name of the
group.....

3. Where is your group located?

4. What's the composition of your group? Male [] Female []

5. What is the highest level of education of the following group officials
Chairman
Secretary
Treasurer

6. What is the age of the following group officials
Chairman 18- 23 [] 24-29 [] 31-35[] Above 35 []
Secretary 18- 23 [] 24-29 [] 31-35 [] Above 35 []
Treasurer 18- 23 [] 24-29 [] 31-35[] Above 35 []

7. What are the activities of your group?

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

8. (a) Have your group ever applied for YEDF loan? Yes [] No []

(b) If NO in 8(a), why?

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

Answer the remaining part of question 7 if your groups have ever applied for YEDF loan

(c) How much did you receive? Kshs.

(d) Where did you get your loan from?

Constituency Youth Enterprise Scheme []

Microfinance Intermediary []

Both []

(e) Approximate the number of month you took before receiving the loan?

.....months

(f) Were there any security requirements? Yes [] No []

SECTION III: QUESTIONS ON PROFITABILITY OF YOUTH

ENTERPRISES

9. Is your group running any business? Yes [] No []

If NO

why?.....

.....

.....

.....

.....

Answer the remaining questions in this section if your group is running a business

10. How long has the business been in operation?YearsMonths

11. Are you making any profits from the business? Yes [] No []

12. How much profit were you making before funding by YEDF?

Kshs.....

13. What is the estimate income of your business per month?

Kshs.....

14. What is the current value of your stock?

Kshs.....

SECTION III: QUESTIONS ON EFFECTIVE MANAGEMENT OF YOUTH

ENTERPRISES

15. Do members of your group possess any professional skills?

Yes [] No []

16. Do these skills assist your group in running your activities?

Yes [] No []

17. Do you think your group members need more training in entrepreneurship/
business management? Yes [] No []
18. How often does your group meet to discuss official matters?
.....weeks
19. Does your group keep minutes of meetings? Yes [] No []

Section IV: Questions on effective communication

20. How far is your group from the District headquarters/ financial
intermediary?.....km
21. Which means of communication do your group use to contact the Youth
Department and/ or financial intermediary?
22. How long do they take to respond back to your group?
23. What means of communication do they use to respond back to your group?
.....
.....
24. In your opinion, do you think the above answer is the best means of
communication? Yes [] No []
25. If YES why?
.....
.....
- If NO why?
.....
.....
.....

SECTION V: CHALLENGES AND SUGGESTED SOLUTIONS

26. What challenges did you face in accessing the loan from YEDF?

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

27. What recommendation can you give to improve accessibility of YEDF loans?

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

SECTION IV: GOVERNMENT POLICY AND REGULATIONS

1. In your opinion, do you think the Government policy on YEDF influence the accessibility of YEDF loans by youth group?

Yes [] No []

If YES how?

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

Thank you for your cooperation

**APPENDIX 3: QUESTIONNAIRE FOR DYO, YEDF OFFICER AND
OFFICIAL FROM FINANCIAL INTERMEDIARY**

Dear Respondent,

This study seeks to investigate factors that influence the accessibility of Youth Enterprise Development Fund loans by youth groups in Msambweni District. This is in view of establishing the factors that influence the accessibility of Youth Enterprise Development Fund loans by youth groups in Msambweni District.

Please read the question carefully and ask for any clarification before answering the questions. Answer all the questions, giving your honest opinion in all cases.

Section I: General information

2. Name of Official
3. Designation/ Title.....
4. Gender of the respondent , Male [] Female []
5. Highest level of education.....
6. Professional training.....
7. How many youth groups have applied for loans through your institution?
8. How many youth groups have successfully applied for loans through your institution? ...
9. How long do you take to process the loans?months
10. How many groups have defaulted from paying the loans?
.....
11. According to your opinion, why are they defaulting?
.....
.....

12. Do you keep the list of defaulters? Yes No
13. Are there any security requirements for groups when applying for the YEDF loans? Yes No

SECTION II: QUESTIONS ON PROFITABILITY OF YOUTH ENTERPRISES

14. What is the main business activities of the applicants (youth groups)?

15. Is there local or international market for the products/ services from young entrepreneurs? Yes No
16. What would you like to recommend to facilitate better business performance?

SECTION III: QUESTIONS ON MANAGEMENT OF YOUTH ENTERPRISES

17. What are the main requirements for qualifying for a YEDF loan?

18. Do you provide any business trainings to youth groups?
 Yes No
19. Do you think youth groups need more training in entrepreneurship/ business management? Yes No
 If YES why?.....

.....
.....

If NO why?

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

SECTION IV: QUESTIONS ON COMMUNICATION

20. Which means of communication do your group use to contact the youth groups?

.....

21. How long do they take to respond back to your institutions?

.....
.....

22. In your opinion, do you think the above answer in Q19 is the best means of communication? Yes [] No []

If YES why?

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

If NO why?

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

SECTION V: CHALLENGES AND SUGGESTED SOLUTIONS

23. What challenges are you facing when giving the YEDF loans

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

24. What recommendation can you give to improve accessibility of YEDF loans?

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

SECTION IV: GOVERNMENT POLICY AND REGULATIONS

25. In your opinion, do you think the Government policy on YEDF influence the accessibility of YEDF loans by youth group? Yes [] No []

26. If YES how?

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

Thank you for your cooperation