

**FACULTY OF ARTS.  
DEPARTMENT OF SOCIOLOGY AND SOCIAL WORK  
UNIVERSITY OF NAIROBI  
PO BOX 30197  
NAIROBI KENYA**

**THE YOUTH ENTERPRISE DEVELOPMENT AND THE  
UWEZO FUNDS:  
A REVIEW OF THEIR PERFORMANCE IN NYERI COUNTY**

**By**

**TERESA WAMUCHII NJUKI**

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**SUPERVISOR:**

**PROF PRESTON CHITERE**

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## **DECLARATION**

This project paper is my original work and has not been submitted for examination in any other University

Name **NJUKI TERESA WAMUCHII**

**C50/71014/2007**

Signature: \_\_\_\_\_ Date \_\_\_\_\_

This project paper has been submitted for examination with my approval as University Supervisor.

Name **PROF PRESTON CHITERE**

Signature: \_\_\_\_\_ date \_\_\_\_\_

## **DEDICATION**

This study is dedicated to my children, Brian and Kelly my husband John Nderitu for their perseverance during my study time, and to all youths who endeavor to excel in business.

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## **ABBREVIATIONS AND ACRONYMS.**

|         |   |
|---------|---|
| AGOA:   | African Growth and Opportunities Act                      |
| CEC:    | Commission of the European Communities                    |
| C-YES:  | Constituency Youth Enterprise Scheme.                     |
| DC      | Developing Countries                                      |
| EC:     | European Commission                                       |
| EU:     | European Union  |
| GOK:    | Government of Kenya                                       |
| KEPSA:  | Kenya Private Sector Alliance                             |
| KIA:    | Kenya Institute of Administration                         |
| KIBT:   | Kenya Institute of Business Train/ing                     |
| KIPPRA: | Kenya Institute for Public Policy Research and Analysis   |
| KNBS:   | Kenya National Bureau of Statistics                       |
| MFI:    | Micro Finance Institutions                                |
| MOYAS:  | Ministry of Youth Affairs and Sports                      |
| MSE:    | Micro and Small Enterprises                               |
| MTP:    | Medium term plan  |
| NGO:    | Non Governmental Organizations.                           |
| NYP:    | National Youth Policy                                     |
| OECD:   | Organization for Economic Co-operation and Development    |
| PRSP:   | Poverty Reduction Strategy Paper                          |
| SACCO:  | Savings and Credit Co-Operative Organizations             |
| SHGs    | Self Help Groups  |
| SME:    | Small Micro Enterprises                                   |
| SPSS:   | Statistical Package for Social Sciences                   |
| STRYDE: | Strengthening Rural Youth Development through Enterprise. |
| TVET:   | Technical and Vocational Training                         |
| UN:     | United Nations  |
| UNDP:   | United Nations Development Programme                      |
| WDR:    | World Development Report                                  |

WEF: Women Enterprise Fund  
YBI: Youth Business International  
YDN: Youth Development Network  
YEDF: Youth Enterprise Development Fund  
YRE: Youth Run Enterprises

## **ABSTRACT**

Youth entrepreneurship has a greater potential to aid the achievement of MDG goal no.8. According to Chigunta (2002), youth entrepreneurship in many countries faces numerous challenges. These include, poor access to finance, market, entrepreneurship education and business development services for the start-ups by young people in high-income and developing countries. This study sought to review the Performance of the Youth Enterprise Development and the Uwezo Funds in Mathira Sub County in Nyeri county.

The target population was all youth groups who had benefitted from either of the Funds in Mathira Sub-County. Data was collected from 64 entrepreneurs using self-administered questionnaires, interview guide and direct observation, and they were analyzed descriptively using inferential statistics and presented using tables and figures.

The results showed a strong positive correlation between performance and entrepreneurship training with correlation coefficient (0.762), and access to credit (0.650). There was weak positive correlation between performance after funding and the level of marketing facilitation with correlation coefficients (0.410), and business support services (0.437). The performance was therefore influenced by entrepreneurship training, access to credit, marketing facilitation and business support services.

The study concluded that groups had shown quite some significant improvement in their businesses after funding and entrepreneurship training but there was a gap in the provision of business support services and marketing facilitation.

This study recommends a need for monitoring and evaluation of the youth run entities to ensure the funds are used in the right way. Both YEDF and Uwezo Funds need to increase the amount advanced to the groups, introduce and increase the individual funding for YEDF, reduce the cumbersome procedures, introduce a youth business network for better marketing of their products and offer intensive business support services.

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to research problem.**

Entrepreneurs are defined broadly as change agents that use innovation to exploit opportunity, evaluate risks and create a valuable service, product or system, (IAC, 2006).

“Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. It is capable of being presented as a discipline, capable of being learned, capable of being practiced... Entrepreneurship rests on a theory of economy and society. The theory sees changes as normal and indeed healthy it also sees the major task in society and especially in the economy as doing something different rather than doing better what is already being done. This is basically what was meant when the term entrepreneur was coined. It was intended as a manifesto and as a declaration of dissent: the entrepreneur upsets and disorganizes. As Joseph Schumpeter formulated it, his task is 'creative destruction.'”(Drucker 1985 p. 20; 26)

“An effective entrepreneurship development system integrates a wide range of programs and tailors products and services to meet the diverse needs of entrepreneurs. It should be comprehensive, flexible, culturally sensitive, and integrated, and should require providers to collaborate rather than operate independently or in isolation.” (Brian 2005 p 13)

Entrepreneurship is the process of creating something new of value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction of independence. Entrepreneurship is the engine of economic growth and development. Youth entrepreneurship has a greater potential to aid the achievement of Millennium Development Goals (MDG) No.8, target 16 which aims at providing decent and productive work for youth. Youth entrepreneurship is critical in promoting innovation and resilience among the youth. In a broader sense youth entrepreneurship helps young women and men develop new skills and experiences that can be applied to many other challenges in life. (Hisrich, 2007)

According to Chigunta (2002 page 6), youth entrepreneurship in many countries faces numerous challenges. These include unfavorable administrative and regulatory burdens, poor access to finance, market, entrepreneurship education and business development services for the start-ups

by young people in high-income and developing countries. Chigunta further observes that, a major constraint to the growth of Youth Run Enterprises (YREs ) is lack of access to finance. While potential youth entrepreneurs and existing YREs generally lack access to credit in both Developed Countries (DCs) and Less Developed Countries) LDCs, 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.

He also observed that to promote effective micro credit programmes, there is need both to reduce access barriers and design programmes that meet the needs of potential youth entrepreneurs and existing YREs. This will require doing the following:

- i. Treating youth as ‘clients’ and not mere programme ‘beneficiaries’
- ii. Shifting the focus from ‘product - centered’ to ‘customer-based’ programmes
- iii. Innovative steps are needed for new types of collateral, such as business plan, level of education, and residence status,
- iv. Broadening the current definition of ‘sustainability’ from a narrow focus on programme sustainability to livelihood viability through enterprise
- v. De-politicizing micro or youth credit schemes, especially in LDCs,
- vi. Depending on context and need, other financing mechanisms such as grants and soft loans can be given to youth, and
- vii. Strengthening financial systems management.

According to the Republic of Kenya, constitution (2010), the Government has already recognized the trend of the challenges faced by youth and has taken measures, including affirmative action programmes, to ensure that the young persons with disabilities access relevant education and training; have opportunities to associate, be represented and participate in political, social, economic and other spheres of life; access employment; and are protected from harmful cultural practices and exploitation. Also the social pillar of the Kenya Vision 2030 has devised strategies for mainstreaming them; in particular the need to develop the capacities of the youth for active engagement in socio-economic activities of the country. This saw the birth of the Youth Enterprise Development Fund (YEDF), which was conceived by the government in June 2006 as a way of addressing youth unemployment in the country. In addition the Kenyan Government has directed an increase from 10% – 30% under the Public Procurement Policy to enable youth entrepreneurs access Government tenders. Apparently the youth in Kenya have not

taken full advantage of these provisions and as such youth enterprises have remained largely under developed.

## **1.2 The Youth Entrepreneur Support Scheme (YEDF); an Overview**

YEDF was established in the year 2006 with the sole purpose of reducing unemployment among the youth. The target of the fund is young people aged 18 to 35 years .The fund was gazetted on 8<sup>th</sup> December 2006 and then transformed into a corporation on 11<sup>th</sup> May 2007. The strategic focus of the fund is on enterprise development as a key strategy that will increase economic opportunities for participation by Kenyan youth in nation building. In 2008 the fund developed a 3 years strategic plan to address varied needs and aspirations of the youth and to address the challenges it has faced in the past, (YEDF Guide, 2009). Objectives of the Fund are to:

- i.** Provide loans to existing Micro Finance Institutions (MFIs) registered Non Governmental Organization (NGO), Savings and Credit Co-operative Organizations (SACCO) for on lending to youth enterprise.
- ii.** Attract and facilitate investment in micro, small and medium enterprises oriented commercial infrastructure such as business or industrial parks , market or business incubators that will be beneficial to youth enterprises.
- iii.** Support youth oriented micro, small and medium enterprises to develop linkages with large enterprises.
- iv.** Facilitate marketing of products and services of youth enterprises in both domestic and international markets.
- v.** Facilitate employment of youth in the international labour market. (YEDF Guide, 2009).



According to YEDF guide 2009 countrywide the Funds have been disbursed as follows

|               | No of youths  | Total Amount Disbursed |
|---------------|---------------|------------------------|
| Central       | 11,645        | 338,386,644            |
| Coast         | 1 5,716       | 138,232,644            |
| Eastern       | 11,561        | 279,254,354            |
| Nairobi       | 5,469         | 236,643,856            |
| North Eastern | 651           | 25,154,949             |
| Nyanza        | 5,575         | 131,255,589            |
| Rift Valley   | 12,776        | 297,932,579            |
| Western       | 3,682         | 86,887,081             |
| <b>TOTAL</b>  | <b>57,075</b> | <b>1,533,747,696</b>   |

In Nyeri County the Funds have been disbursed as follows.

| <b>Constituency</b> | <b>No. of groups</b> | <b>Amount disbursed</b> |
|---------------------|----------------------|-------------------------|
| Tetu                | 59                   | 2,541,910.00            |
| Kieni               | 110                  | 4,733,200.00            |
| Mathira             | 107                  | 4,596,990.00            |
| Othaya              | 125                  | 5,396,120.00            |
| Mukurweini          | 74                   | 3,176,110.00            |
| Nyeri town          | 85                   | 3,639,540.00            |
| <b>Total</b>        | <b>560</b>           | <b>24,083,870.00</b>    |

### **1.2.1 Uwezo Fund**

In the same line the Uwezo Fund was introduced, this is a flagship programme for Vision 2030 aimed at enabling women, youth and persons with disability access finances to promote businesses and enterprises at the constituency level, thereby enhancing economic growth towards the realization of the same and the Millennium Development Goal No.1 (eradicate extreme poverty and hunger) and 3 (promote gender equality and empower women).The Fund stems from the pledge by H.E. the President to allocate Ksh. 6 billion meant for presidential run-off to youth and women groups to expand access to credit, to promote youth and women businesses and

enterprises and thereby enhance economic growth towards realization of the Vision 2030 and to generate gainful self-employment for the youth and women.

The Fund was launched by His Excellency the President of the Republic of Kenya on 8th September 2013 and enacted through a Legal Notice No. 21 of the Public Finance Management Act, 2014, and published on 21st February, 2014.

The Fund seeks to expand access to finances and promote women, youth and persons living with disability led enterprises at the constituency level. It also provides mentorship opportunities to enable the beneficiaries take advantage of the 30% government procurement preference through its Capacity Building Programme. Uwezo Fund, therefore, is an avenue for incubating enterprises, catalyzing innovation, promoting industry, creating employment, and growing the economy.

The objectives for which the Fund was established are to:

- i. Expand access to finances in promotion of youth and women businesses and enterprises at the constituency level for economic growth towards the realization of the goals of Vision 2030;
- ii. Generate gainful self-employment for the youth and women; and
- iii. Model an alternative framework in funding community driven development.

### **1.3 Statement of the problem.**

The World Bank Reports (2002; 2005) state that Kenya has an overwhelmingly large young population, with children and young people under the age of 35 years accounting for 78% of the total population. The youth, those aged 18 to 34, represent 43% of the working age population in Kenya, and these youth constitute 70% of total unemployment. In 2007 Kenya's Minister of State for Youth Affairs Mohammed Kuti said that Youth are the foundation of a society. Their energy, inventiveness, character and orientation define the pace of development and the security of a nation. Through their creative talents and labor power, a nation makes giant strides in economic development and socio-political attainments. In their dreams and hopes, a nation finds her motivation; on their energies, she builds her vitality and purpose and because of their dreams and aspirations, the future of a nation is assured. (MOYAS 2013 Report)

According to research paper by integral assets consulting prepared for the W. K. Kellogg foundation youth and education unit 2006, youth exhibit a strong desire to become entrepreneurs. Between six and seven out of ten youth in extensive Gallup Polls indicated that they were interested in starting their own enterprise. This potential, however, is rarely actualized. The Global Entrepreneurship Monitor reports that entrepreneurial activity among 18 to 24 year olds accounts for only 10% of total entrepreneurial activity in the US.

The World Bank Report (2012), states that, information on starting a business is not easily accessible for most people in Kenya, while at the same time entrepreneurial ventures are susceptible to a fair amount of regulation. In fact, Nairobi ranked last out of 13 cities measured for “ease of doing business” by the International Finance Corporation/World Bank’s “Doing Business 2012.” Entrepreneurship has been publicized to be the single most solution of youth unemployment, with the introduction of YEDF being established in 2006 to fast track youth entrepreneurship through provision of seed capital and the requisite basic entrepreneurship skills. The Fund focuses on enterprise development as a key strategy that aims to increase economic opportunities for and participation by Kenyan Youth in nation building. The mandate of the fund has been to increase the access to capital by young entrepreneurs but also provide business development services, facilitate linkages in supply chains, create market opportunities locally and abroad for products and services of the youth enterprises and to facilitate creation of commercial infrastructure to support growth of youth business. (YEDF 2010).

#### **1.4 Research Questions.**

- a) Do youth in Nyeri County access entrepreneurship training. ?
- b) How do youth in Nyeri County access YEDF and UWEZO Funds credit?
- c) What is the level of marketing facilitation offered by YEDF and UWEZO Funds in Nyeri County.?
- d) Do youth access business development services offered by YEDF and Uwezo Fund in Nyeri County.?

## **1.5 Objectives of the study**

### **1.5.1 Main Objective.**

The main objective of this study was to review the performance of Youth Enterprise Development Fund and Uwezo Fund on youth entrepreneurs in Nyeri County.

### **1.5.2 Specific Objectives**

The specific objectives were to

- a) Examine youths access to entrepreneurship training in Nyeri County.
- b) Examine youth's access to YEDF and UWEZO Funds credit in Nyeri County.
- c) Establish the level of marketing facilitation offered by YEDF and UWEZO Funds in Nyeri County.
- d) Find out youth access to business development services offered by YEDF and Uwezo Fund.

## **1.6 Rationale of the Study.**

The youth in Kenya (15-35) are the cornerstone of the society and must be nurtured to take up active leadership roles in the Country. However the role of youth has been largely passive following the marginalization which is manifested in the form of poverty and unemployment.

The youth form about 60% of the total labour force in the country, but a majority, about 65% is unemployed. Out of 750,000 youth who graduate from various tertiary institutions in the country, only 25% access employment while the rest, 75% have to bear the burden of unemployment. Furthermore, some of those absorbed in the labour market have jobs that do not match their qualifications and personal development goals (GoK, 2006).

This problem has led to youth turning to drug and alcohol abuse while others have been labeled criminals. The Youth Enterprise Development Fund was established in year 2006 with the sole purpose of reducing unemployment among the youth who account for over 60% of the unemployed in the country. The target of the fund is youth within the age bracket of 18 to 35 years whose number is 13 million. With the same purpose Uwezo Fund was also established in the year 2014. This research seeks to generate insights that can be used by the National and County Governments as well as NGOs and all youth stakeholders to review the performance of

Youth Enterprise Development Fund and Uwezo Fund on youth entrepreneurship development. The research sought to offer useful recommendation to the Ministries involved in the development of young people and will give measures that can help in the realization of the Kenya vision 2030 as well as the Millennium Development Goals.

### **1.7 The scope and limitations of the study.**

The target population was young people between 18-35 years in registered groups and the researcher concentrated on youth who have benefited from YEDF and Uwezo Fund in Mathira Sub-County.

The researcher encountered various limitations while undertaking this study, respondents being youths had their own emotions that the researcher was not able to control.

### **1.8 Definitions of key terms**

- ❖ **Micro and Small Enterprises (MSE's)** – These are businesses operating in formal and informal sectors of the economy and employing between 5 and less than 20 employees.
- ❖ **Self-employment** – Practice of owning and operating a small enterprise as a means of livelihood; working for one's own account, often in the informal sector.
- ❖ **Socio-economic factors** – Participation of youth in business based on age, gender, and marital status, economic and social status.
- ❖ **Unemployment** - Situation where people who are willing and capable of working are unable to find suitable paid employment.
- ❖ **UWEZO**- A term given to this recently introduced fund for youth women and persons with disability.
- ❖ **Youth** – Young people between ages 18-35 years of age.
- ❖ **Youth entrepreneurs** – Young people who are engaged in any type of legal business.
- ❖ **Youth entrepreneurship** – This involves acquainting young people and students with the realities and opportunities of small-business employment and ownership.

## **CHAPTER TWO**

### **LITERATURE REVIEW AND THEORETICAL FRAMEWORK**

#### **2.1 Introduction**

This chapter outlines the literature on youth entrepreneurship as an emerging field as well as the performance of Youth Enterprise Development Fund and Uwezo Fund on youth entrepreneurship development.

#### **2.2 The concept “youth”**

The UN Department of Economic and Social affairs defines the youth as that population in the age bracket of 15–24 years. However, the operational definition of youth varies from country to country, depending on the specific socio-cultural, institutional, economic and political factors.

According to the Kenya constitution (2010) Article 260, youth means the collectivity of all individuals in Kenya who have attained the age of eighteen years; but have not attained the age of thirty-five years. According to the National Youth Policy Sessional no. 3 of July 2007, a Kenyan youth is the one aged between 15 and 30 years taking into account the physical, psychological, cultural, social, biological and political definition of the term. Generally youth can be defined as the transition from childhood to adulthood or the transition from a state of dependency towards a state of independence and full maturity which enables young people to fulfill the rights and obligations attached to adulthood status.

#### **2.3 Youth Entrepreneurship**

According to Drucker (1985), entrepreneurship merely reflects the creation of a new organization and that any individual who starts a new business venture is an entrepreneur; even those that fail to make a profit. Entrepreneurship is a mindset and process to creating and developing economic activity through blending; risk-taking, creativity and or innovation with sound management, within a new or an existing organization (CEC, 2003). Youth entrepreneurship therefore refers to the practical application of enterprising qualities, such as initiative, innovation, creativity, and risk-taking into the work and environment using the appropriate skills necessary for success in that environment and culture.

According to Chigunta, (2002), Youth entrepreneurship involves the development of entrepreneurial attitudes, skills and opportunities for young people from middle school level through to adulthood. In Kenya the importance of Enterprise Development are articulated in

various policy documents, the recent ones being the 2005 Employment Targeted Poverty Reduction Strategic Paper (IMF 2005) and the Sessional Paper on the Development of Micro and Small Enterprises for Employment Creation and Poverty Reduction, (ROK 2003a) and the Economic Recovery Strategy for Wealth and Employment Creation. (ROK 2003b). The strategies to increase opportunities for the youth were also operationalized in the “Marshal Plan” for youth Unemployment, which emphasized the importance of a coordinated and multi-sectoral approach to address the problem of youth unemployment.

### **2.3.1 Youth Credit Access**

According to Chigunta (2002 pg 6), lack of access to finance is one of the major challenges facing youth run enterprises worldwide. Lack of finance was seen as a major obstacle in two of the original EU6 countries -Italy and France which are among the more developed nations.

Chigunta observes further that, credit programmes specifically targeting the youth are an important alternative motivation for those seeking starting up their own small businesses.

Schoof (2006) observed that due to lack of a substantive credit history, sufficient collateral or guarantees to secure loans or lines of credit, young people are viewed as a risky investment making them face difficulties in accessing finance. This is further supported by Essayed (2005) who has suggested that financial institutions in the formal sector generally regard youth as high-risk creditors and are reluctant to extend credit on favorable or concessional terms.

Chigunta, also observes that, youth enterprise support programmes in developing countries should consider socio-cultural constraints that limit the participation of youth, in particular young women who want to engage in entrepreneurship and self-employment. However, the problem of credit access to youth run enterprises seems to be more pronounced in developing nations.

According to Chigunta and Mkandawire (2002), most state-sponsored youth credit schemes in Africa have suffered from a number of weaknesses, ranging from poor programme design, poor implementation, poor loan disbursement, poor loan repayment rates, lack of monitoring skills, lack of strong financial control systems, lack of youth training in business and loan management, and politicization as is the case with Youth Constituency Funds. According to the World Youth Report (2003), many youth in developing countries relied on personal savings or turned to family and friends for start-up capital and for expansion. Without such finances they had minimal

chances of starting their own businesses. However, of late different African countries have set up special credit programmes to promote credit access among the youth.

In their study realizing equal opportunities among youth groups in accessing Government Financial Credit Facilities Ibuathu and Kubaison(2013 page 4) were seeking to find the obstacles to realizing equal opportunities among youth groups in accessing government financial credit facilities , The objectives of the study was to determine mechanisms functional youth groups had instituted to access government funding; assess the level of business management skills possessed by youth groups in running their businesses and find out the major hindrances youth groups experienced in accessing credit facilities from the government financial institutions.

The study adopted survey research design and applied purposive sampling technique to select 6 Organized youth groups. One organized youth group per ward from sub counties of Tigania East and Tigania West existing during 2010 to June 2013 were selected for the study. The sample size was 120 respondents from a target population of 247 youths. The following findings were realized: Majority of the informants 110 (96.4%) and 105 (92.1%) said they heard about Youth Enterprise Fund but and read over the papers about Kazi Kwa Vijana, respectively. However such funds had not been disbursed anywhere on the ground. Moreover, 85 (74.5%) and 98 (85.9%) of the respondents said that they were aware of Youth Uwezo Fund, but no money had been released and they had heard about donor funds but had not come across such funds respectively. The study concluded that majority of youth members had scanty information about accessibility of youth funds.

About necessary requirements asked by CDF office before accessing funds such as youth enterprise development fund leaders of the youth groups gave the following responses 108 (94.7%) and 110 (96.4%) informants observed that the group must be registered and issued with a certificate and that it is renewed every year; and developing a workable business proposal following a given criteria respectively. However, few respondents 20 (17.5%) and 78 (68.4%) wrote that each group was supposed to attend training seminars on financial management practices and ensuring members were holder of valid identity cards respectively.

All these views show that there has been a realization by various governments and especially the Kenyan Government that there is need to bring credit close to the young people so that they can be able to access and start small businesses at local level. However study also shows that the youth are not well sensitized about the credit available.



Ameya, Onsongo, Guyo and Omwong'a (2011), in a study about an analysis of challenges facing YEDF in Nyaribari Chache Constituency, sought to find out the extent to which YEDF is a preferred source of finance for youth enterprises, factors influencing youth entrepreneurs' utilization of YEDF and challenges facing YEDF. They concluded that YEDF is a highly preferred source of funds. They also concluded that flexible collateral and low interest rate remains a great attraction to most applicants. However, they found that YEDF was yet to make an impact in society compared to other devolved funds.

### **2.3.2 Entrepreneurship Training**

Sexton and Similor (1997) defined entrepreneurship education as a formal structured instruction that conveys entrepreneurial knowledge and develops focused awareness relating to opportunity, recognition and the creation of new ventures among students. The major objective of enterprise education is to develop enterprising people and inculcate an attitude of self-reliance using appropriate learning processes. According to Schoof (2006). The role of entrepreneurship education is mainly to build an entrepreneurial culture among young people and in turn improve their career choices towards entrepreneurship. Since the 1990s, entrepreneurship education has grown substantially especially in countries already known to be entrepreneurial such as the USA Canada and Australia as well as in Nordic European countries.

According to OECD (2001) many experts believe that entrepreneurial education and training should begin as early as possible for two main reasons: first, it forms an essential component in the preparation of potential young entrepreneurs to go into business by themselves. Second, it instills entrepreneurial habits in the mind and work skills which can serve equally well for successful employees in the new globalised post-industrial economy and those who actually choose to establish their own enterprises. Entrepreneurship education has expanded gradually over the past few recent years. The European Commission (EC) in 2004 for instance proposed that all EU member states should introduce entrepreneurship education into their national curriculum and in all institution of learning.

According to Rasheed and Howard (2000) secondary school students with entrepreneurship training have higher achievement motivation, more personal control, and greater self esteem. In

most developing and transition countries, enterprise education does not simply exist or has not been sufficiently adopted among in and out-of-school youth and where offered it is not applied on all different levels of education i.e. primary, secondary, technical, vocational and higher education (Schoof, 2006).

In their study Lawrence, Grace and John (2012) in Kigumo District Murang'a County on the Factors Affecting the Success of youth enterprise development funded projects in Kenya, showed that the Youth Enterprise Development Fund has noble call strategy of increasing economic opportunities for youth as a way of enabling them to participate in nation building. YEDF put more emphasis on multiple areas, namely to provide capital to young entrepreneurs, avail business development services, facilitate linkages in supply chain and create market opportunities for goods and services produces by youth services such as training and mentorship, business plan competition and developing partnership with public and private institutions. Kigumo District like many other districts in Kenya has also been in the fore front of this noble cause. The study reveals significant progress has been made in the road to success of these youth empowerment projects.

The Objectives of the Study were to examine the extent to which youth entrepreneurship training affects the success of projects funded by youth enterprise development fund.

The research investigated factors affecting success of projects funded by youth enterprises development projects in Kenya using a case study of Kigumo District. The study indicated that most of those who succeed in entrepreneurship are either trained on the kind of businesses they venture into or continue business training as they progress. Therefore, for the YEDF to succeed, both short and long term measures must be embraced. From the findings, the study concludes that skills in entrepreneurship, business planning and financial management must elaborately be imparted before any funds are disbursed by the board.

A study by Andrew, James and Ezekiel (2011), "entitled: revitalizing youth entrepreneurship in Kenya: A deliberate training curriculum" showed some short coming on the trainings done in Kenya, and recommended the need for harmonization of the curricula to enable assessment of the impact of training. The researcher also observed that the curricula does not have an element showing the position of the young people in the society. "A closer look at the different curricula reviews that the youth are trained in preparation to make profits. However, the curricula fail to

groom the youth in taking responsibility while appropriating the profits. Indeed, one may ask: when they get the profit, what should they do with it? Drink beer? Buy sex? Re - invest? Contribute to charity? What obligation do they have to the society concerning the profits they make? The study concluded that some of the youth have not yet discovered themselves and their social environment.” (Andrew, James and Ezekiel 2011: Page 124)

According to the views above there is no linkage between the training institutions and either the formal or informal (Jua kali) sector. Youth trained in these institutions cannot, be immediately absorbed into the job market. To enhance education and training for the youth, strategies need to be applied that include other institutions training them outside the school settings or train them on the job they venture into.

### **2.3.3 Youth Market Accessibility.**

According to Chigunta (2002), one of the key problems facing youth run enterprises is related to limited prospects for value addition especially for those in poor countries concentrated in low value local markets, they also lack access to information on product and input markets. Promoting the viability of youth run enterprises requires facilitating the access of youth to information on product, input markets and linking them to global value chains.

According to Chigunta (2002) this requires encouraging young entrepreneurs to explore existing global initiatives aimed at promoting trade between Developing countries and Less Developed countries. The African Growth and Opportunity Act (AGOA) is a perfect example of global trade initiatives which should be exploited to help potential youth entrepreneurs and existing youth enterprises access International markets. According to the YEDF status report (2011), The Kenyan Government has committed itself to support youth run enterprises through deliberate policy of buying their goods/services. Through this initiative the government has planned to acquire at least 30% of its procurement needs. This volume of goods procured by government through youth run enterprises is still small judging by the high level of competition in the market.

Kamau (2010 ) in a study, “the role of youth enterprise development fund on growth of micro and small enterprises conducted in Murang'a”, specifically sought to establish the extent to which YEDF facilitates marketing of products and services of youth MSES locally and

internationally and realized that though YEDF in its objectives aim at marketing youth enterprises products and services, it was evident from the study that the fund fared dismally in that area. The findings established that although various interventions have been established by YEDF, such as marketing of products and services of youth enterprises, there is need for better mechanisms for monitoring these interventions. Marketing of youth products and services had not been put to the fore. According to these views there is need, to improve on the viability of youth enterprises, and for the government to market youth products and services. There is also need to find out how these marketing interventions have assisted the youth enterprises which have received them.

#### **2.3 4 Business Development Services**

According to Schoof (2006) access to Business Support Services such as mentoring, support networks, business clubs and incubators by young people enhances the chances of sustaining their enterprises beyond start up stage. However, young entrepreneurs often lack the support services that are key to transforming fragile individual start-ups into successful small and medium-sized businesses (World Bank, 2008). White and Kenyon (2000) have suggested that Young people have limited business networks and contacts compared to older people, leading to isolation and increased pressure. According to Street and Sykes (2003) young people with no business experience have no former customer base or on an already established supplier network to fall back to. They even do not know where to look for it and what will be expected from them by professional purchasers.

According to the World Bank, (2008) Mentor support and coaching is very crucial to young men and women who are starting business. Formal mentoring involves assigned relationships designed to provide young entrepreneurs with advice and guidance from experienced professionals.

According to Schoof (2006) Business incubators are a powerful tool for supporting the entrepreneurial process and for helping to increase survival rates of young innovative start-up companies. Evaluations of business incubators in Europe and the US suggested that 90 per cent of incubated start-ups were active and growing after three years of operation, which is a much higher success rate than that observed in start-ups launched without assistance. Schoof (2006)

also observed that young entrepreneurs require tailor-made training and counseling pertinent to their particular start-up situation, their business and the sector in which they operate. Darby (2004) in his study in the UK found out that young entrepreneurs tend to be attracted to more unusual sectors and would therefore need support services to be tailored to their needs.

According to ILO (2006), business incubators can be found in very different forms and can be private, public or based on a Public-Private -Partnership initiative involving many partners at national, regional and local levels. In the last twenty years, many governments have successfully launched systems of public business incubators to encourage and assist young enterprises.

Kamau (2010) researched on the; “the role of Youth Enterprise Development Fund on growth of Micro and Small Enterprises in Kenya: a case of Kiharu Constituency, Murang’a County”. The study specifically sought to: To establish the extent to which YEDF provides on-lending to youth MSEs ,support youth MSES develop linkages with large enterprises , facilitates marketing of products and services of youth MSEs locally and internationally and establish the extent to which YEDF provides business development services to youth MSEs. The study found that only 51 % of the youth entrepreneurs had been trained how to run their enterprises. In addition 50 % of the respondents indicated that YEDF had assisted them in writing business plans for their enterprises. This can be attributed to the fact that the youth are required to have a realistic and workable business plan as a requirement in order to access the funds. 40.43 % of the respondents agreed that YEDF had enabled them to keep records for their enterprises.

Again a majority of the respondents agreed to have been positively mentored in the field of entrepreneurial development. The study therefore concluded that some ground had been covered by YEDF in offering business development services, but the level of responses suggested that there was still room for more to be done. These views show that YEDF has actually been on the ground and has assisted some youth in developing their entrepreneurial skills, there is need to find how these skills have assisted the youth in developing their enterprises.

### **2.3 5 Government Policies and Regulations.**

Youth entrepreneurship policies require collaboration between different ministries, such as education, labour, industry, youth and finance, and the development of a collaborative multi-stakeholder approach. Since the seventies, the Government has taken keen interest in youth issues. The issue of youth employment has since then continued to occupy the minds of policy

planners in Government and private sector. The third National Development plan of 1974, while acknowledging the efforts made in addressing youth employment, predicted that in future unemployment amongst the youth would loom large unless aggressively addressed. Subsequent policy documents have addressed youth development programs such as sessional paper No.2 of 1992 on small scale and Jua kali enterprise, National poverty eradication plans 1999 – 2015, Economic recovery plan 2003 – 2007, amongst others.

In Kenya also the Government took initiatives towards youth entrepreneurship development. Initially the Ministry in charge of youth matters; Ministry of Youth Affairs and Sports (MOYAS) was established to mainstream youth concerns and empower the youth for national development. The Ministry further established other departments to strengthen youth mainstreaming. Youth Development, Youth Training, National Youth Service, and Sports. The national state corporation YEDF provides credit to the youth. Other Funds include Uwezo Fund and WEF. The Kenya National Youth Policy (NYP) put in place in 2007, provides a framework for Youth Development across the country. The policy endeavors to ensure that all young men and women are given meaningful opportunities to reach their potential, both as individuals and active participants in the society, MOYAS (2013).

Various NGOs and private sector players are supporting the Government efforts to alleviate the problem of unemployment among the youth. Kenya Private Sector Alliance (KEPSA) is one of the initiatives crafted by the GoK through MOYAS and the World Bank. Here, the youth gain business focused and sector specific training and internship experience for a period of six months. Employability skills are then nurtured to school leavers in three regions, namely; Nairobi, Mombasa and Kisumu. MOYAS (2013).

## **2.4 Conclusion**

The great interest expressed in starting or expanding an enterprise among youth in both developed and developing countries should be seen in the context of the increasingly importance of self-employment as a source of new jobs and economic dynamism in both developed and developing countries (Curtain 2001), Curtain further observed that unavailability and inaccessibility of credit among youth have been major problems for those intending to engage in

entrepreneurship as an alternative source of self employment. The number of credit programmes targeting the youth in developing countries have also been quite few thereby creating a major financing gap for youth run enterprises. The youth enterprise support programmes in place have also failed to consider socio-cultural constraints limiting youth participation and in particular young women who want to engage in entrepreneurship.

Street and Sykes (2003) observed that enterprise and support agencies are often not responsive to these circumstances. They often design their services to serve the more mature SME companies rather than cash-poor youth business start-ups. Generally, there are very few enterprise agencies or centers which provide business advice, training, guidance and specialist access to finance exclusively people. According to a study by Chigunta one of the key problems facing YREs relates to limited prospects for value addition. Secondly, local markets are no longer insulated from wider competitive pressures, and survival under conditions of intensifying competition demands higher levels of business, analytical and innovation competence.

The literature reveals that studies have been done in looking at entrepreneurship from a youth perspective, the role of YEDF in enhancing youth entrepreneurship but little has been done to show the performance of youth enterprise support programmes. YEDF has been in the field for nine years but the number of groups with success stories still remains insignificant while little have been researched on Uwezo Fund. This research shall therefore seek to find the performance of YEDF and Uwezo Fund programmes offered to the Kenyan entrepreneurs and recommend measures of mitigating the shortcomings for effective youth entrepreneurship.

## **2.5 Theoretical framework.**

A theory is a way of making sense of a disturbing situation so as to allow us most effectively to bring to bear our repertoire of habits, and even more important to modify habits or discard them altogether and replace them with by new ones as the situation demands. (Francis Abraham, 1981) A theory is also a set of interrelated constructions, or variables, definition and proposition that present a systematic view of a phenomenon by specifying relations among variables. The main purpose is that of explaining and predicting the phenomena (Kerlinger, 1964). A theory falls as a basis of all the empirical observation. It is that which gives a sense of order to the individual's

observations, from a series of observations we try to make sense out of a sequence of events and draw generalizations from such observations. (Odetola, Ademola, 1985)

### **2.5.1 Structural functionalism**

The major proponents of this theory are Herbert Spencer and Robert Merton the major concepts of the theory includes social structure, social functions, manifest functions and latent functions. According to Francis Abraham (1981) another of the proponents this theory, the functional approach to sociology consists basically of an attempt to understand social phenomena in terms of their relationship to some system. One attempt is to assess that part played by an observed pattern of behavior in the maintenance of some larger system in which it is included the second type is an attempt to explain the persistence of an observed pattern of behavior that is to approach an observed phenomenon with the question of its causes in mind.

Another proponent Odetola, Ademola (1985) states that the society is perceived as set of actions and interactions among human beings. These actions and interactions, forming a continuous process, are functions thus units within the structure function to maintain that structure. The assumption is that organizations are seen as a system made of independent parts. The presence of the various parts is dependent on and the relationship between them can be understood in terms of the contribution they make to the maintenance and wellbeing of the system as a whole. In order to survive the organization must adapt to its environment. In particular it must ensure that powerful forces in the environment do not lead to its destruction.

The assumption is that our lives are guided by social structures which are relatively stable patterns of social behavior. Each social structure has social functions or consequences for the operation of society as a whole. Training and Funding of the youth for example has several important functions in a society, such as socialization, learning, and social placement. When people become used to this it becomes part of the society and hence brings order and balance in the society.



### **2.5.2 Modernization Theory**

Bradshaw and Wallace (1996) a proponent of this theory states that modernization theory is about poverty and economic, social, and political development in the countries of the third world. The modernization theorists think of the third world societies as largely traditional; stagnant and unchanging. Its values are spiritual values, not values of individual self betterment. Its rhythms of life are circular, not linear and progressive; one always returns to the same place. From an economic point of view, it is a poor subsistence life, a life that has no hope of accumulation, income, or wealth, no sense of progress inherent in it. The assumption is that when a modern approach is embraced the society changes economically and socially.

According to Odetola, Ademola, (1985) another proponent, modernization is perceived as an increasing ability to master the environment, Thus modernization, conceived as progress connotes the marking of different periods as compared with a preceding time period. According to Bradshaw and Wallace (1996), The modern world is what economists sometimes call rational. The modern world is based on research and development and on the goal of efficiency. It is driven by the search for profit and wealth, as people take risks to do things in new and better ways in the hope of improving their lot. The modern world is committed to growth and improvement.

Bradshaw and Wallace further states that Modernization theory is a theory of change. The assumption is that societies evolve by creating and using, modern forms of information and technology. Technological advances and innovation are crucial for economic and social development. Societies that undertake such advances become wealthier and more developed, whereas societies that fail to advance technologically will stagnate and possibly not survive. Modernization theory not only stresses the process of change, but also the response to that change. It also looks at internal dynamics referring to social and cultural structure and the adaptation of new technologies.

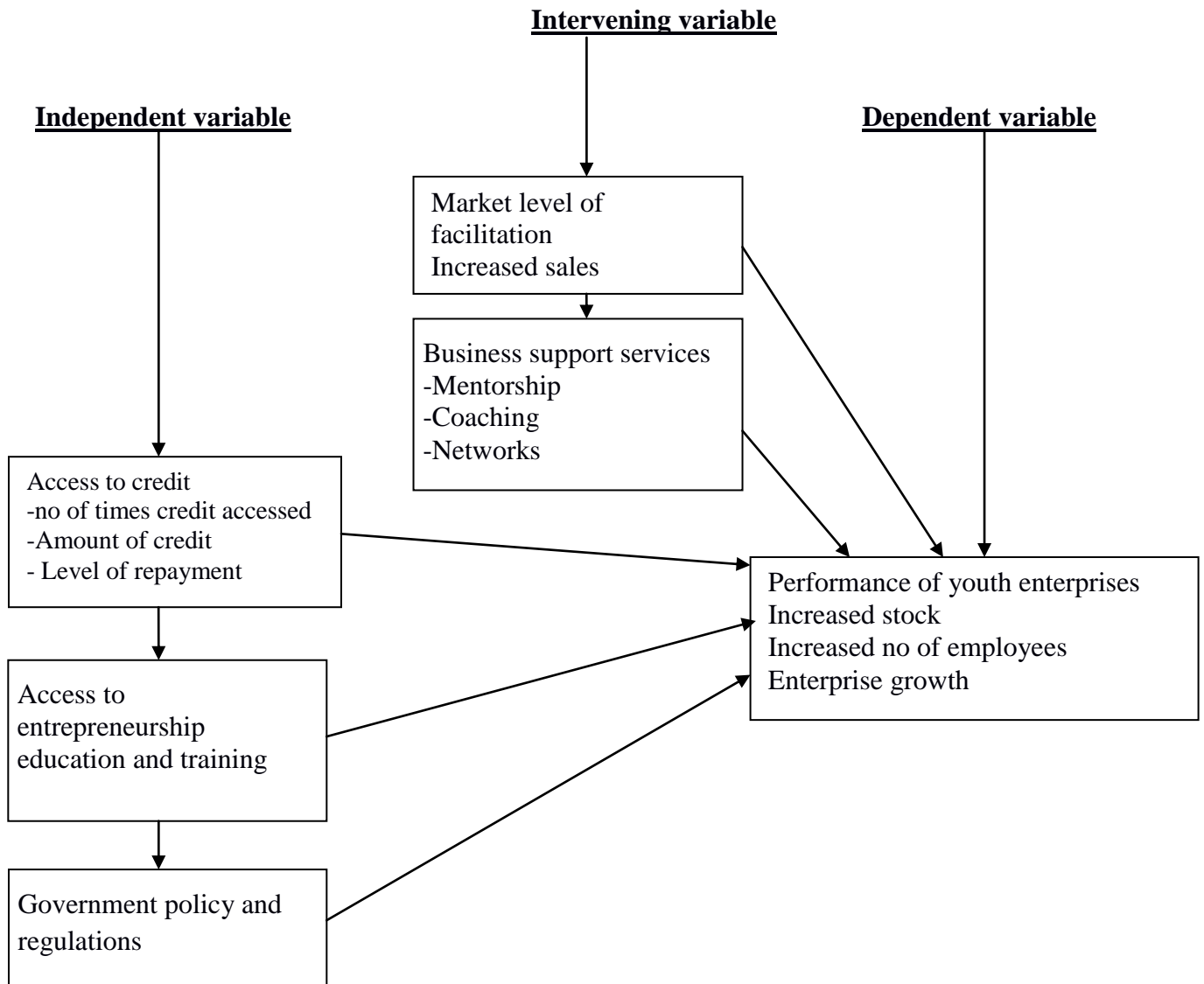
Economic development of an underdeveloped people by themselves is not compatible with the maintenance of their traditional customs. A break with the latter is a pre-requisite to economic progress. What is needed is a revolution in the totality of social, cultural and religious institutions

and habits, and thus in their psychological attitude, their philosophy and their way of life. What is therefore required amounts in reality to social disorganization. Unhappiness and discontentment in the sense of wanting more than is obtainable at any moment is to be generated. The suffering and dislocation that may be caused in the process may be objectionable, but it appears to be the price that has to be paid for economic development. As societies modernize, modernization theory points out that they leave behind their historical agrarian lifestyles in favor of modern industrial or technological lifestyles, losing the ability to feed themselves directly, and leaving themselves at risk in the case of economic downturns. At the same time, modernization theory looks at the positive benefits of nations modernizing. New technologies often bring with them advancements in medical care, food production, education, and disaster protection. While modern communications can lead to a homogeneous culture, it can also help spread social ideals of greater liberty and freedom. Societies that modernize tend to move towards more free and open systems of government, greater equality between genders, religions, and races, and more invested populaces.

## **2.6 Conceptual Model.**

A concept is an abstraction, a symbol, a representation of an object or one of its properties, or of a behavioral phenomenon. The conceptual model is an illustration of Key variables and their interconnection. A model therefore is an abstraction from reality that orders and simplifies our view of reality by representing its essential characteristics.

## Conceptual framework



**Figure 2.1 Conceptual framework. Author: Researcher (2014)**

### 2.7 Operationalization of Variables:

According to Mugenda and Mugenda: (2003) a variable is a measurable characteristic that assumes different values among the subjects. It is therefore a logical way of expressing a particular attribute in a subject. Conceptual or theoretical definition of a variable is a way of specifying precisely that we mean when we use a particular name to refer to variable. Operational definition refers to the measurement of a variable. It is the description of the

operation that will be used in measuring the variable. A variable can be measured in two or more categories. Dependent, independent, intervening, confounding and antecedent variables. The independent variable is the variable predicted to, while the dependent variable is predicted from. In this study the researcher's independent variable was access to credit, Access to entrepreneurial education and training and the Government policy.

### **Dependent Variables.**

#### **Performance of youth enterprises**

The dependent variable in the study is performance of youth enterprises, its indicators include; Increased value of stock, increased number of employees, Gross sales, Net sale, Increased profit It is dependent on access to credit, access to entrepreneurship education and training, level of Market facilitation and business support services.

### **Independent Variables.**

#### **1) Access to credit**

Number of times the group have accessed credit, amount of credit accessed, level of repayment will be the measure.

#### **2) Access to entrepreneurial education and training.**

Certificates and or any training records will be the measure.

#### **3) Government policy.**

### **Intervening variable**

According to Mugenda and Mugenda: (2003) the logical status of an intervening variable is that it is recognized as being caused by the independent variable and as being a determinant of the dependent variable. In this case, the Market availability and availability of business support services is a determinant of the performance YEDF/UWEZO FUNDS on youth entrepreneurship.

#### **4) Level of Market facilitation.**

The measure was the number of youth supplying their goods to the Government, increased sales increased profitability and Enterprise growth.

#### **5) Business Support Services**

Mentoring support is of great value to young people because it helps them to overcome the problems of limited life and business inexperience and the lack of networks and contacts as they engage in business. The measure was the number of times the group has received either Mentorship, Coaching, Accounting assistance and Networks.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter outlines the methodology which was used in the research. The following topics are discussed: study site Research design, target population, sampling procedure, data collection method and instruments.

##### **Study site.**

Data for this study was collected in Mathira East Sub- County, Nyeri County, which is located in Central Kenya. It borders the following counties; Laikipia to the North, Meru to the North East, Kirinyaga to the East, Muranga to the South, and Nyandarua to the West. Nyeri County has a total area of 987.5 Km<sup>2</sup> and 758.5 Km<sup>2</sup> of arable and non-arable land respectively. The larger part of the land is used for food crop while the rest is used for cash crop farming, livestock rearing and farm forestry. The mean holding size is one hectare for majority of the small holders. This land is mainly owned by the elderly people. The major economic activities in this area are tea and coffee farming. The main characteristics of the youth in this area is farming, some are engaged in micro businesses, boda boda transport others are unemployed. The youth in the county are ranked highly in drug use which is attributed to idleness and frustrations.

The researcher chose this County because very little is said about the development of the youth. The County has eight Sub-Counties namely Mathira East and West, Kieni East and West, Mukurweini, Tetu , Nyeri Central and Othaya. Data was collected in Mathira Sub – County. Mathira Sub-County youth fund annual report shows that 70 % of the groups funded at the launch of youth fund in 2007 in Mathira Sub – County have repaid the loan which is meant to be a revolving fund. This shows that there is some improvement in their businesses and Mathira constituency being among the best in loan repayment, it was therefore justifiable to do a research eight years after the launch assessing the performance of YEDF and Uwezo Fund on young entrepreneurs in Mathira Sub-County.

### **3.2 Study Design**

A descriptive survey design was used in this research. According to Mugenda and Mugenda (2003), a descriptive research determines and reports the way things are, and attempt to describe possible behaviour, attitude, values and characteristics of such things. Schindler and Cooper (2003), observes that descriptive studies are structured with clearly stated questions to be investigated. The descriptive design was selected in this study because it would allow the researcher to gather numerical and descriptive data to assess the relationship between the variables. This would make it possible for the researcher to produce statistical information on the performance the Youth Enterprise Development and the Uwezo Funds in Nyeri County.

### **3.3 Target group**

According to Mugenda and Mugenda (2003), population refers to an entire group of individuals, events or objects having a common observable characteristic. According to Cooper and Schindler (2003), a population element is the subject such as a person, an organization, customers, or the amount of quantitative data on which the measurement is being taken. The population of interest in this research was youth groups which have benefited from youth fund or Uwezo fund.

### **3.4 Sampling**

According to Kalton (1983), Researchers usually cannot make direct observations of every individual in the population they are studying. Instead, data is collected from a subset of individuals (a sample) and use those observations to make inferences about the entire population. In order to make a sound conclusion the researcher worked with a sample that is going to be a good representation of the population.

#### **3.4.1 Youth Groups**

Sampling frame is a complete or partial listing of items comprising the population. Sampling frame provides a list of elements from which the sample is actually drawn. For the present research study, sampling frame will come from all the registered youth groups who have received either Uwezo or YEDF funding in Mathira Sub - County, the researcher worked with these groups because they are distributed throughout the Sub - County and therefore a

representation of the whole Sub-County and also all the Governmental assistances are administered through registered groups. According to the department of youth development in Mathira Sub County the number of groups which have received funding is 108 and those that have been funded by Uwezo are 10 groups, therefore a total of 118 groups. The researcher categorized the groups according to the type of businesses and sampled 2-3 groups from each category. The main categories included table banking, farming , transport , and other Jua Kali businesses.

### **3.4.2 Individual entrepreneur**

The researcher used systematic sampling technique to sample 2-3 individual enterprenuers from each category sampled and interviewed sixty four entrepreneurs.

**Table 1. Youth groups and entrepreneurs sampled**

| <b>Type of groups</b> | <b>Total of youth groups</b> | <b>Youth groups sampled</b> | <b>Number of entrepreneur members interviewed</b> |
|-----------------------|------------------------------|-----------------------------|---|
| Table banking         | 25                           | 6                           | 16  |
| Farming               | 72                           | 18                          | 37  |
| Transport             | 5                            | 1                           | 2   |
| ICT                   | 6                            | 2                           | 4   |
| Other Jua kali        | 10                           | 3                           | 5   |

### **3.4.3 Key informants**

The researcher used purposive sampling to select the key informants who included the constituency YEDF officer, Youth development officers and the Constituency Uwezo board Secretary.

### **3.5 Data Collection**

Data is a piece of information that helps to analyze and appraise the given problem in a research study. It could be either a primary data, which is collected individually or a secondary data that is obtained from an already existing source (Mugenda and Mugenda, 2003) The data to be used for this research work was primary data collected by the researcher from the selected target sample population of youth in youth groups between the ages of 18-35 years. The researcher collected

both primary and secondary data for purpose of making conclusion and recommendations. Primary data was collected using structured questionnaires consisting of both open and closed questions, structured interview guide was also administered and observation method was used as well. The questionnaires were administered to the respondents directly by the researcher to the youth groups sampled. The interviews were conducted by the researcher personally at a time and place convenient to the respondents. The observation was carried out at the same day when the questionnaires were being administered to the respondents at their respective villages and place of work for the key informants.

The secondary data was collected from entrepreneurship text books, institutions surveys, Government reports, journal and periodicals.

### **3.6 Data Analysis**

The data analysis approaches was both quantitative and qualitative using descriptive statistics as well as inferential statistics. The data was analyzed with the help of statistical package for social sciences (SPSS). Baker (1985) notes that descriptive statistics, which is a simple statistical method, aids in description but not to support or falsify a relationship between variables. Data was interpreted using descriptive statistics, frequencies and percentages were also used to facilitate easy understanding. Quantative data was presented using tables, pie charts, and graphs. Descriptive analysis and content analysis of key informant's interviews was used for qualitative data obtained from in depth interviews.



## **CHAPTER FOUR**

### **DATA ANALYSIS, PRESENTATION AND INTERPRETATION**

#### **4.1. Introduction**

The main purpose of this study was to review the performance of Youth Enterprise Development Fund and Uwezo Fund on youth entrepreneurs in Nyeri County. The sample of the study included 64 youth groups selected from beneficiaries of YEDF and UWEZO Fund. Data was collected and analyzed using SPSS. The findings of this study are presented in this Chapter using proportion mean scores and frequency distributions. Information is further presented in the form of pie charts, bar graphs and tables. The response rate per question varied from one question to another, the following subsections in this chapter present the findings of the study.

#### **4.2. The YEDF and Uwezo Fund.**

##### **4.2.1 The role of YEDF**

The ‘Youth Enterprise Development Fund’ (YEDF) in Kenya started in 2006 as a state concern focusing on enterprise development as a key strategy to increase economic opportunities for, and participation by Kenyan youth in Nation building (YEDF Board Report 2009). Other than increasing capital access to young entrepreneurs, other mandates of the Fund include: provision of Business Development Services, facilitating linkages in supply chains, creating market opportunities locally and abroad for products and services of youth enterprises, and facilitating creation of commercial infrastructure to support growth of youth businesses.

The fund has eleven members advisory board which was gazzeted on 31<sup>st</sup> January 2007 and is 60 % private sector dominated. YEDF was officially launched on 1<sup>st</sup> February 2007 by his Excellency President Mwai Kibaki, this marked the beginning of disbursement process through financial intermediaries and the constituency youth enterprise scheme.

The loan is accessible only to youth groups operating within the parliamentary constituency, maximum loan amount per group was Ksh. 50,000 ,not accessible to individually owned youth enterprises ,the loan attracts no interest but has an administration fee o f 5% deductible up front from the approved loan ,proposal screening, recommendation and approval is done by Youth Enterprise Development Fund (YEDF) committees at divisional and district levels ,3-month grace period; full repayment within 12 months after grace period ,mixed age

groups must have at least 70% youth membership and 100 % of their leadership in the youth bracket and standard proposal format available to all potential applicants (YEDF guide,2009).

#### **4.2.1.1 Types of loans**

To enable the youths access credit YEDF has introduced various types of loans.

##### **Intermediaries lending**

YEDF today has partnered with financial institutions country wide to make it easier for the youth to access loans, as individual or groups. In Nyeri there are various intermediaries in which the youth can access credit namely; Small and Micro Enterprise Programme (SMEP), Family and Equity Banks and Kenya Union of Savings and Credit Co-operatives Ltd (KUSCO) (YEDF News bulletin, 2014)

##### **Agri- Vijana loan**

YEDF is also offering the Agri-Vijana loan targeting young people keen on undertaking agri-business. General requirements by applying group or individuals are; Proof of access to land, access to reliable source of water, ability to raise initial deposits amounts, site visit appraisals by constituency/regional office and guarantors copy of ID and PIN.

##### **C YES Loan**

The first loan in CYES is Rausha loan which is a constituency based loan that targets new group projects. It is intended to start up youth who are venturing into business.

##### **Inua Loan**

This is a constituency based loan intended to finance ongoing group projects and therefore for expansion purposes only. The 1<sup>st</sup> loan maximum amount is Ksh. 100,000 payable in 12 months, 2<sup>nd</sup> loan is Kshs.200,000 payable in 18 months and the 3<sup>rd</sup> Loan is Kshs. 500 000 payable in 24 months. The loan attracts no interest but will include 5% management fee and the payment of the loan commences after 2 months grace period

**The Special loan** is the third one targeting youth groups carrying out special business projects whose proceeds are generated on periodical or pre-determined irregular periods.

##### **Easy Yes loan.**

In this we have **E- YES Smart** which is a constituency based loan targeting individual enterprises belonging to a group. It targets youth intending to start or expand own businesses.

The second Easy Yes Loan is **E- YES Swift**. It targets youth intending to expand own businesses. The group must not have benefited from C-YES to access this loan

### **Poultry incubator loan**

Y E DF also provides youth with egg hatching incubators on credit. Young Kenyans aged 18-34 apply as individuals or in groups. The Incubator has a capacity to hatch 528 eggs fully computerized automatic hatching machine and has a 95% hatching rate. The credit facility is beneficially in the sense that no interest is charged on the loan, friendlier repayment period and monthly installments also the loan has a 3 years warranty for spare parts and 2 years on labour, Marketing and linkages facilitation , Training on handling of incubator at no extra cost and linkage to livestock extension officers or veterinarians

### **Vuka Loan**

The Vuka loan is for youth who have existing formal businesses. It is strictly for financing business expansion. This may include working capital financing and income generating assets.

The amount of Loan will be a minimum of Kes.100, 000/= and a maximum of Kshs 2,000,000 (Two Million Kenya Shillings). Loans above Kes.100,000/= must be secured by tangible assets.

For loans of Kes.100,000/=,security may include chattels, stock and business assets.

The loan term will vary as follows: Upto Kes.300,000/= :Maximum of 3 years

Upto Kes.1,000,000/= :Maximum 5 years and above Kes.1 million/=: Maximum of 6 years.

#### **4.2.1.2 Financial allocation by treasury since inception.**

**Table 4.1 Table showing YEDF allocation since 2007.**

| <b>NO.</b> | <b>FINANCIAL YEAR</b> | <b>AMOUNT</b>              |
|------------|-----------------------|----------------------------|
| 1.         | 2006/2007             | 1,000,000,000              |
| 2.         | 2007/2008             | 725,000,000                |
| 3.         | 2008/2009             | 499,914,170                |
| 4.         | 2009/2010             | 540,750,000                |
| 5.         | 2010/2011             | 550,000,000                |
| 6.         | 2011/2012             | 412,500,000                |
| 7.         | 2012/2013             | 399,500,000                |
| 8.         | 2013/2014             | 297,789,832                |
| 9.         | 2014/2015             | 300,000,000                |
|            | <b>TOTAL</b>          | <b>TOTAL 4,725,454,002</b> |

In the 1<sup>st</sup> Year the Kenya shillings one billion was allocated as follows:

Ksh. 210 million was allocated to parliamentary constituencies to finance youth groups. Each Constituency received Ksh. 1 million.

Ksh. 690 million was channeled through Financial Intermediaries to finance all legally recognized forms of youth-owned enterprises

Ksh. 100 million was set aside to cater for the other objectives of the Fund that entail commercial infrastructure development, linkage schemes, marketing of products/services of youth enterprises, labour export scheme, and also finance some administrative expenses.

**Table 4.2 Disbursement of YEDF to constituency and groups in Nyeri County**

| <b>NO.</b>   | <b>CONSTITUENCY</b> | <b>NO. OF GROUPS</b> | <b>AMOUNT DISBURSED</b> |
|--------------|---------------------|----------------------|-------------------------|
| 1.           | TETU                | 59                   | 2,541,910.00            |
| 2.           | KIENI               | 110                  | 4,733,200.00            |
| 3.           | MATHIRA             | 107                  | 4,596,990.00            |
| 4.           | OTHAYA              | 125                  | 5,396,120.00            |
| 5.           | MUKURWEINI          | 74                   | 3,176,110.00            |
| 6.           | NYERI TOWN          | 85                   | 3,639,540.00            |
| <b>TOTAL</b> |                     | <b>560</b>           | <b>24,083,870.00</b>    |

#### **4.2.1.3. Business Development Services and Entrepreneurship Training**

According to the YEDF 2014 News bulletin, Entrepreneurship training and provision of appropriate Business Development Services are key to the Fund`s achievement of its mandate. Besides ensuring that the youth have adequate skills, it also assist them in identifying and tapping into business opportunities, while embracing modern business management techniques. The fund has made tremendous progress in this area, as outlined below:

- a) The Fund has started a mandatory pre-financing training programme to enhance sustainability of youth enterprises. To date the Fund has provided entrepreneurship training to over 220,000 youth.
- b) The Fund has partnered with the Ministry of Cooperatives Development to assist youth form savings and credit societies (Saccos). So far the Fund has facilitated the formation of 30 youth Saccos. Besides being marketing vehicles for youth enterprises these Saccos

will also be used as financial intermediaries through which the Fund can reach members with credit facilities.

- c) The Fund has trained 2,500 youth in 24 constituencies on how to access procurement from the public sector.
- d) The Fund has supported two business plan competitions in which over 10,000 youth entrepreneurs have been trained and winners awarded. Some of the participants of the competitions have started very viable enterprises.
- e) In Mathira constituency all the funded groups have undergone business training, while business support services are offered to some groups according to the services available.

On marketing facilitation, the Fund has supported 2,500 youth enterprises to market their products through local trade fairs throughout the country. 42 youth enterprises have been supported to exhibit in international fairs and a number of youth today participate in export trade.

#### **4.2.2 Uwezo Fund**

Uwezo funds stems from the pledge by H.E. the President to allocate Ksh. 6 billion meant for presidential run-off to youth and women groups, National Treasury allocated and Parliament approved the Ksh.6 billion its objectives were to expand access to credit, to promote youth and women businesses and enterprises and thereby enhance economic growth towards realization of the Vision 2030; and also generate gainful self-employment for the youth and women; The six billions was distributed to all the Kenyan constituencies to benefit both youth and women groups.

##### **4.2.2.1 Eligibility Criteria for Applicants.**

Applicants shall qualify for Fund loan application if

##### **(a) For a group**

Is registered with the department of social services, Cooperatives or the Registrar of Societies, has members aged between 18 and 35 years whereas the women's groups shall be made up of women aged eighteen years and above, is based and operational at the constituency it seeks to make an application for consideration.

Operates a table banking structure or any other group fund structure where members make monthly contributions according to the groups' internal guidelines (evidence of monthly contributions shall be a requirement) and hold a bank account in the name of the group.

**(b) For an institution**

Is a registered entity and has listed youth and women groups within it.

**The Uwezo fund application process entails**

- a) Develop a unique business idea and prepare a simple business plan
- b) Ensure that the group meets the eligibility criteria above
- c) Fill an application form detailing the group's proposed business plan. The forms are available at respective Constituency Uwezo Fund Management Committee offices, located within CDF offices
- d) Application for funds shall be accompanied by a signed guarantee form executed by each member of the group individually committing to repay the loan

According to the Sub-County Youth Development Officer (SCYDO ) Mathira constituency received sixteen millions Kshs , the first reimbursement was in February 2014 where 5.1 million was disbursed to both youth and women groups, the allocation was a minimum of 50,000 Kshs and a maximum of 100,000 Kshs . The groups receive an extensive training on how to handle the Funds from the service providers who are hired by the Uwezo board before they receive the funding, at the moment there are some groups who are already vetted but pending reimbursement as they await the service provider to train. The amount to be reimbursed to those groups is about 10 million Kshs , other statistics in Mathira Sub County show that 54 groups of both youth and women have been funded since the launch amongst these groups only 10 groups are in the category of Youth group.

**4.3 Government policy**

According to the SCYDO the Government policies in acquiring these funding are quite requiring and most of the youths are not able to access the loans easily, YEDF has noted this and has come up with new initiatives that would help bring the credit close to the youth. One of the initiatives is **Credit Guarantee Scheme** which is meant to increase access to credit. The Fund is setting up a Credit Guarantee Scheme for young entrepreneurs by providing guarantees to financial institutions to facilitate easy access to credit under a risk sharing arrangement. The scheme is intended to support youth enterprises with particular focus on; Youth entrepreneurs with good start up business ideas but are unable to access financial support due to lack of adequate collateral, Trade Finance products i.e. LPO/LSO Financing, Bid and Performance bonds, Invoice

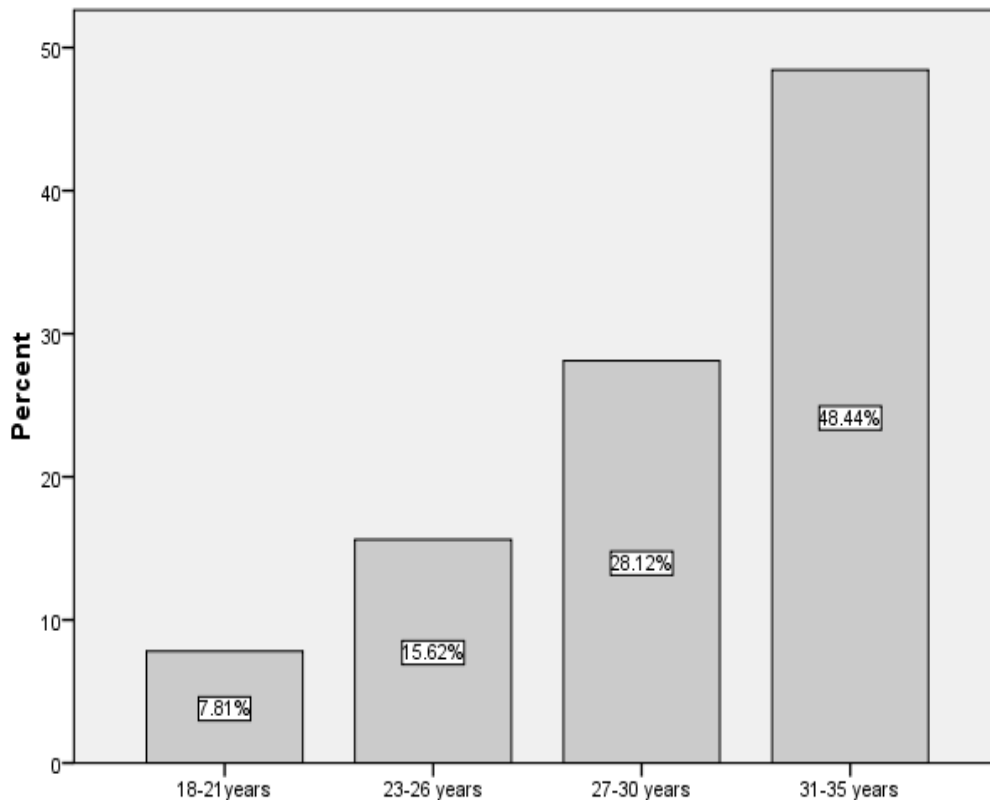
Discounting and letters of credit, Capital intensive youth enterprises, Asset financing especially of equipment that support growth of youth enterprises.

The second initiative is **increasing service touch points**. To enhance service delivery to youth at the grassroots, the Fund has employed two officers in every constituency who help the youth form groups, fill in application forms and provide them with business counseling. The officers have been provided with motorbikes to enable them reach all parts of their respective constituencies and therefore provide youth with services at their localities.

#### 4.4 Youth profiles in Nyeri County

##### 4.4.1 Age of the respondents

Respondents who are the youth entrepreneurs range between the ages of 18 and 35 years. Results indicate that majority of the respondents fall between the ages of 31-35 years while the smallest number of youth entrepreneurs is between the ages of 18 – 21 years. This is illustrated by the bar graph below;

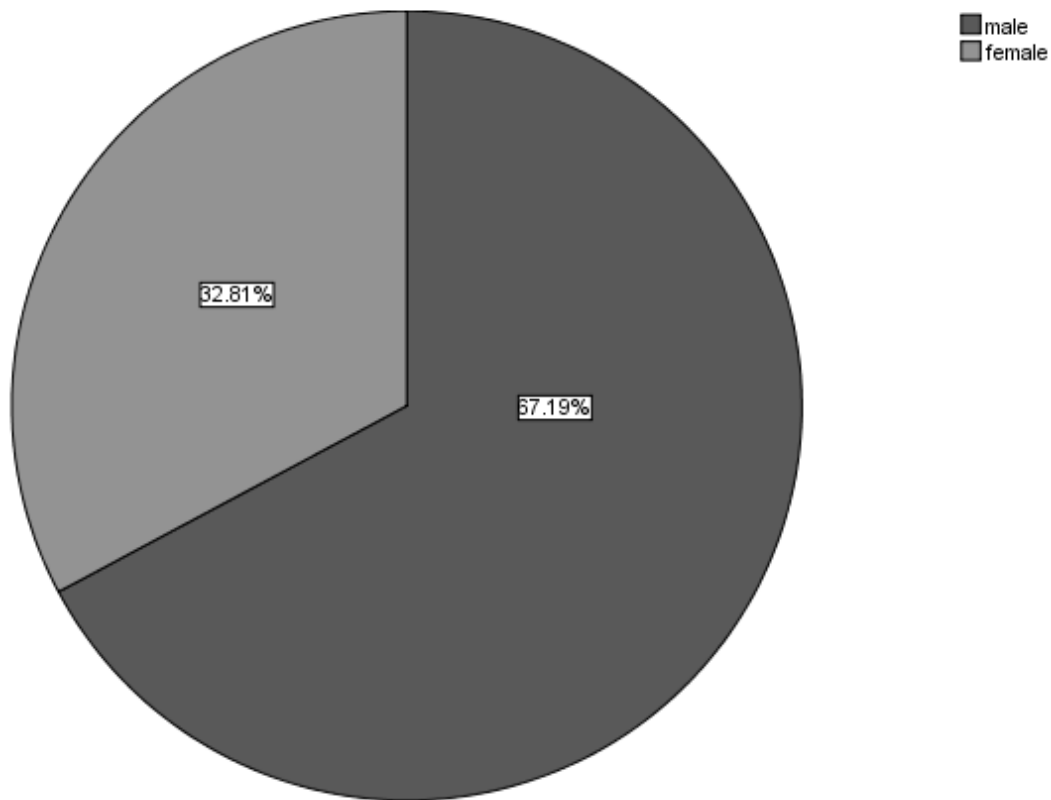


**Figure 4.1: Age of the respondents**

#### 4.4.2 Gender

Results show that majority of youth entrepreneurs are male with a percent of 67% compared to females at 33%. Males thus represent more than half the entrepreneurs who participated in the study. This is illustrated in the pie chart below

**Figure 4.2: Gender of the respondents**

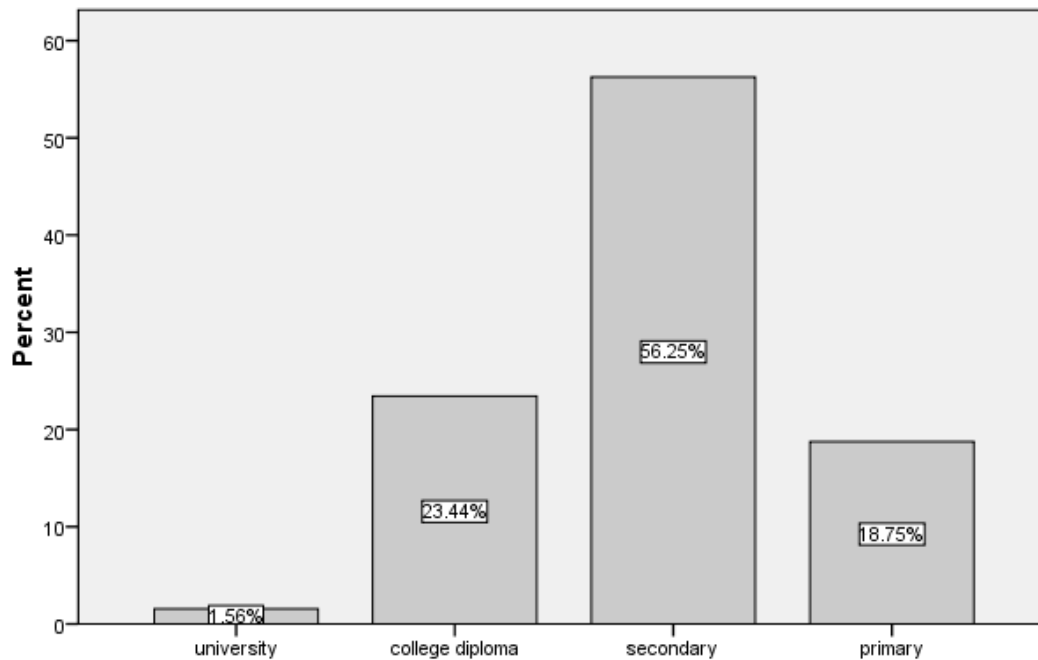


#### 4.4.3 Level of education

About 56% of youth entrepreneurs/respondents had attained secondary education level compared with 23% who had a college diploma, 19% who had attained primary school education and 2% who had a university education. The pie chart below illustrates that.



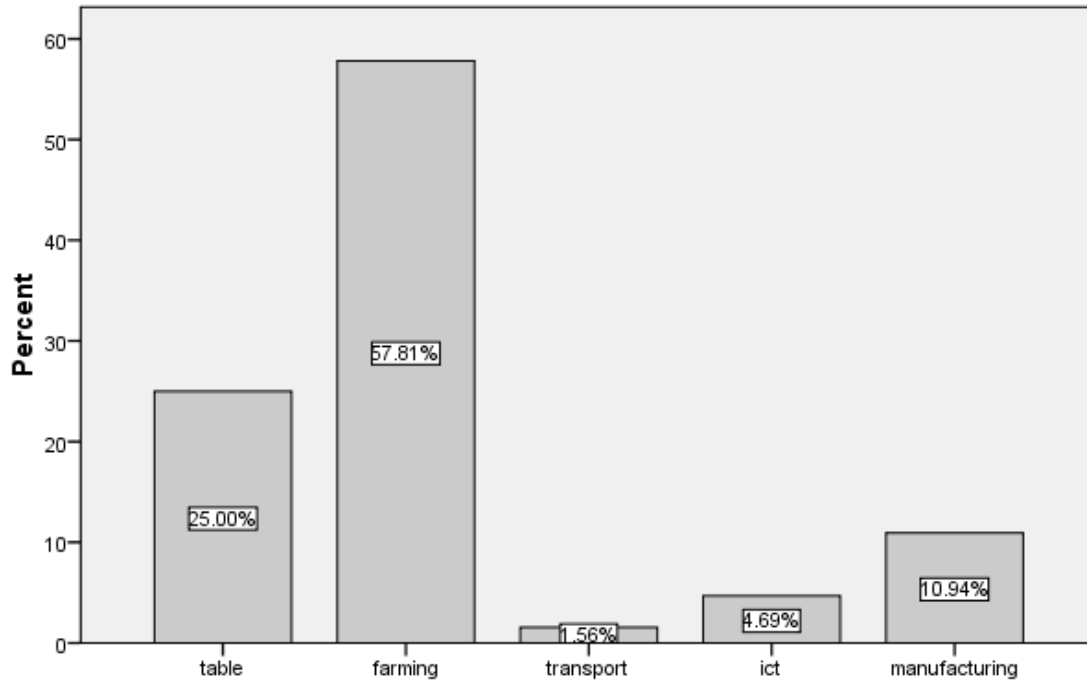
**Figure 4.3: Education level attained by the respondents.**



#### **4.4.4. Main type of occupation**

The main occupation of respondents was self-employment. 97% of youths who participated were self-employed. Respondents who are also in wage employment' were 3% represented by 2 respondents. Results further showed that participants engaged in farming, table banking, manufacturing, ICT and transport represented by 58%, 25%, 8%, 6% and 3% respectively. The figure below illustrates the nature of the responses.

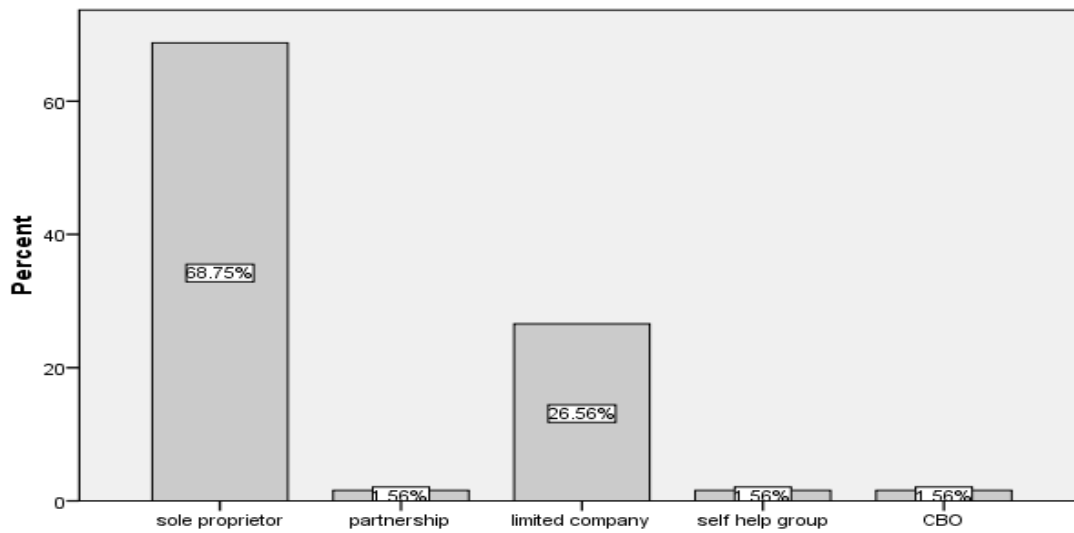
**Figure 4.4: Nature of business operated by the respondents.**



#### **4.4.5 Type of business ownership**

Sole proprietors represented 69% of respondents; limited company owners represented 27% while partnerships, CBOs and SHGs were represented by 1% each.

**Figure 4.5: Type of business ownership**



## 4.5 Youth access to entrepreneurship training in Nyeri county

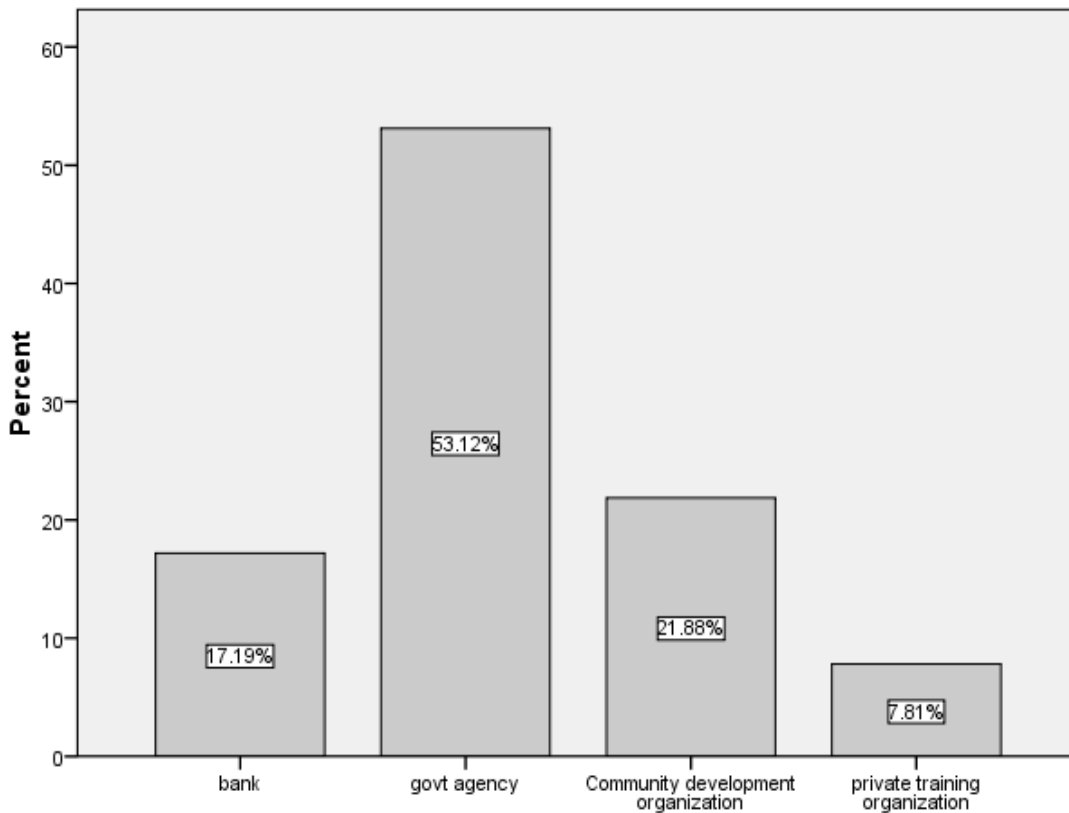
### 4.5.1 Number of youths who have attended training

In answering the question whether they have received any training 100 % of the respondents have attended at least one type of training. Period of training ranged between a day to over one year. Many of the respondents underwent training for a few days while a small number underwent training for a period of one year or more. Those that were trained for a few days accounted for 48% of respondents , those that trained for few weeks accounted for 17%, those that trained for a few months accounted for 15% while those that trained for more than an year were only 2%.

### 4.5.2 Training organizations

The Government agencies seems to have trained the most respondents, this is shown by 53% of respondents, 22% were trained through community development agencies, 17 % were trained by banks while 8% were trained through private organizations. This shows that besides the youths receiving training through government agencies they are also trained by other stakeholders.

**Figure 4.6: Training organization**



## 4.6 Credit accessibility

### 4.6.1 Initial startup capital

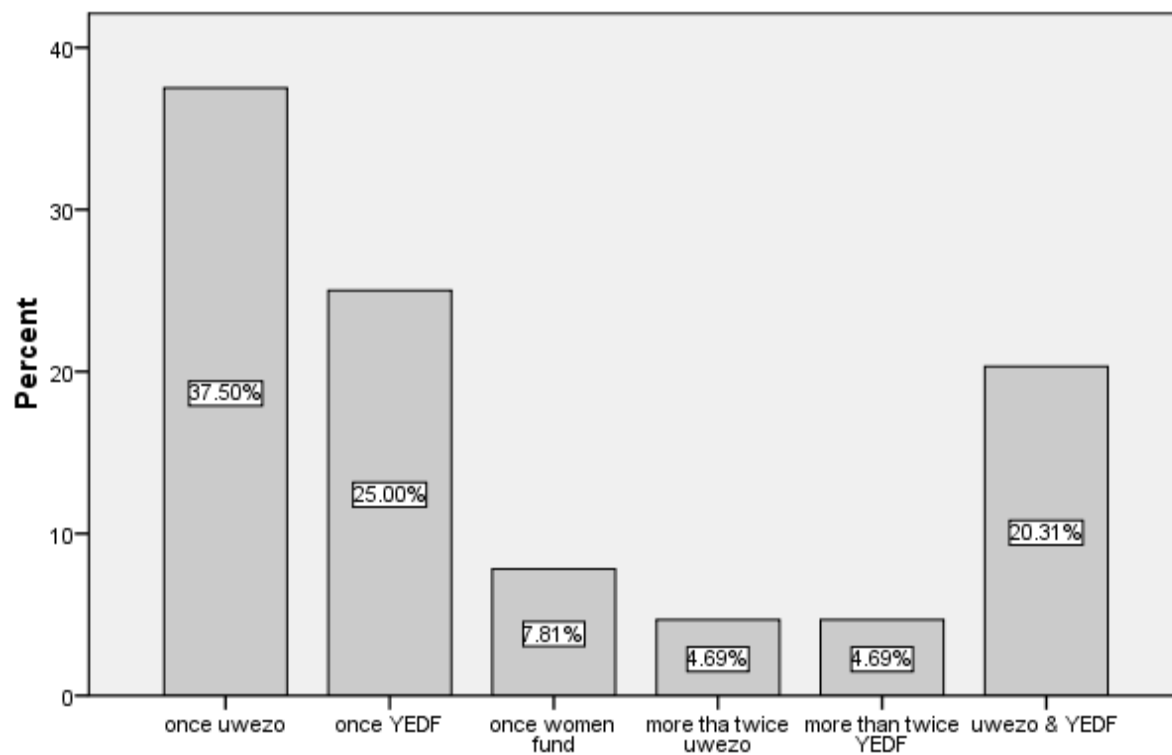
On answering the question of their source of initial capital, YEDF accounted for 45 %, Uwezo Fund accounted for 22% bank loans accounted for 14% while those assisted by their families to start businesses accounted for 19%.

| Source of initial capital | Frequency | Percent    |
|---------------------------|-----------|------------|
| Family                    | 12        | 19         |
| Uwezo Fund                | 14        | 22         |
| Bank loan                 | 9         | 14         |
| YEDF                      | 29        | 45         |
| <b>Total</b>              | <b>64</b> | <b>100</b> |

**Table 4.3. Initial start up capital**

### 4.6.2 Number of times youth entrepreneurs received government funding.

**Figure 4.7: Number of times Government funding have been received.**

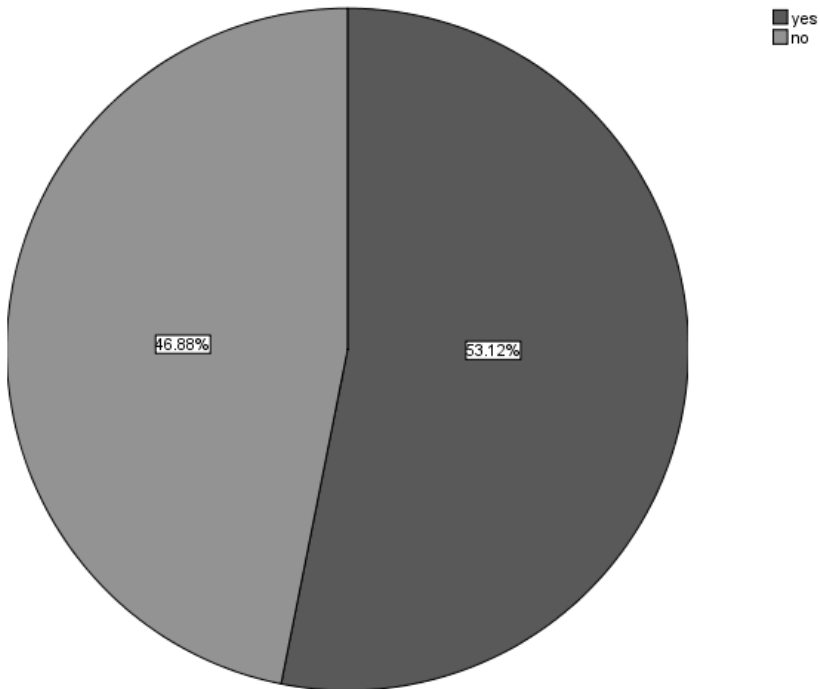


The illustration above shows that 37% of respondents received Uwezo funds at least once while those who received YEDF and women fund were 25% and 8% respectively. Those who indicated having received Uwezo fund, YEDF more than twice were 5%, and those who had received both YEDF and Uwezo funds were 23%.

#### **4.6.3 Accessibility of Government funds to the youth**

On answering the question of how accessible the funds are to the youth , 53.12 % of respondents indicated that Government funds were easily accessible to the youth while 46.88 % indicated that government funds were not easily accessible to the youth. This is because of the processes that the youth have to go through to verify their credibility as a group and also the youth groups are not easy to manage. ‘’For individual loans YEDF charges an interest rate of 8% flat per annum. A loan application fee of 1% of the loan amount is charged upon approval of a loan facility. This will be netted off the loan amount at disbursement. The amount will take care of the pre-disbursement processes, including training. All borrowers must be insured against death and permanent disabilities. In addition, all collateral will be covered against fire, death (livestock) and theft. The borrower will bears the cost of insurance. To some it is cumbersome but for those who are determined they have benefitted fully.’’ Says the youth officer.

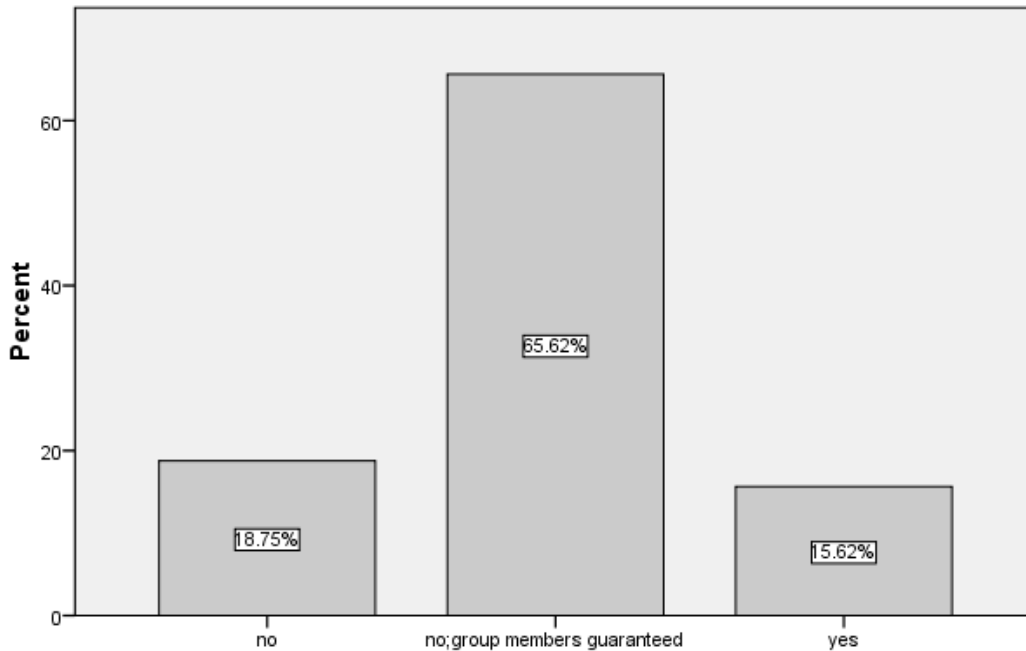
**Figure 4.8: Accessing government funding**



#### **4.6.4 Collateral**

About 65% did not use any collateral but the group members guaranteed them representing majority of loan holders. 19% did not use any form of collateral while 16% were required to have collateral to access the Government loans.

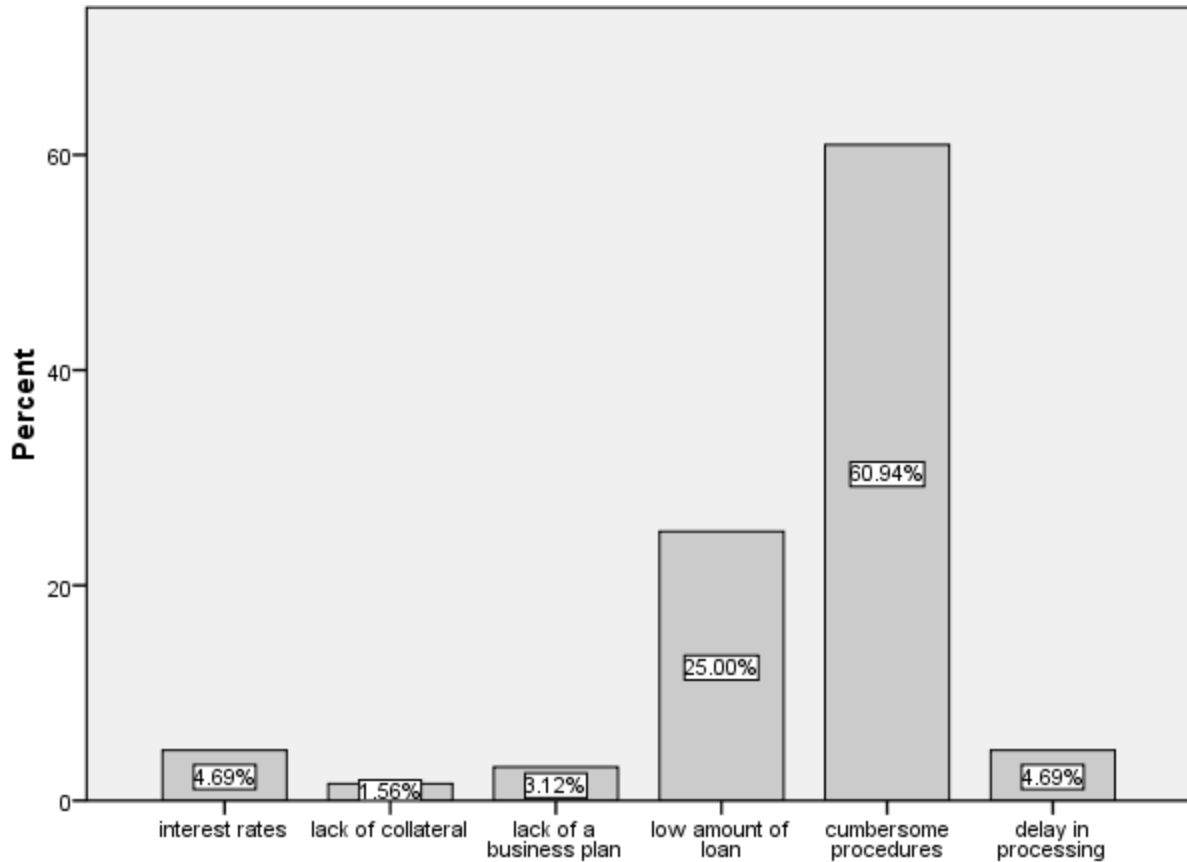
**Figure 4.9: Collateral used in accessing Government funding.**



#### **4.6.5 Challenges youth experience while accessing Uwezo/YEDF loans**

In accessing government loans, cumbersome procedures were the biggest challenge indicated by 61% of respondents. “Youth don’t want to be in groups because they claim it is not easy to get ten youth with the same vision, the process of sustaining the group is even worse because of their mobility ” says the Youth Development Officer. “The group also have to be verified by the area chief, I have to supervise the group project whereas the youth wants to have their share and start personal projects, they are required to have some savings in their account and some have not developed the culture of saving. For those in agri- business they are required to have a land lease letter and a guarantor.” Low amount of loans also rated high with 25%. The start up group loan is 50,000 Kshs they find it low being a group amount. Other challenges included interest rates for those aspiring to borrow individually, lack of business plan, and delays in processing and collateral which were indicated by less than 5% respondents each. The officers in Charge indicates that sometimes the loan processing can take between one to five months depending on the available applications.

**Figure 4.10: Challenges in accessing Government loans**

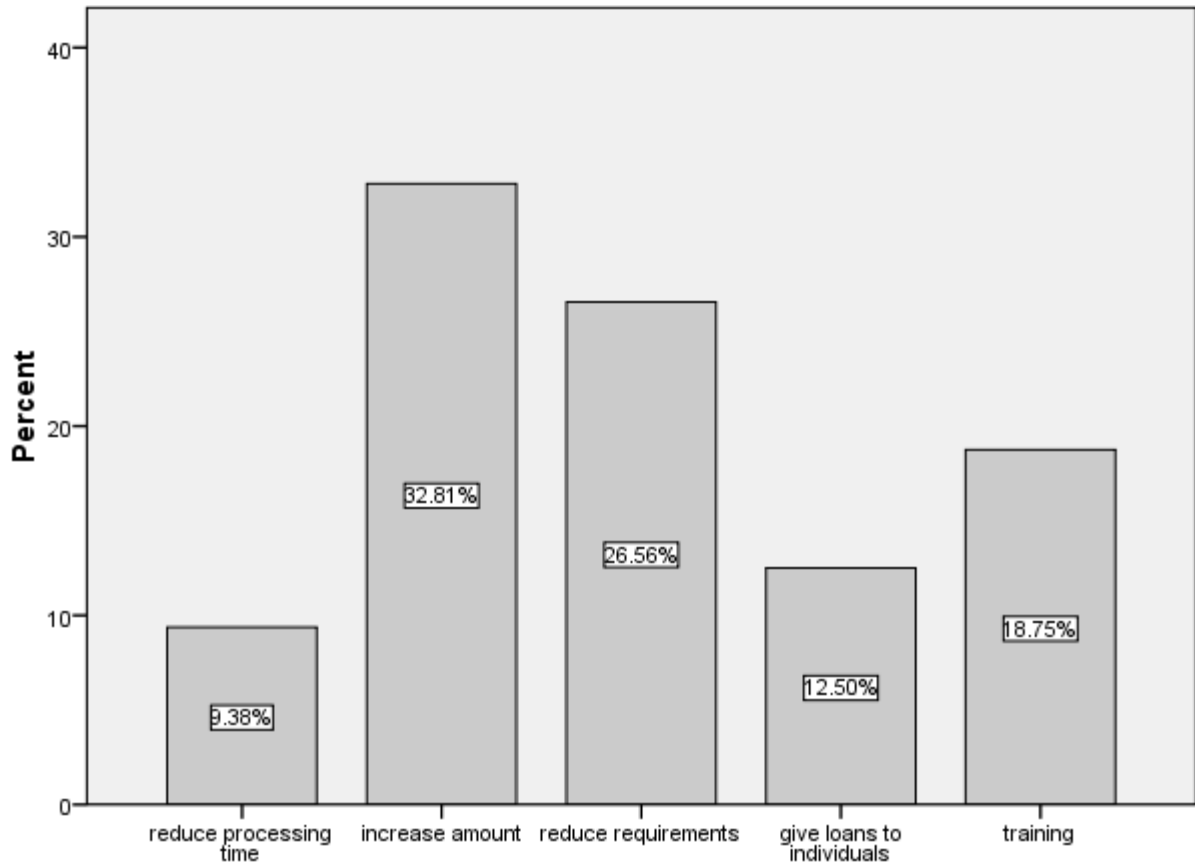


#### **4.6.6 Measures that can improve access to Government loans**

From the responses on measures that can improve credit access to the youth, 33% of respondents indicated increasing amount of loan which entails, maximum amount for startups of Ksh. 50,000 payable within 1 year maximum amount for those expanding business is Ksh. 100,000 payable in 12 months, 2<sup>nd</sup> loan is Kshs. 200,000 payable in 18 months, 3<sup>rd</sup> loan is Kshs. 500,000 payable in 24 months, from the 50,000 start up to 100,000 and above, 26% indicated reducing requirements like the chiefs signature, collateral for individual loans and guarantors, 19% indicated training of youths, and 12% indicated giving loans to individuals instead of the mandatory procedure of being in a registered group. The youth officer says it is impossible in most times to have people with the same vision in one group and therefore only a few manage to start group project 9% indicated reducing the loan processing time and process the loans as fast as the Bank does, this will enable them to plan for their enterprises better.



**Figure 4.11: Measures that can improve credit access**



#### **4.7 Level of marketing facilitation**

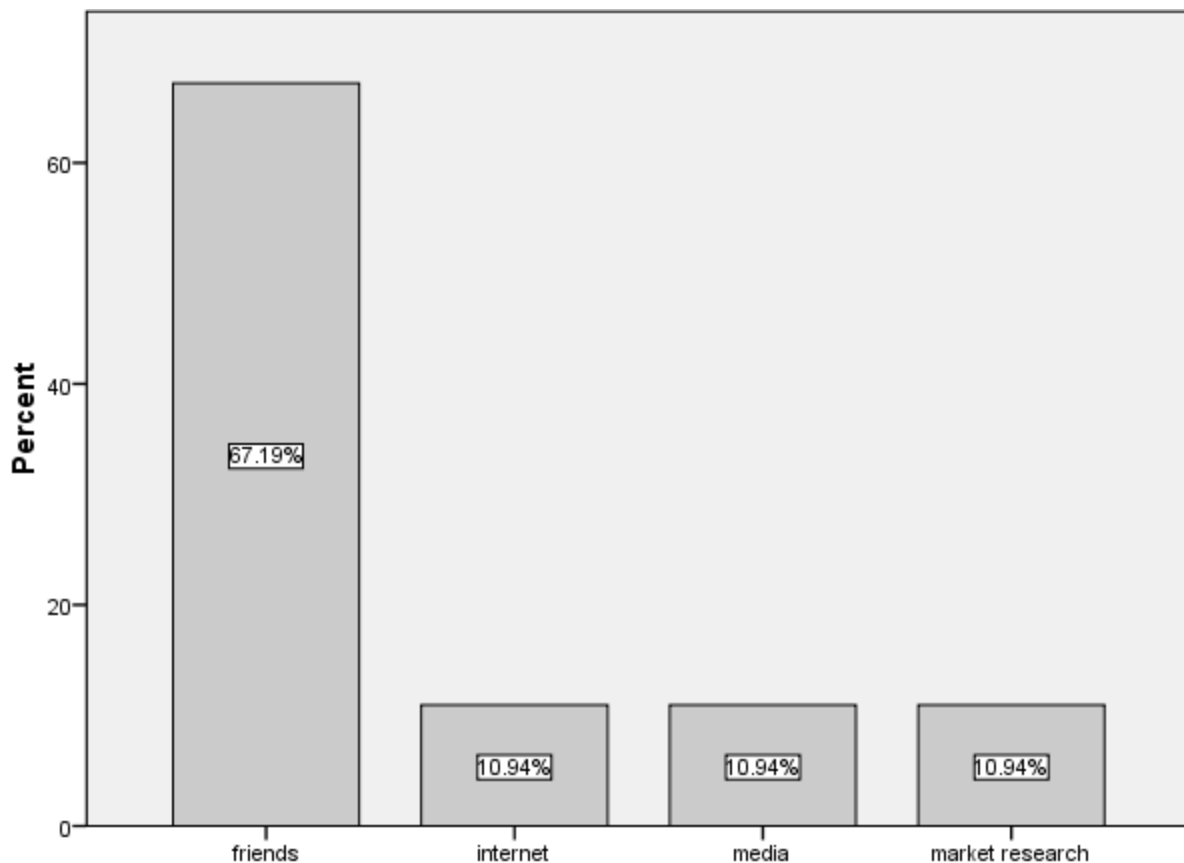
##### **4.7.1 YEDF/Uwezo fund assistance to market access**

Majority respondents, 62% indicated that they have not received any marketing support while 38% indicated having had market access support for YEDF/Uwezo fund.

##### **4.7.2 Ways through which entrepreneurs have been receiving information about market**

About 67% of respondents receive information about market from friends while the internet, media and information gathering from the market account for 11% each.

**Figure 4.12: Ways of getting market information**



The figure above shows that most of the youths have gotten information from their friends on how to market their goods. The indication is that the fund have not quite been assisting in facilitating market for most of the youths goods.

#### **4.8 Youth access to Business Development Services by YEDF/Uwezo fund**

##### **4.8.1 Has YEDF/Uwezo offered any business support service**

**Table 4.4: Business support services**

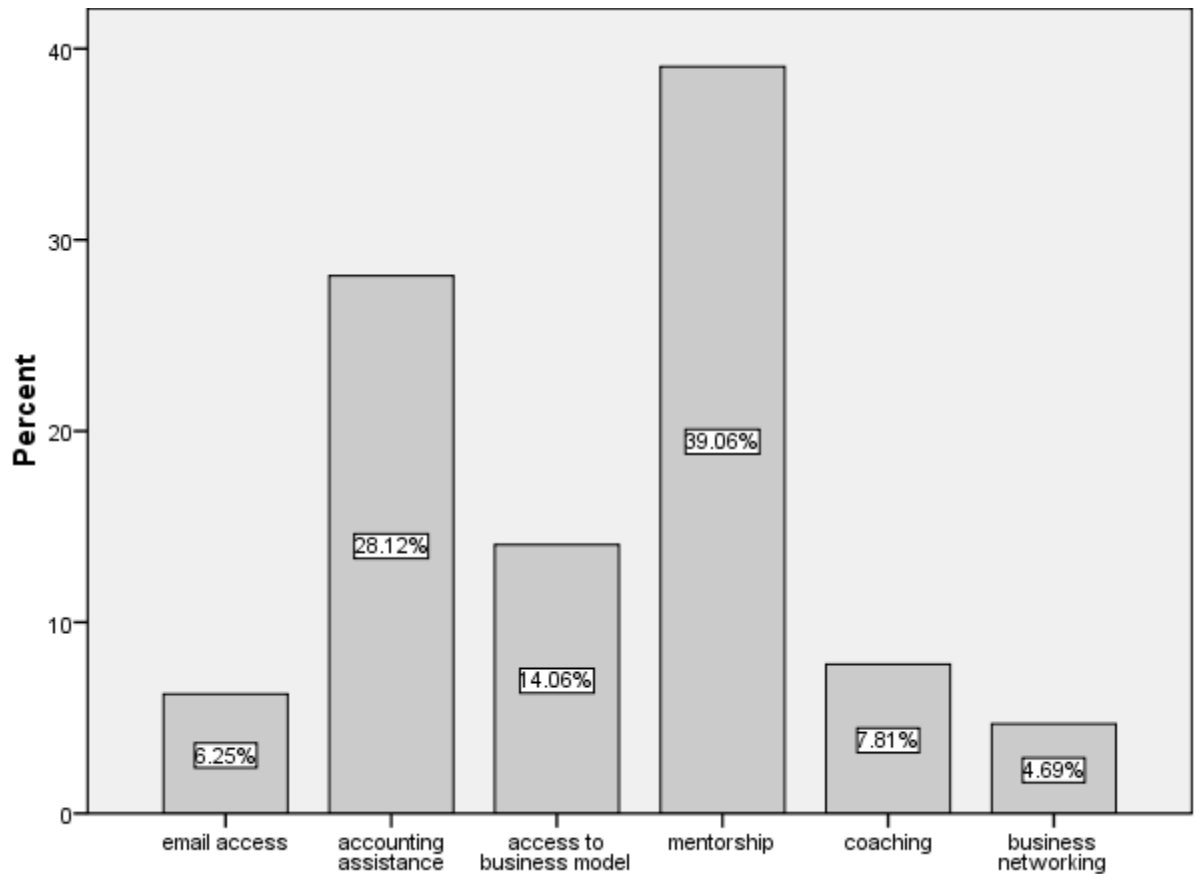
| <b>Access to business support services</b> | <b>Number</b> | <b>Percent</b> |
|--|---------------|----------------|
| Yes  | 53            | 82.8           |
| No   | 11            | 17.2           |
| <b>Total</b>                               | <b>64</b>     | <b>100</b>     |

On business Support services 28% indicated having been given accounting assistance 83% of respondents indicated having received business support while only 17% of respondents indicated not having received any business development services.

**4.8.2 Types of business development support offered.**

About 39% of respondents received mentorship, 28% received accounting assistance, 14% were provided with access to business model, 8% received coaching, and 6% were given access to email services while the smallest number of respondents was provided with business networking support.

**4.13: Types of business support services offered**



**4.9 Assessment of the performance of the youth operated enterprises**

**4.9.1 Performance of youth enterprises after funding**

Correlation analysis tests were done to determine relationship between performance of businesses after funding and credit accessibility, entrepreneurship training, market level of facilitation and business support services. The results showed a strong positive correlation

between performance and entrepreneurship training with correlation coefficient (0.762), and access to credit (0.650). There was weak positive correlation between performance after funding and the level of marketing facilitation with correlation coefficients (0.410), and business support services (0.437).

### Correlations

|  |                     | Performance of<br>business after<br>funding | Credit<br>accessibility | Entrepreneurshi<br>p training | Level of<br>marketing<br>facilitation | Business<br>support<br>services |
|--|---------------------|---|-------------------------|-------------------------------|---------------------------------------|---------------------------------|
| Performance of business after<br>funding | Pearson Correlation | 1   | .650                    | .762                          | .410                                  | .437                            |
|  | Sig. (2-tailed)     |   | .067                    | .078                          | .489                                  | .406                            |
|  | N                   | 63  | 63                      | 63                            | 63                                    | 63                              |
| Credit accessibility                     | Pearson Correlation | .650  | 1                       | -.086                         | .840                                  | .067                            |
|  | Sig. (2-tailed)     | .067  |                         | .891                          | .075                                  | .914                            |
|  | N                   | 63  | 63                      | 63                            | 63                                    | 63                              |
| Entrepreneurship training                | Pearson Correlation | .762  | -.086                   | 1                             | .408                                  | .196                            |
|  | Sig. (2-tailed)     | .078  | .891                    |                               | .495                                  | .752                            |
|  | N                   | 63  | 63                      | 63                            | 63                                    | 63                              |
| Level of marketing facilitation          | Pearson Correlation | .410  | .840                    | .408                          | 1                                     | .080                            |
|  | Sig. (2-tailed)     | .489  | .075                    | .495                          |                                       | .898                            |
|  | N                   | 63  | 63                      | 63                            | 63                                    | 63                              |
| Business support services                | Pearson Correlation | .437  | .067                    | .196                          | .080                                  | 1                               |
|  | Sig. (2-tailed)     | .406  | .914                    | .752                          | .898                                  |                                 |
|  | N                   | 63  | 63                      | 63                            | 63                                    | 63                              |

**Table 4.5 Business performance after funding**

Multiple regression analyses was conducted to examine the relationships between performance after funding from access to credit, access to entrepreneurship training and education, market level of facilitation and business support services. The variables significantly predicted performance  $F(4, 59) = 20.411$ ,  $R^2 = 0.513$ ,  $p = 0.022$ . The  $R^2$  of 0.513 shows us that only 51.3% of the model is accounted for by the independent variables while the other 48.7% is due to

chance. The p value (0.022) is less than alpha (0.05) thus independent variables significantly account for performance of youth enterprises.

#### 4.9.2 Performance of youth enterprises after training

Correlation analysis tests done to assess the relationship between performance of youth enterprises after training and predictor variables access to credit, entrepreneurship training, level of marketing facilitation and business support services. There was a weak correlation between three of the variables to performance after funding. Results indicated correlation coefficients of; access to loan (.418), market level of facilitation (.107), business support services (.133) and a very strong positive correlation between performance after training and entrepreneurship training with correlation coefficient of 1.

**Table 4.6 Business performance after training**

#### Correlations

|   |   | Performance of business after Training | Credit accessibility | Entrepreneurship training | Level of marketing facilitation | Business Support services |
|---|---|--|----------------------|---------------------------|---------------------------------|---------------------------|
| Performance of business after Training                  | Pearson correlation<br>Sig. (2-tailed)<br>N | 1<br><br>63                            | .418<br>.357<br>63   | 1<br><br>63               | .107<br>.789<br>63              | .133<br>.716<br>63        |
| Performance of business after Credit accessibility      | Pearson correlation<br>Sig. (2-tailed)<br>N | .418<br>.357<br>63                     | 1<br><br>63          | -.086<br>.891<br>63       | .840<br>.075<br>63              | .067<br>.914<br>63        |
| Performance of business after Entrepreneurship Training | Pearson correlation<br>Sig. (2-tailed)<br>N | 1<br><br>63                            | -.086<br>.891<br>63  | 1<br><br>63               | .408<br>.495<br>63              | .196<br>.752<br>63        |
| Level of marketing facilitation                         | Pearson correlation<br>Sig. (2-tailed)<br>N | .107<br>.689<br>63                     | .840<br>.075<br>63   | .408<br>.495<br>63        | 1<br><br>63                     | .080<br>.898<br>63        |
| business support services                               | Pearson correlation<br>Sig. (2-tailed)<br>N | .133<br>.716<br>63                     | .067<br>.914<br>63   | .196<br>.752<br>63        | .080<br>.898<br>63              | 1<br><br>63               |

Multiple regression analysis showed that the variables predicted a statistically significant relationship at  $F(4, 59) = 9.236$ ,  $R^2 = .372$ ,  $p = .043$ . Significant at  $p < 0.05$

These results show that only 37.2% of performance can be attributed to independent variables while 62.8 percent can be attributed to chance

#### **4.9.3 Performance of youth enterprises after-market facilitation**

Correlation tests on the relationship between performance after-market facilitation and access to credit, entrepreneurship training and education, level of market facilitation and business support services. Correlations were statistically insignificant at 0.01 between performance and all the independent variables. Correlation analysis between performance and independent variables produced the following results; access to credit correlation coefficient (.009), entrepreneurship training correlation coefficient (.008), level of market facilitation (.251) business supports service correlation coefficient (.036). There was a weak relationship between performance and level of market facilitation. A linear regression to predict the significance of the relationship between the performances of youth enterprises and level of market participation produced a statistically insignificant linear relationship between them.  $F(1, 62) = 1.460$ ,  $p = .513$ ,  $R^2 = .037$ . Thus performance cannot be significantly predicted by variable access to credit, level of business support, and entrepreneurship training. Level of market facilitation can significantly predict the performance of youth enterprises.

#### **4.9.4 Assessment of performance after funding in relation to youth profiles**

A multiple regression was run to predict performance of youth enterprises from youth profiles of age, gender and education levels. Results showed insignificant prediction  $F(3, 60) = 0.394$ ,  $R^2 = 0.019$ ,  $p = 0.075$ . Thus the profiles of youth cannot be predicted for the level of performance by youth enterprises. Individual variables resulted  $p > 0.05$ . Thus no individual independent variable could significantly report performance of youth enterprises after funding.

#### **4.10 Government policy**

On proposal on Government policies on youth entrepreneurship, most respondents proposed for adjustment of taxation laws on youth run enterprises in order to make them more favorable and the government to reduce the cumbersome procedures set for them in order to access the credit easily. Respondents also revealed that they would like to see the Government relaxing licensing regulations for youth enterprises in order to reduce the number of days required to register a business and the amount charged. A number of youth found it difficult to comply with

government policies and regulations while some were very positive about the procurement act which has enabled them to compete with the other business men. This shows that the Government policies also affects the performance of the funds

## CHAPTER FIVE

### SUMMARY , CONCLUSION AND RECOMMENDATIONS

#### 5.0 Introduction

This chapter presents a summary of the study findings. It also presents the recommendations, conclusion and areas for further research. The data was analyzed by use of SPSS package to produce the descriptive statistics. Frequency tables and charts were used to describe the data and draw conclusions on the findings. This study was guided by the following specific objectives;

- e) Examine the profiles of the youth entrepreneurs in Nyeri County.
- f) Examine youths access to Entrepreneurship training in Nyeri County.
- g) Examine policy laws & regulations governing the YEDF & UWEZO.
- h) Examine youth's access to YEDF and UWEZO Funds credit in Nyeri County.
- i) Establish the level of marketing facilitation offered by YEDF and UWEZO Funds in Nyeri County.
- j) Find out youth access to Business Development Services offered by YEDF and Uwezo Fund.
- k) Assess performance of the youth operated enterprises.

#### 5.1 Summary of findings

The research findings are as presented in chapter four and the following summaries are made in light of the objectives of the study.

The study observed that 100% of the respondents have been beneficiaries of government funding either YEDF or Uwezo Fund and 100 % youth according to the youth policy which states that the youth is a person between 18 to 35 years.

##### **The profiles of youths**

The study further shows that according to the respondents the majority of the youth who are on entrepreneurship is males represented by a percentage of 67 % while females were represented by 33 %.

the education level of the respondent ranges from primary level to University with those who have attained form four level being the majority and only a few with University Degrees represented by a 2 %.



All the respondents were in self employment as their main occupation except 3% represented by 2 respondents who are also in wage employment. Results further showed that the respondents had engaged in various businesses in this order of preference; farming, table banking, manufacturing, ICT and transport. This shows that most of the youth in this area are farmers and are engaged in various types of farming. Table banking is also another area where most of the youths were found in as a form of business in groups. Most of the ones engaged in table banking are also in other businesses meaning they use table banking as means to boost their other ventures.

Most of the youths interviewed were in either self help groups or CBOs but the profile still shows that after receiving the funds through groups they use the funds to boost their own ventures.

The type of business ownerships shows that 69% of the youths are operating business as sole proprietors. 27% as Limited Companies while only 1% are operating their businesses within the CBOs SHGs and Partnerships.

#### **Credit accessibility.**

Most of the respondents represented by 67 % indicated that their initial capital was from their own savings this shows that YEDF and Uwezo Fund do not provide starting capitals, a respondents explained that a group must have been in existence for at least three to six months and show a bank statement of savings for the time it has been in existence. Those who start business before joining groups are assisted by their families and well-wishers to start up businesses so as to get their funding from YEDF, however some respondents represented by 16% indicated receiving their loans to start their agri business this shows that for agri-business there are some special loans availed to the youths in form of farming tools, some of which includes green houses and incubators. According to the respondents Uwezo Fund is available to groups as long as they are on table banking they do not necessarily have to be in other businesses so this was recorded as the most accessible fund and with less requirement this is shown by 37%. Some groups have received the funds more than once which were an indication that the fund is easily accessible. Fig 4;10 shows that more than 85 % youths did not use any collateral to access the funds, and among them 65 % only indicated that the other members of the groups were used as the guarantors. 43% of the respondent indicate having difficulties in accessing the loans. They further indicated their preference to individual loans as opposed to group loans, and cumbersome

process as a major challenge, this may explain the reason as to why they don't go for the second loan and why such a percentage finds it difficult.

### **Access to entrepreneurship training.**

On the question of whether the respondents were trained before being funded, all the respondents indicated having received training from various organizations. One of the key persons respondent indicated that they network with other funding bodies to ensure that a group has at least been trained. If a group has been funded and trained by another organization and has a training certificates it qualifies for a funding by other organizations. Some indicated having long periods of training and has certificates, these are the groups trained by Equity for the youth Fund administered by the same. non of the Governmental organization has given certificates but the indication is that , no group would receive funding before they are trained, this therefore implies that YEDF and Uwezo has taken training as a major component in entrepreneurial development. Those that have received training have also indicated having some knowledge to run their businesses and have shown positive results in their businesses.

### **Levels of marketing facilitation**

62 % of the respondents showed that they have not received any marketing facilitation from either YEDF or Uwezo and that they have been receiving the marketing information from their friends or relatives. They further indicated that marketing of their goods would be very vital for their businesses since it would increase their sales and hence enhance business growth, however the small percentage that indicated having received marketing support indicated having improvement in their businesses. YEDF/ Uwezo Fund should therefore increase their efforts in exposing their youth entrepreneurs through marketing their goods to ensure growth of their entre prices and hence their performance in the county.

### **Youth Access to Business Development Services by YEDF/Uwezo Fund**

On answering the question of business development services 83 % of the respondents indicated having received business support services.39 % indicated having been mentored, YEDF is said to have mentored the youth before funding especially the once on agri-business. Those who have received the same indicated having a high level of success in their businesses 28 % indicated having been given accounting assistance this includes ability to keep proper records while the lest indicated having been exposed to business models coaching and access to emails for those in supply business on AGPO. From the response YEDF with the help of youth development have to

an extent managed to cover the business support provision to the youth this is a vital area in the performance of youth businesses and more efforts need to be put in monitoring of these interventions to ensure success of youth businesses.

According to the study the performance of youth entrepreneurs is not based on their age , education level or gender, however the study has revealed that most of the youth entrepreneurs who are beneficiaries of these government funds are males.

## **5.2 Conclusion**

YEDF provides business capital to the youth individually or as groups mainly through Financial Intermediaries such as banks, NGOs, SACCOs, and MFIs. The second channel through which YEDF disburses funds to the youth is the Constituency Youth Enterprise Scheme (C-YES). Funds provided by (C-YES) specifically target viable enterprises of youth groups within a given constituency.

Youth entrepreneurship training in Kenya is placed in the hands of several stakeholders including financial institutions, the Youth Enterprise Development Fund Board, Ministry of Youth Affairs and Sports According to this study the groups have shown quite some significant improvement in their businesses after funding and entrepreneurship training but there's a gap in the provision of Business Support Services and marketing facilitation. The four factors need to work together for better performance of the youth entities.

The funds offered to the youths are given to group projects but very few groups have a common projects, the funds are therefore shared among the group members and it therefore becomes insignificant hence seriously affecting the performance of the youth entities and hence the performance of the fund. The study therefore shows that YEDF and Uwezo Fund still have to put more efforts in their way of administering their funds increase the amount and reach the individual youths.

### **5.3 Recommendations**

This study makes the following recommendations:

- There is need for the YEDF to monitor and evaluate the youth run entities to ensure the funds are used in the right way and also identify their training needs most of the youths fail because of lack of knowledge on the various fields they venture into.
- Both YEDF and Uwezo Funds need to increase the amount lend to the groups, this is because there are very few group businesses most of the youth share this funds to start personal enterprises thus making it insignificant.
- The Uwezo Fund should introduce individual funding so that individuals who are not in groups can also benefit likewise YEDF need to increase the individual funding amount and also reduce the cumbersome procedures as indicated by the youths to enable the youths to acquire the loans as soon as they need them.
- Introduce a youth business networks for better marketing of youth products and have a youth business directory to expose the youths businesses.
- Both YEDF and Uwezo should also assist in marketing youth goods extensively.
- Offering intensive Business Support Services to the youth at their enterprises is also very vital in expanding of their enterprises.

### **5.4 Recommendations for further studies.**

There is more in Uwezo fund than just the support of youths entrepreneurs study need to be done on;

The role of Uwezo Funds on both youth and women in the constituency.

The performance of Uwezo funds on the growth of women groups.

The impact of The YEDF offered through other intermediaries.

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**APPENDICES**

**APPENDIX I: YOUTH QUESTIONNAIRE**

**STUDY OF THE YOUTH ENTERPRISE DEVELOPMENT FUND (YEDF) AND THE UWEZO FUNDS: A REVIEW OF THEIR PERFORMANCE IN NYERI COUNTY**

I m a student in the University of Nairobi undertaking a Project Paper submitted in Partial Fulfillment for the Award of Degree in Masters in Rural Sociology and Community Development. I am studying the developments of youth entrepreneurship in Mathira East Sub County.

I kindly request you to answer the following questions that will assist me in accomplishing my understanding the performance of youth enterprises in this County.

Name of the respondent ..... Area of operation .....

***Instructions***

Kindly answer the questions below by ticking the boxes and also fill in the blank spaces provided for those questions where elaborate answers are required.

**SECTION 1**

**1. Background information.**

a, Profile of youth

(a) Age;

- 18-21 years
- 23-26 years
- 27-30 years
- 31-35 years

(b) What is your Gender? Male  Female

(c) What is your marital status?

- Single
- Married
- Separated
- Divorced

(d) Level of education attained

- None

- Primary
- Secondary
- College Diploma
- University
- (e) Religion: Christian
- Muslim
- Other specify
- (f) Main occupation: Farmer
- Self employed
- Wage employment

If self employed

(g) What is the nature of your business?

- Table banking
- Farming  indicate type e.g pig rearing .....
- Transport  indicate type e.g matatu .....
- ICT  indicate type e.g matatu .....
- Manufacturing  indicate type e.g furniture .....
- Other (Specify)  .....

(h) In which year was the business started ? .....

(i) What is the nature of your business Sole Proprietorship ..... Partnership.....  
 Ltd Co..... SHG.....CBO..... other  
 specify.....

(j) Where is your area of operation?

(k) Briefly explain how your business was started. ....

(l) How did you raise capital for your business? .....

## SECTION II

### 1. Credit accessibility

(a) Where did you get your initial capital to start business?

- Personal savings  Bank loan
- Family  YEDF
- Uwezo Fund

Others

Specify .....

(b) How many times have you received government funding? ..... Specify

YEDF  Uwezo  Women Fund  Other Specify

(c) How would you rate the Government funding

Extremely helpful

Very helpful

Helpful

Not helpful

Not helpful at all

(d) Would you say the Government loans are easily

accessible to the youth Yes  No

(e) Is it difficult for you as a youth to access start up loan from the Government bodies?

Yes  No

(f) Which loans have you received since you started this venture? (fill in the table)

|   | Year | YEDF Kshs | Uwezo Funds Kshs | Other Specify Kshs | Balance Kshs |
|---|------|-----------|------------------|--------------------|--------------|
| 1 |      |           |                  |                    |              |
| 2 |      |           |                  |                    |              |
| 3 |      |           |                  |                    |              |
| 4 |      |           |                  |                    |              |

(g) Explain how the loan was used. ....

.....

(h) Did you use any collateral ..... Explain your answer .....

(i) How would you rate the challenges youth experience when trying to access loan from Uwezo Fund or Youth Fund? Tick your opinion

| Problems/Hindrances   | Very Serious | Serious | Fairly Serious | Not Serious |
|-----------------------|--------------|---------|----------------|-------------|
| Interest rates        |              |         |                |             |
| Lack of collateral    |              |         |                |             |
| Lack of business plan |              |         |                |             |
| Low amount of loan    |              |         |                |             |
| Cumbersome procedures |              |         |                |             |
| Others (mention)      |              |         |                |             |
| Others (mention)      |              |         |                |             |

(j) Do you know of any other funds established by the Government of Kenya to benefit the youth? Yes  No

If yes explain

\_\_\_\_\_

(k) In your opinion, what measures should be taken to improve credit access to young entrepreneurs? \_\_\_\_\_

**2. Access to Entrepreneurship Training and Education**

(a) Have you ever attended any kind of entrepreneurship training program?

Yes  No

If yes for how long \_\_\_\_\_

(b) Fill in the table below

|   | Type of training | Sponsor | Duration |
|---|------------------|---------|----------|
| 1 |                  |         |          |
| 2 |                  |         |          |
| 3 |                  |         |          |
| 4 |                  |         |          |

(c) Did you receive any training from the institution that funded you? Yes \_\_\_\_ No \_\_\_\_

(d) If yes has it benefited your business? EXPLAIN

\_\_\_\_\_

**3. Level of Market facilitation**

(a) Who are the main consumers of your products? .....

(b) Where do you market them? .....

(c) How far is the market (state in kilometers)

.....  
(d) If products are taken to the market what means do you use? .....

What is the approximate cost of transport? .....

(e) Has YEDF/Uwezo Fund assisted you in accessing market? Yes ..... No .....

If Yes how ? \_\_\_\_\_

If No why ? \_\_\_\_\_

(f) In which way have you been receiving information about market? \_\_\_\_\_  
\_\_\_\_\_

(g) Which other organization assists you in marketing your goods?(specify  
\_\_\_\_\_

(h) What kind of problems do you experience when marketing goods and services?

Tick appropriately in the boxes.

Stiff competition  Poor location

Unfair tender allocation  Lack of customers

Other specify .....

(i) What kind of market support would you propose as necessary in order to market the goods and services from youth enterprise? Please specify  
\_\_\_\_\_

### **Business Support Services**

(a) Did YEDF/Uwezo Fund offer Business Support Services to you or your group?

Yes  No

(b) If yes indicate the type of service offered.

| Type of service          | Yes | No |
|--------------------------|-----|----|
| E Mail Access            |     |    |
| Accounting assistance    |     |    |
| Access to Business Model |     |    |
| Mentorship               |     |    |
| Coaching                 |     |    |
| Business Network         |     |    |
| Other specify            |     |    |

(c) How valuable were these Business Development services to you

\_\_\_\_\_

(d) Do you think business development services would help improve the youth businesses?

\_\_\_\_\_

(e) Is there a Business network of youth in this region? Yes  No

If yes how does it operate? \_\_\_\_\_

(f) In percentages show how you would rate the support of YEDF/UWEZO FUND to the youth businesses. \_\_\_\_\_

(g) What would you say are the outcomes of the businesses that are given support by the YEDF/Uwezo fund \_\_\_\_\_

(h) Show the performance rating of your business by indicate the following;

| Item                     | Before Funding | After Funding |
|--------------------------|----------------|---------------|
| Estimated Value of Stock |                |               |
| No of Employees          |                |               |
| Gross sales              |                |               |
| Net sales                |                |               |
| Profit                   |                |               |

(i) Show the performance rating of your business by indicating the following;

| Item                     | Before Training | After Training |
|--------------------------|-----------------|----------------|
| Estimated Value of Stock |                 |                |
| No of Employees          |                 |                |
| Gross sales              |                 |                |
| Net sales                |                 |                |
| Profit                   |                 |                |

(j) Indicate the following;

| Item                     | Before Market Facilitation | After Market Facilitation |
|--------------------------|----------------------------|---------------------------|
| Estimated Value of Stock |                            |                           |
| No of Employees          |                            |                           |
| Gross sales              |                            |                           |
| Net sales                |                            |                           |
| Profit                   |                            |                           |

4. **Other factors**

a) How do you perceive the YEDF/Uwezo fund operation in Mathira East Sub County in as far as youth entrepreneurship is concerned?

- Successful
- Unsuccessful

b) How do you rate the performance of YEDF as far as youth entrepreneurship is concerned?

- Very good
- Good
- Poor
- Very poor

a) How do you rate the performance of Uwezo Fund as far as youth entrepreneurship is concerned?

- Very good
- Good
- Poor
- Very poor

b) What motivated you to start your business?

---

c) In your opinion has the Government achieved in developing youth entrepreneurship through YEDF and Uwezo Fund.

.....

d) According to your opinion has the government been assisting the youth entrepreneurs in Mathira East Sub County? Explain your reason

\_\_\_\_\_

e) What do you think the government should do to develop youth entrepreneurship?

\_\_\_\_\_

Thank you.



**APPENDIX 2: INTERVIEW GUIDE FOR THE KEY INFORMANTS;**

Y E D F, W E F, other M F Is, UWEZO and Business Support Services Providers.

Name of the officer (optional) \_\_\_\_\_

Designation \_\_\_\_\_

Name of the organization. \_\_\_\_\_

**1. Credit access**

- a) Is the credit you offer accessible to clients with startup groups? Yes  No

Explain \_\_\_\_\_

- b) In your opinion do you see your organization as having the capacity to solve all funding difficulties for start up and continuing projects? Yes  No

- c) What challenges do you face in your outreach?

\_\_\_\_\_

- d) What do you think should be done to improve credit access to the youth?

\_\_\_\_\_

**2. Access to entrepreneurial education and training**

- a) Do the youth in this area have adequate entrepreneurial knowledge? Yes  No

- b) Is there anything being done to improve the level of entrepreneurial knowledge and at what level? Explain \_\_\_\_\_

\_\_\_\_\_

- c) What measures would you propose to improve the level of entrepreneurial education and training? \_\_\_\_\_

\_\_\_\_\_

**3. Effect of Business development services**

- a) Do you offer any kind of Business development services to young entrepreneurs in your financial institution? Yes  No

- b) At which stage of business do your offer these services to young entrepreneurs?

\_\_\_\_\_

- c) Do you think the services offered by your institution are adequate to promote young people business? \_\_\_\_\_

\_\_\_\_\_

**4. Marketing facilitation**

a) In your organization, do you assist the youth to find market for their goods and services?

Yes  No

b) Would you say you have managed to solve the problem of youth based organization market in Mathira East Sub County. Explain \_\_\_\_\_  
\_\_\_\_\_

c) What measures do you think should be taken to help the youth in this region compete effectively with other business? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Business performance**

In percentage how many youth businesses would you say you have affected positively?

Explain how.  
\_\_\_\_\_  
\_\_\_\_\_

Do you face any challenges in trying to administer the Funds Yes  No

If Yes which ones  
\_\_\_\_\_  
\_\_\_\_\_

In your opinion to what percentage have the youth businesses improved since you started administering the fund. \_\_\_\_\_

-