

**FACTORS INFLUENCING YOUTH GROUP LOANS
UPTAKE AT THE UWEZO FUND IN MACHAKOS
COUNTY, KENYA**

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**A Research Project Report Submitted in Partial Fulfillment of the
Requirement for the Award of Degree of Masters of Art in Project
Planning and Management of the University of Nairobi**

2017

DECLARATION

I declare that this research project report is my original work and has not been submitted for a degree in any other university or college for examination or academic purposes.

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

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DEDICATION

This work is dedicated to my dear husband Dr.Patrick Litunya ,my children Lydia Emali, Rosemary Omuoma, Dorcas Anono, Alice Anindo and Daniel Litunya who have stood as a pillar of strength during my career development. The sacrifices they made during the weekend classes when they had to do without me for most of the parts of the years 2015-2016.

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LIST OF ACRONYMS

CBK	Central Bank of Kenya
CUFCs	Constituency Uwezo Fund Committees
EEA	Employment Equity Act
ERS	Economic Recovery Strategies
GoK	Government of Kenya
ICT	Information Communication Technology
ILO	International labor organization
KIHBS	Kenya Integrated Household Budget Survey
MFI s	Micro Finance Institutions
NPLS	Non- performing loans
OECD	Organization for Economic Co- operation and development
RoK	Republic of Kenya
SME	Small and medium sized enterprises
SPSS	Statistical package for social sciences
TVET	Tertiary Vocational Education and Training
UNFPA	United Nations Population Fun
WDR	World Development Report
USA	United States of America
US	United States
YEDF	Youth Enterprise Development Fund

ABSTRACT

The Government of Kenya has made various attempts to unlock the full potential of the youth. This is through the introduction of various initiatives such as Youth Enterprise Fund, Kazi Kwa Vijana, Women Enterprise Fund, and Uwezo Fund among others. Despite this attempt by the Government the youths have continued to face challenges in accessing the funds that have ended up accumulating in banks and other credit institutions. The objective of this study was to investigate the factors influencing youth group loan uptake at the Uwezo fund in Machakos County. The study was guided by the following specific objectives aimed to establish the extent to which training influences youth group loan uptake at Uwezo fund, examine how the loan amount affects youth group loan uptake and to examine how repayment period affects the youth group loans uptake at Uwezo fund and to determine whether the lending conditions influences the youth group loan uptake at the Uwezo fund in Machakos County. The study was guided by credit market theory. The study used descriptive research design. The study collected both primary and secondary data using a structured questionnaire. The target population was 194 drawn from registered youth groups in Machakos County in seven wards namely: Mua, Mutituni, Machakos Central, Mumbuni North, Muvuti and Kola. Stratified sampling was used and sample size of 122 youths and leaders selected. The study used simple random sampling to pick the respondents in each stratum. Cronbach's alpha was used to measure reliability. The data was analyzed using both descriptive statistics and inferential statistics. SPSS was used to analyze data. The data was presented using statistical analysis by use of frequencies, percentages, mean and standard deviation. The study revealed that groups trained by UWEZO fund are given preference in accessing the funds, that loan amount affects youth group loan uptake and that most business depend on borrowed money. The study concluded that training influence the youth group loan uptake at the Uwezo fund in Machakos County positively, that loan amount influence youth group loan uptake at the Uwezo fund in Machakos County positively and significantly and that lending conditions influence the youth group loan uptake at the Uwezo fund in Machakos County significantly. The study recommended that Uwezo fund should employ more staff and have a department charged with responsibility of training.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The youths face a complex situation of unemployment globally, despite most of them having high level of basic education (ILO, 2007). Diminishing youth joblessness is one of the real difficulties confronting most governments on the planet. With an expected 88 million young ladies and men overall jobless, the requirement for work creation endeavors concentrating on youth is verifiable. Many Governments are supporting youth programs and there seems to be greater appreciation that young people are the future of their countries development. The Government has made tremendous commendable efforts of to unlock the full potential of youth enterprise by helping them economically, despite all this efforts the youth have continued to face challenges related to accessing credit from both banks and even government funds (Odundo, 2014).

Uwezo fund what's more, other money related establishments have experienced issues in propelling credits to youth working youth undertakings. The fundamental purpose behind this incorporate, absence of guarantees required by money related establishments, insufficiently assembled monetary records absence of specialized and administration abilities of youth (Addou, 2011). The major factors that can influence demand for formal credit: high interest rates, bureaucratic loan process, high transaction cost, collateral risk and asymmetric (Anderson, 2010). Potential borrowers can be rationed out of the loan market due to a number of market monopoly power in credit market, interest rate ceiling, large transactional costs incurred by borrowers in applying for loans.

The United Nations estimated that in the year 2013 there were 3.5 billion young people aged between 15-24 years representing 18% of the global population. Africa had 43% of the population 338million young people under the age of 15 and 24 years (World Bank Report, 2013). According to Schoof (2006), in Sub-Sahara Africa, the reason why borrowers lack

access to credit from banks are inability to provide accurate information on their financial status, lack of collaterals, cumbersome lending procedures, high cost of credit and long physical distance to the nearest financial status.

1.1.1 Loans Uptake

A report by Central Bank of Kenya (2013), builds up that little and medium undertakings have turned out to be vital supporter of Kenyan economy. Business people in this division are considered credit unworthy by most monetary foundations. Enhancing the accessibility of credit offices to this segment is one of the motivators that have been proposed for animating development bank clients in Kenya in the wake of referring to the cost of credit as a hindrance in accessing formal credit which frequently arrive cost of credit to potential clients. Kenya's Vision 2030 means to make a socially just and fair society without outrageous neediness and thus puts social value and destitution decrease as one of the principle improvement motivation. This is because of the current unequal and discriminatory society on many fronts (Atieno, 2011).

Imbalance in qualification to political, common and human rights, and extensive differences in salary and access to training, wellbeing and land, and additionally fundamental needs (clean water, satisfactory lodging and sanitation) has been experienced since autonomy. To address the imbalances, the Government has been actualizing different activities that incorporate raising normal yearly wages, maintaining a strategic distance from net aberrations while remunerating ability and speculation dangers, decreasing neediness from 46%, executing arrangements that limit the distinctions in wage openings and access to social administrations and expanding group strengthening through reverted open assets weighted for the most impeded groups (Beck, 2011).

1.1.2 Uwezo Fund in Machakos County

The Uwezo Fund is a lead program for vision 2030 went for empowering ladies, youth and individuals with disable get to records to propel associations and endeavors at the voting statistic level, along these lines enhancing money related improvement towards the

affirmation of the same and the Millennium Development Goals No.1 (annihilate outrageous destitution and yearning) and 3 (advance sexual orientation balance and engage women). The Fund was pushed by His Excellency the President of the Republic of Kenya on eighth September 2013 and built up through a Legal Notice No. 21 of the Public Finance Management Act, 2014, and disseminated on 21st February, 2014. The Fund tries to stretch out access to records and propel women, youth and individuals living with insufficiency drove wanders at the body electorate level. It moreover gives mentorship opportunities to engage the beneficiaries abuse the 30% government acquirement inclination through its Capacity Building Program. Uwezo Fund, subsequently, is a road for brooding ventures, catalyzing development, advancing industry, making business, and developing the economy (Government, 2014).

Broadly the reserve is overseen by an oversight board while at the voting demographic level; there is a Constituency Uwezo Fund Committees (CUFCs) with participation from different wards and government delegates. It is in this way, essential to cooperate for the acknowledgment of the yearnings of Uwezo Fund to guarantee that the trademark "Ahadi Yetu-Kazi Kwako" is accomplished for the flourishing of our country (Ondoro, 2014). Preceding its climb to control, the celebration government made a guarantee to kill youth joblessness by giving motivations to the young. Some portion of this was to guarantee the young turned out to be beneficially utilized or could concoct productive organizations that would provide food for their necessities and have the capacity to utilize others. In this light, the Government propelled the Uwezo support a program went for making it feasible for the adolescent, ladies and individuals with inabilities to get to funds to begin and run their endeavors particularly at the voting demographic level. This would thusly prompt the acknowledgment of the nation's vision 2030 and also the accomplishment of the thousand year's improvement objectives 1 and 3.

The Uwezo fund was established on 8th September 2013 with an aim of enabling youth to get to records to propel their associations and endeavors at the electorate level, thusly enhancing money related improvement towards affirmation of Millennium Development Goal 2030 and

reduce the rate of unemployment among youths. It is the assets aim to develop and meet the dynamic needs of the young, who are its reason (GoK, 2014).

Mwangi and Shem (2014), accessibility to credit is a constraint in Kenya especially for poor and rural households. The main objectives of Uwezo support are to extend access to accounts in advancement of youth and ladies organizations and undertakings at the voting demographic level for monetary development. According to the International Labor office (2013), Development in Kenya has been described by extensive instability due to some degree to a thin development base and powerless speculation designs. This has unfavorably influenced formal employment creation and hampered changes in expectations for everyday comforts, especially among Kenyan youth, regardless of significant endeavors by the legislature to help the work advertise. Kimuyu (2012), Poverty reduction remains one of the greatest challenges facing the Kenyan government today. Mugure (2008) despite all the economic recovery strategies (ERS) put in place by the government to improve living standards, Poverty incidence is still high with low standards of living since studies carried out in Kenya indicate that 47% of the total population are poor. It is on this background that the study will aim at establishing the determinants of loan uptake at Uwezo Fund. Mwangi and Shem (2014) indicate that in Machakos County different channels have been used to disburse loans to youth. This is through financial institutions and through government agencies. It has been evident that lending requirements by banks and financial institutions are harsh and lock out the youth from accessing credit. The bureaucracies of lending create barriers for youth thereby stopping them from accessing loans.

1.2 Statement of the Problem

Government of Kenya has created government funds such as the Youth Fund, Women Fund and the latest being the 6 Billion shillings Uwezo Fund created by the Jubilee Government. All these have been created with an aim of promoting SMEs hence reduce the unemployment rate among the youth and improve the economy (GoK, 2014). Despite this effort by the government the uptake of these government funds by the youths still remains low. The population of unemployed youth is burgeoning fast. It is estimated that 12.7million labour

force in Kenya is employed with 1.9 million people openly unemployed (KIHBS, 2006). The Government of Kenya under Jubilee Government created Uwezo fund to encourage young people to take up entrepreneurship to create jobs for themselves and the rest of the population. Despite this effort, the uptake of the loans by the youth still remains low in Machakos County.

If the issue of low loan uptake will not be addressed, it will lead to lower capital base which will limit growth of youth enterprises and the Small Micro Enterprises at Machakos Sub County. Small Micro Enterprises have been recognized as boosters of the economy in both developed and developing countries (Ngugi, 2012). Slow growth of Small Micro Enterprises will mean a higher unemployment rate among the youths and a slow economic growth. There will also be other social vices that will come up due to unemployment of the youths such as involvement of crimes and use of drugs by the youth. From the foregoing, it is evident that several studies have been carried out on factors affecting uptake of loans by the youth focusing on banks and micro-finance institutions. Such studies failed to look in to Government funded programs like the youth empowerment funds. This study intends to find out the factors that influence the youth group loan uptake at Uwezo Fund in Machakos County.

1.3 Objective of the Study

The main objective of this study was to investigate the factors influencing youth group loans uptake at the Uwezo Fund in Machakos County.

1.4 Specific Objectives

This study was guided by the following objectives

- i. To establish the extent to which training influence the youth group loan uptake at the Uwezo fund in Machakos County
- ii. To determine how loan amount influence youth group loan uptake at the Uwezo fund in Machakos County
- iii. To determine how lending conditions influence the youth group loan uptake at the Uwezo fund in Machakos County

1.5 Research Questions

This study was guided by the following research questions;

- i. How does training influence youth group loan uptake at Uwezo fund in Machakos County?
- ii. To what extent does loan amount influence the youth group loan uptake at Uwezo fund in Machakos County?
- iii. To what extent does the lending procedures influence the youth group loans uptake at Uwezo fund in Machakos County?

1.6 Significance of the Study

The study will be of important to various groups of people and for various reasons. First of all the research will be of help to the management of the Uwezo Fund to formulate policies that will improve their service delivery hence help improve the uptake of the group loans by the youths. Secondly, the research will be of help to both the National government and the County governments to put up the right mechanism and structures in place that will help effectively run other government subsidizes, for example, the Women Fund, Uwezo Fund and the different assets built up by province governments focusing on the youths and others groups since the bureaucratic lending procedures has been postulated as a major constrain to access to credit by women and youth. The study will provide useful basis upon which academicians can do further research and studies in areas related to group loan uptake.

1.7 Delimitation of the Study

The study was major on factors influencing youth group loan uptake at Uwezo fund in Machakos County. Using Machakos County was hard to generalize the results to other scopes like other countries in the world. Only funded youth groups in Machakos County were under the study. This study did not provide an overview of other counties in Kenya since it was limited to Machakos County.

1.8 Limitations of the Study

The limitations expected in this study included shortage of financial resources during data collection. This was minimized by ensuring that finance is secured before embarking on field work. Time was also a limiting factor since the study is to be completed within a short duration. This was countered by enlisting the services of two research assistants to help in data collection who were adequately trained before embarking on the study. The respondents did not provide adequate cooperation in the time of research where they may question the main purpose of the study. The researcher assured them of high level confidentiality in the time of research.

1.9 Assumption of the Study

This study assumed that the target group borrows loans with an aim of growth in business and creation of employment opportunities. It also assumed that respondents were honest, transparent and answer questions administered to them as truthfully as possible. The study further assumed that the group members have entrepreneurship or the business ideas in their area of interest and that the respondents are aware of the Uwezo fund

1.10 Definition of significant terms

Employment: This is the going of service for monetary or financial reward to support an individual to enjoy at least the basic needs of life.

Lending conditions: These are terms and conditions which must be complied with before a group can access a loan.

Loan amount: This is the amount of money that uwezo fund lends to the youth groups

Loan uptake: These are the sourcing of funds from financial institutions for the sake of starting a business.

Nature of business: This refers to the business activities that the beneficiaries of the loan under study invest in.

Repayment period: These is the paying back of money borrowed from Uwezo Fund

Training- It is equipping the youth with entrepreneur and business skills and knowledge which is crucial before the uptake of the funds.

Youth group: These are a number of people that are located close together or are classed in age bracket 18-35years.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter covers contributions from other scholars on factors influencing access on youth group loan uptake at Uwezo fund. The part was organized into hypothetical survey, reasonable system, investigate of writing lastly synopsis and research holes that the examination is meaning to connect.

2.2 Empirical Literature

This section of the study comprised of empirical literature mainly focusing on studies determinants of loan uptake, credit rating policies on youth group loan uptake, training, loan amount repayment period, lending conditions and credit rating policies.

2.2.1 Determinants of Loan Uptake

This section discusses various themes that make up the objectives of the study. They are discussed along the following sub-headings. The first deals with the relationship between training and youth group loan uptake intake. The second is on the loan amount and repayment period while the third one is on the lending conditions and credit rating policies. A number of studies on determinants of loan uptake have been conducted in different countries and by different researchers. They include the following; Xiong and Xiong (2010) carried out a study that researched the effect of social capital on money related snags confronted by business people utilizing a pooled data of 270 little organizations in China and their findings were that membership in business associations and access to information increased the probability of having loans by 14.8%.

Levitt & March (1998) did a study in Asia to find if organizing, now and then called outer connection of firms among industry, exchange affiliation and different types of affiliations make learning by encouraging the sharing of information. The learning opportunity helps to enhance understanding of source of finance and organizations with systems will probably

approach bank credit contrasted with the individuals who don't have such system. The study urged that youth in Asia still face challenges as far as uptake of loans is concerned.

A study done by (Ondoro, 2012) investigated the determinants of loan acquisition using simple descriptive statistics and conventional minimum square relapse whose point was to break down the determinants of loan acquisition from financial institutions. The study revealed that the amount of loan secured in Chafia Local government areas is influenced by important social economic characteristics. It affirms that age, level of training, cultivating background and firm size of the respondents are measurably critical as they influence the measure of credit acquired in the study area.

White (2006) carried out a research in USA youth owned business and access to bank credit conducted a survey by use of logistic regression and found out that ladies claimed organizations are altogether less inclined to apply for bank credits contrasted and men possessed organizations. They found out that gender was identified with the application for banks credits and additionally the span of the advance but on the frequency of turn down. Mwangi (2009) did a study to find out the effectiveness of Women Enterprises Fund in enabling women setup enterprises in Matuga constituency. Frequencies and rates were utilized to break down the information.

The variable studies include development of women enterprise, adequacy of loans and capacity buildings. Her findings were that women need to be given enough amounts of loans to enable fund their businesses, well besides being trained on entrepreneurship. A study done in Ethiopia by (Simiyu, 2014) on factors affecting loan repayment performance of small holders farmers found out that small holders farmers within the study area source their credit from both formal and informal credit institutions. Multi stage sampling technique was used furthermore, a two farthest point propensity relapse demonstrate was utilized to distinguish the components that affected advance reimbursement. The investigation discovered that agro biological zone, off ranch exercises and specialized help emphatically impacted credit reimbursement and take-up.

Bwenger and Black (2011) did a research utilizing a phone study of 400 SME in the UK and found that graduates had no challenges in raising fund from banks. The specialist deciphered that more taught business visionaries can introduce positive money related data and solid strategies for success and they can keep up an association with monetary establishment contrasted with less instructed business people.

2.3 Factors influencing youth group loan uptake in Kenya

These are factors that influence youth group loan by youth entrepreneurs in Kenya.

2.3.1 Influence of training on youth group loan uptake

The corporate world, and in addition littler business division is presently searching for individuals with entrepreneurial abilities and properties. The particular name of "Ambitious innovator" has been made for entrepreneurial-disapproved of corporate representatives. It is of developing significance for enormous organizations, and in addition semi-government and government associations, to wind up noticeably entrepreneurial-disapproved. The assignment is significantly greater for the training segment, particularly colleges, universities and schools. This is a tremendous errand in light of the fact that these bodies for the most part don't actually have what they should educate "entrepreneurial mentalities". Business enterprise projects can be a great deal of good times for adolescents yet past the fun, they can accomplish extremely positive outcomes. By figuring out how scholastic abilities interface with genuine business openings and trusts in progress, understudies can be propelled to work harder in school. Business programs additionally give wide extension to understudy innovativeness and vitality and offer a constructive route for youngsters to channel their gifts (ILO, 2006).

The current Government came into power at a time when unemployment rates were still very high with 70% of all unemployed persons being young, inexperienced and unskilled in relevant fields. Kenyans aged between 18 and 35 forms slightly over a third of our total population and from the onset, it was clear that the administration viewed them as a strength and wanted the youth to be the drivers of innovation in Kenya. The Government was

therefore determined to make consider and precise push to fittingly prepare and enable the youth of Kenya with necessary and appropriate information, skills and tools to enable them attain and realize their fullest potential (Ndubi & Karanja, 2008).

The Government then undertook to invest in the youth and enable them to access the fundamental aptitudes, capital and chances to make riches for themselves and empower the creation of at least 1 million new jobs in the economy. Jobs are created by private sector and the role of Government in this regard is to create an enabling environment to attract and secure local and foreign investment in new factories and encourage investors to set up industries in the country. Since taking over power in March 2013, this Government has actively grown Kenya's informal sector and so far has established free trade zones to promote trade and create employment (Government of Kenya, 2014).

The Government also promised to introduce an approach where no less than 10% of Government procurement is procured from substances set up and ran by young entrepreneurs. This policy target was enhanced to 30% and expanded to benefit women and persons with disability. Currently, the Government has registered over 60,000 Women, Youth and Persons with Disabilities entrepreneurs in this programme across the country. Since the inception of the programme, over 10,000 enterprises have benefitted from tenders worth over KSh. 23.2 billion given out to these groups by Government Ministries by end of financial year 2014/2015. Policy guidelines have also ensured that the youth are not encumbered by stringent rules to prequalify as suppliers. They are exempt from requirements such as bid bonds (Ndeti, 2015)

According to Kamau and Ngungi (2014) encouraging the participation of young people in public procurement is an investment in their capabilities as future business leaders. Those who access these opportunities have been able to create temporary formal and semi-formal jobs for their peers and acquired valuable experience. This experience is preparing our youth for future ventures and allowing them to grow in entrepreneurial practices. Enhancing their business training skills is also essential in enhancing their future prospects including

competing with big business for the rest of the remaining 70 percent procurement opportunities.

The Government also committed to re-build instruction by setting up Institutes of Technology the nation over to enable youth with powerful and significant abilities to benefit a cutting edge economy (GOK, 2014). The administration intended that these institutions would enable the youth to acquire basic vocational skills. The government has equipped 400 youth polytechnics across the country and connected another 40 Tertiary Vocational Education and Training (TVET) institutions to internet through the fiber optic cable at a cost of KSh. 239 million to enable them carry out the kind of training envisaged by this administration. Additionally 244 Secondary schools have been upgrade with a package of 11 Computers, a printer, an overhead projector and ICT related accessories for their computer laboratories at a cost of 350 Million to facilitate e-learning and exposure of students to the use of IT and its accompanying benefits. Curriculums across the education sector have also been reviewed to improve learning and impart skills relevant to the modern economy.

The Government also held a strong conviction that availing capital to the youth and opportunities to create wealth for them would help alleviate the unemployment situation in the country. This conviction was based on the realization that startups especially those established by unemployed youth who embark on entrepreneurship out of necessity needed further support and hand-holding. In this regard therefore, the Government of Kenya has found great value in establishing and supporting Enterprise Financing programmes such as the UWEZO Fund, Women Enterprise Fund and Youth Enterprise Development Funds. These funds, among other things, enhance youth and young women's capacities to start and manage micro and small enterprises and grow access to fund through gifts and credit to advance youth and ladies ventures. The funds given to women and youth aim at generating gainful self-employment and provide an alternative framework for funding community driven development through equipping them with the necessary training (Ndeti, 2015).

Through the Youth Fund and Uwezo, young people's capacity to begin and oversee miniaturized scale and little undertakings has been improved through monetary proficiency preparing. Every one of the 15,871 youth recipients of Uwezo Fund the nation over have experienced an obligatory entrepreneurial preparing before they get their money. This is relied upon to have an immediate positive effect on reimbursement rates (Mugure, 2008). Business enterprise preparing has additionally been conveyed to 77,494 youth through the Youth Enterprise Development Fund to set them up for business advance take-up. These youth have gone on to do business and repay loans advanced to them at a rate of 64.21%, a figure that keeps improving year after year. Previously, recovery rates have been recorded at between 13% and 17% for the period 2007 -2011. About 550 youth enterprises have also been linked to markets and 200 youth entrepreneurs availed trading spaces/worksites through the Fund's investment in Youth oriented Commercial Infrastructure.

The Uwezo fund need to train the youth since competencies is required for an entrepreneur to acquire loan. Talents of youth is important in zones of monetary improvement in order to deliver inert gifts and support a solid entrepreneurial soul in people. According to Lewis (2012), youth should be inspired to misuse openings and to exploit positive exchange conditions. This could be spurred through arranged preparing exercises. Entrepreneurial advancement programs enable the potential business visionary to set-up his own particular business venture to proper to his capacities and preferring. One prepared and fruitful business visionary can set right case for others to take after. Prepared business visionaries in this manner move toward becoming impetuses of mechanical improvement and financial advance.

Entrepreneurial improvement is a composed and nonstop process (Jimenez, 2004). The fundamental reason for entrepreneurial program is to impact the potential people and rouse them to take enterprise as their profession. Business people can be produced through preparing, training and improvement. Teaching entrepreneurial abilities for setting up and working business endeavor can be called improvement of business visionaries. Entrepreneurial improvement wants to upgrade the ability and learning of business visionary

through preparing and advancement. Entrepreneurial improvement is a sorted out and deliberate advancement. The significance of entrepreneurial advancement is to rouse a man for entrepreneurial vocation and to make him equipped for seeing the open doors and misusing them effectively to set up his own endeavor.

The underlying phase of enterprise mostly concentrates on making care about their entrepreneurial open entryways. It involves activities and courses of action required to deal with and coordinate getting ready projects. Preparing and improvement is the center for the preparation of the potential business people. The preparation programs which are generally of a month and a half term, a bundle of planning inputs is given to the new business visionaries. The three essential groupings of getting ready information sources are: Need for Achievement or Motivation planning, Guidance in Business openings and reinforce and enhancing organization limits. The Follow up is a stage in which follow-up organizations are endeavored for various activities like: Follow-up on layaway application for subsidize Facilitating system, for instance, arrive, preparing plant shed and power exploring. This constant stream of follow-up programs fundamentally goes for finding the suitable inconveniences went up against by the business visionaries while speaking with various budgetary and constrained time workplaces (Mungai, 2015). This development will offer reassurance to the representatives to proceed with their exertion towards the accomplishment of their objective.

2.3.2 Influence of Loan Amount on Youth Group Loan Uptake

According to Bruns (2007), Loan amount given in developed countries really matter since they determine the nature and size of business one can initiate. In his critic of financial institutions, he argues that the nature of businesses that recipients of the funds engaged in were small and dealing with simple products which were consumed locally. As a result, these businesses lacked the ability to grow as the market became saturated with these products and services. This scenario lead to stagnation and final closure of business if no additional are taken. It continues to state that by giving uneconomical loan sizes to the poor, financial institutions creates a situation where markets in a poor country are saturated with simple

products and services produced and consumed locally. Another requirement is payment of full loan within the stipulated period before accessing higher amount.

World Bank, (2008) contends that inside the challenge of joint risk loaning writing, dynamic motivation alludes to the guarantee of greater credits once the present advances have been reimbursed. Dynamic impetuses spur the customers to wrap up their present credit with seek after meeting all requirements for a bigger one. Poor and unsuccessful business people are probably going to continue obtaining keeping in mind the end goal to reimburse, until a definitive up close and personal with overabundance obligation. Overabundance obligation can prompt consumption of house hold capital resources and additionally other occupation resources in this way leaving the family unit presented to defenseless.

Their interests and activities in the fiscal improvement and progression especially in the domain of SMEs have become uncommon excitement among researchers. Overall Entrepreneurship Monitor (World Bank, 2008) avowed that women appreciate a broad assortment of entrepreneurial activities over the 37 GEM and their activities in different countries have paid off in kind of some as of late settled attempts for business and wealth creation. Business enterprise is normally observed from the point of view of men driven economy because of its many-sided quality, especially its sex issues. Nonetheless, the part of ladies business people has not been appropriately reported (Mbuva, 2014).

Ewert (2000) indicated that insufficient access to fund is amongst the significant troubles experiencing youngsters run companies globally. In Developing Countries, independent ventures (SMEs) need access to capital and currency markets. Financial specialists are unwilling to put resources into proprietorships, associations or unlisted organizations. As hazard recognition about independent companies is high. While there are numerous credit ratings workshops focusing on ladies, younger ladies are underrepresented being a targeted team (ILO, 2008). Throughout Asian countries, the particular credit ratings workshops target married women, compared single women, based on the premises that they have a larger

possibility regarding default pertaining to loans while they may stop paying back their particular loans instantly they will find married.

2.3.3 Influence of Lending Conditions on Youth Group Loan Uptake

Awasthi, (2009) called attention to that by and large they survey issues particularly among formal monetary organizations essentially through their loaning strategies. What is shown illuminates of endorsed least advance sums, convolute application strategies and give limitations using a loan for particular purposes. The kind of budgetary organization and its approach will regularly decide the entrance issue to credit borrowers. Where credit length, terms of portion required security and course of action of supplementary administrations don't address the issues of the objective gathering, potential borrowers won't make a difference for credit even where it exists and when they do they will be denied get to.

According to ILO (2007) the capacity of ladies or youth to control the booking of their work can enable them to controlling work routines should be possible when ladies or youth work their own particular organizations. Shockingly, one of the greatest limitations to youngsters in business is access to money related administrations (credit and sparing administrations). The rate of young people engaging in entrepreneurship and self-employment globally seem to be on the rise worldwide. Ngungi (2014) uncovered that independent work rates among youngsters in the US drift around 1% to 4% while that of all age bunches it is 10%. As indicated by Greene (2005) the rates of independent work among youngsters in UK are 33% those of more seasoned people.

Almost 50% of the total populace is under 25 years (ILO, 2006). The International Labor Organization appraises that 351 million youngsters less than 18 years old are monetarily dynamic. An UNFPA look into gauges that there are 1.2 billion youngsters. As compelling as MFI has moved toward becoming as an improvement instrument, ladies and all the more particularly unmarried working young ladies, have been let alone for the grown-up centered formal and casual loaning areas. Unmarried youngsters of lawful age have been consigned to the sidelines getting to MFIs benefits because of saw hazard, age and status in the public

arena. Numerous youngsters work extend periods of time and acknowledge low wages in the casual segment (Carothers, 2007). Some youngsters who work consolidate instruction (school, professional preparing or apprenticeship) with paid work and keeping in mind that this enables kids and youth to proceed with their training, their capacity to perform well can be bargained.

An audit of writing by Ndubi (2008) recommended that most state-supported youth credit plots in Africa have experienced various shortcomings, extending from: poor program plan; poor usage; poor advance payment; poor advance reimbursement rates; absence of checking abilities; absence of solid budgetary control frameworks; absence of youth preparing in business and advance administration; and politicization similar to the case with C-YES Funds which is a segment of YEDF. Schoof (2006) watched that because of absence of a substantive financial record, adequate Collateral security or assurances to secure advances or credit extensions, youngsters are seen as a hazardous speculation influencing them to confront challenges in getting to fund. This is additionally bolstered by Essayed (2005) who has proposed that money related foundations in the formal area by and large see youth as high-hazard banks and are hesitant to broaden credit on positive or concessional terms.

A study executed by Kamau (2014) in Zambia, found that almost all potential youngsters entrepreneurs (72%) pointed that insufficient funds is the main reason behind dwindling of their business since financial institutions such as bank and microfinance failed to grant them loan due to lack of capacity to repay loan. Abdou (2011) identified inadequate funds to become one of many primary components limiting entrepreneurship in the Nigeria. Joint-liability schemes rely on conditions identified by MIFAN, 2010 as being critical to the success of such schemes. These conditions feature strongly in Uwezo fund which had laid down conditions that the beneficiary groups must meet in order to access the loan product. These conditions are considered to greatly influence the uptake of loans designed using this model since unless the members fulfill them they stand to lose as far as benefiting is concerned. The first criterion of accessing the loan products is group which is a mandatory condition for credit (CBK, 2012). The group should register with bureau of Social Services,

cooperatives or recorder of social orders. Works a table managing an account structure or some other gathering stores structure where individuals make month to month commitments as per the gatherings inner rules confirmation of month to month commitments are a requirement.(Social Services Office , Machakos County 2016).

The devolution of expert and assets to these bodies is dependent upon participatory, agent and straightforward engagement forms. Supporters of the new territorial game plans suspect that the elevated incorporation of group individuals in basic leadership will add to an all encompassing and community oriented approach, (Wiley, 2005). In South Africa, The Employment Equity Act, 1998, (EEA) looks to advance proportionate open entryway and sensible treatment in work through the finish of absurd division; and to execute administrative strategy with respect to minorities in the public arena measures to address the disservices in business experienced by appointed social events already distraught by the politically-sanctioned racial segregation framework. The Act characterizes the assigned gatherings as dark individuals, ladies and people with incapacities.

Institutions advocate, educate and adopt group as a mandatory condition for providing credit to two ordinary members at first phase, when two members complete repayment of at least two to three installments of credit other members become eligible to receive credit. Secondly, the group must create a credit guarantee fund affected though deductions of five percent from total credit amount dispersed to clients to deposit in a separate fund called credit guarantee fund that works as an insurance fund against credit risk (Kitavi, 2011). A few scholars have portrayed the approach as the clear supernatural occurrence of offering dissolvability to a group made practically out of altogether of ruined people.

Credit evaluation is a champion among the most basic methodology in banks and other cash related foundations "credit organization decisions". This system joins social occasion, examination and gathering particular credit segments and factors to assess the credit decisions. The nature of bank advances is the key determinant of rivalry survival and gainfulness. FICO assessment tries to aid basic leadership by finding what might have been

the best manage to apply on an example of past candidates. As indicated by Thomas Edelman and law breaker, (2002) the premise of FICO score approach is to control the bank to settle on choice to acknowledge or dismiss an application. It considers case by case chance administration evaluation while assessing a credit application. It along these lines alludes to the usage of verifiable model to change material data into numerical measures that guide credit decisions. It is along these lines alluded to as the industrialization of put stock in (Anderson, 2010).

FICO score has been championed worldwide to be a superior methods for assessing an acknowledge commendable borrower when contrasted with the customary technique for evaluation (Lewis, 2012). In a robotized framework singing happens momentarily, enabling loan specialists to evaluate hazard and settle on account start choice all the more rapidly, precisely and equitably in this way enhancing the portfolio. Republic of Kenya (2007) the data gathered by monetary organizations from credit candidates is utilized to create numerical scores for every candidate, as of late FICO assessment procedures have been extended to incorporate more applications in various fields. Credit assessment is a standout amongst the most essential procedures in banks and budgetary organizations. The loan rating policies adopted by each firm determines the volume of loans given to individual members while rigid scoring method reduces the volume of amount accessible to clients.

The way toward gathering, examining and arranging distinctive credit components and factors to get to the credit choices helps to determine the level of loan uptake. The rating policies which are defined rules which a financial firm has put in place to aid in the appraisal of loans relies on the credit score of each individual and a client with good score can be able to access higher loan amount at reasonable rates those with poor rating won't access the credit. Thus, rating policies reliance on credit scores determines the level of loan uptake (ILO, 2007).

According to Berger and Black (2011), the utilization of FICO score strategies effectively affects the quantities of endorsed credits to little to private company i.e. their applications prompts much faster and effective loan. Across the globe, ladies are winding up progressively critical in the monetary headway of both made and making economies as they speak to a gigantic percent of the directors of Small and Medium Enterprises (SMEs) (Green, 2005). Women businessmen make a liberal sense of duty regarding national economies through their interest in new organizations and their improvement in little and medium associations (World Bank, 2007).

As indicated by Al Amari (2010), youth enterprise is basic in advancing advancement and flexibility among the young. Advancement is key to present day hypotheses of development and improvement (khan, 2007). In a more extensive sense, youth enterprise enables young ladies and men to grow new aptitudes and encounters that can be connected to numerous different difficulties in life. Youth enterprise additionally advances the rejuvenation of the neighborhood groups by giving important products and ventures. Youth business alludes to the reasonable utilization of ambitious qualities, for example, 12 activity, advancement, innovativeness, and hazard taking into the work and condition utilizing the proper abilities essential for accomplishment in that condition and culture (Simiyu, 2014). Youth business enterprise includes the advancement of entrepreneurial demeanors, aptitudes and open doors for youngsters, from center school level through youthful adulthood.

Beck (2011) pointed that youth owned enterprises help in establishing countries' economies and therefore countries should think about socio-cultural limitations that control the particular participation regarding youth especially young women who want to participate in entrepreneurship in addition to self-employment. Nevertheless, the challenge regarding credit ratings access to youth run companies looks like it is a lot more evident in developing countries. Developing countries have few microcredit plans focusing particularly on youth. In line with Coleman (2008) overview of 902 organizations inside ninety-six countries shown underneath the Microcredit Summit's Local Authority or Council regarding professionals discovered that only 21-year-old organizations acquired the word 'youth' inside their title.

Atieno (2011) indicated out that entrance credit by borrowers can be clarified as far as credit proportioning conduct of loaning foundations. Atieno's examination utilized essentially illustrative insights to break down the part of institutional loaning approaches of formal and casual credit foundations in deciding access to and employments of credit offices by little scale business visionaries in rustic Kenya. Reports from an arbitrary chose test of 334 respondents showed that 15% had not connected for acknowledge consequently delegated not credit obliged. From the examination discoveries, the real purposes behind not looking for credit were nonattendance of required security. Only 49% revealed their demand by applying advance for credit. Among this number there were those whose propel application were proportioned and did not get aggregate sum they had connected for.

In Kenya, today, organizations utilizing between 1 to 99 individuals represent around 48 percent of all organizations; with a dominant part of these being overseen or possessed by the youngsters (25-34 years). Three out of five of these organizations flop inside the initial Three years of operation and those that proceed with 80 percent bomb before the fifth year. This disappointment of endeavors execution is set apart by low advance take-up, having noticed how vital the commitment of SMEs division is in Kenya (World Bank 2016).

A report by (Central Bank of Kenya, 2012) builds up that little and medium endeavors have turned out to be imperative supporter of Kenyan economy. Youth and ladies in this part are considered credit unworthy by most monetary foundations. Change should be possible to make the accessibility of credit offices to this division as one of the motivating forces that have been proposed for fortifying development bank clients in Kenya subsequent to referring to the cost of credit as a hindrance in accessing formal credit which frequently arrive cost of credit to potential clients. Uwezo support asserts that for organization of the reserve the entrance by qualified gatherings might be on a first start things out served premise subject to appraisal and endorsement of advance, gave that the board of trustees should guarantee evenhanded dispersion of assets in the wards.(Social Services Office ,Machakos County 2016)

Thomas and Crook, considered the reaction of national bank of Kenya restricted to the difficulties of NPLs and found that financial down hand government impedance over loaning satisfactory government fiscal strategies and a moderate sufficient legal framework, political arrangements to top administration, poor obligation follow up absence of responsibility for NPLs. Muasya, (2009) considered the effect of non-performing credits to the execution of the managing an account division in Kenya and affirmed that non-performing advances influenced business banks in Kenya. It is clear from the above investigations that advance reimbursement and their determinant in the little endeavors in Kenya has not been finished.

A study done by Ondoro (2012) investigated the determinants of loan acquisition using simple descriptive statistics also, standard minimum squares relapse whose point was to examine the determinants of loan acquisition from financial institutions. The study revealed the amount of loan secured in Machakos sub- County Government Uwezo fund is influenced by important social characteristics. The period of time the gathering has been in presence, aggregate sum contributed by the gathering, current status of commitment and the proposed marketable strategy for credit connected. (Social Service Office, Machakos County 2016)

2.4 Theoretical Framework

The study is based on credit market theory, social network theory and consumer theory.

2.4.1 Credit market Theory

This hypothesis declares that if insurance and other correlated limitations stay given, at that point it is just the loaning rate that decides the measure of credit to be apportioned by the managing an account part. Increment popular for credit and settled supply of a similar will influence enthusiasm to rate rise. It is therefore trusted that the higher the disappointment dangers of the borrower, the higher the intrigue premium. The credit advertise hypothesis contends that the hazard free financing cost is controlled by transaction of two powers, the interest for and supply of credit. Some of the financial institutions require collaterals and other requirements thus locking out potential borrowers. Collaterals in lending contracts are based on moral hazard and adverse selection that leads to credit rationing (Burt, 1997). From this theory collateral and maybe other lending requirements are seen to be hindering the

ability of an entrepreneur to access funds thus resulting to credit rationing and poor uptake of loans. This theory was relevant to this study as it indicates how lending procedures and policy can affect the uptake of loans.

2.4.2 Social Network Theory

As per this hypothesis individuals frame aggregate binds with a specific end goal to amplify their own advantage and wants. (Coleman, 2008) indicated how two people with each working out of self-intrigue frame the premise of a social framework, for example, a gathering. People hope to convey social ties and secure profits for their enthusiasm for kind of chances from which they can profit. (Burt, 1997) says that the landing of this wander assembles from the individual's ability to facilitate the surge of learning and information between the people who are not particularly related. For this circumstance an individual joins a get-together to fill an essential opening by giving social capital and profiting from a similar that is given by other gathering individuals. This hypothesis is applicable to the principal target of the investigation as it demonstrates that being made out of individual and aggregate interpersonal organizations, ties and structures enable the person to access data and know how.

2.4.3 Consumer Theory

The consumer theory was developed by Lancaster in 1966. It asserts that a rational consumer is assumed to make a choice from various alternatives by considering the alternative giving him or her maximum utility. This hypothesis proposes that inclinations for merchandise are an element of properties had. An imperative ramifications of this hypothesis is that the general utility of a decent can be decayed into independent utilities for its constituent qualities. This converts into utilizing the properties of the products on the contention of the capacity as far as utility capacity. A decent would thus be able to be depicted by the properties that create the utility or disutility to the individual (Kabeera, 2007). For credit get to, this allows the investigation of borrower's exhibitions in term of the utility they see to come about because of different credit qualities.

2.5 Conceptual Framework

System alludes to the primary structure or skeleton that not just gives frame and shape to the entire framework yet in addition backings and holds together all different components is an intelligent arrangement. In this examination, the reasonable system is the succinct portrayal of the marvel under the investigation joined by visual delineation of the factors under the study Mugenda (1999). The independent variables include the level of training, loan amount and repayment period, lending conditions and credit rating policies while the dependent variable is the Youth group loan uptake. The intervening variables under study are repayment, conditions set, and entrepreneurial traits and attitudes. Moderating variables are Government policies and competition. The conceptual framework of this study is represented by the figure 1.1 below:-

Independent variables

Moderating variables

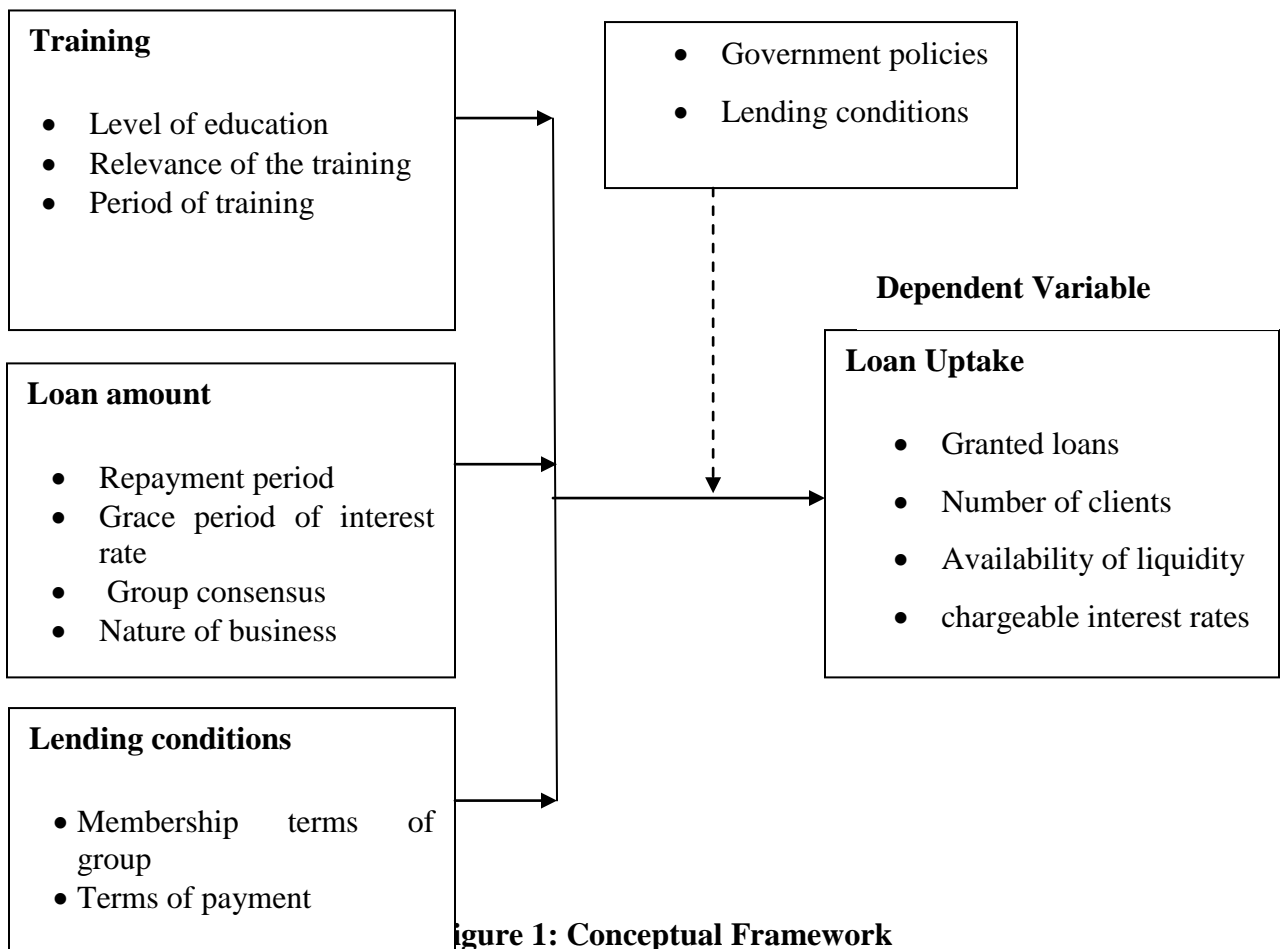


Figure 1: Conceptual Framework

2.6 Research Gaps

Muriungi (2012) did a study to find out the effectiveness of Women Enterprises Fund in enabling women setup enterprises in Mutunga constituency in the central region of Kenya. In the study the variable studies include development of women enterprise, adequacy of loans and capacity buildings. Her findings were that women need to be given enough amounts of loans to enable fund their businesses, well besides being trained on entrepreneurship. The study focused on women and not the youths hence the focus of this study is on the youth.

According to a study carried by Stephen (2015) on the social factors that impact access to youth undertaking improvement subsidize by youth business people in Kenya. The findings of the study showed that low uptake of youth fund was attributable to operational, logistical and administrative challenges involving the financial institutions or related to the government. This study fills the gaps by specifically looking at the factors that influence youth group uptake at Uwezo fund that has been in operations in the last four years since most of the previous studies have focused on women funding and the small and medium sized enterprises.

The researcher also established that there is limited empirical research known to have been undertaken to study the factors influencing youth group loans uptake at the Uwezo Fund in Machakos County. Therefore to fill in the above gap, the researcher will collect sufficient data on factors that affecting loan uptake by youths in Machakos sub county. These factors that are covered by the study objectives include training, loan amount, lending conditions and loan repayment. It is against this acknowledgment that the examination means to bring this information hole by exploring factors affecting youth group loan uptake at Uwezo fund in Machakos County.

2.7 Summary of Literature Review

Schoof (2006) observed that due to insufficient a substantive credit ranking, training may be assured of access for you to protected loans young adults tend to be known as a high-risk expense making these experience complications inside accessing fund. Essayed (2005) recommended that financial institutions from the conventional industry typically value

youngsters as high risk lenders and so are shy to give credit ratings in favorable or maybe concessional terms. Youth are the foundation of economies in creating nations, for example, Kenya (Mbuva, 2014). The significant issues confronted by the young business visionaries are rivalry from better quality items and advertising issues. Access to beginning capital, notwithstanding when accessible is additionally a noteworthy obstacle for youth business visionaries. In an examination led by Ndubi and Karanja (2008), they found that the variables that repress credit take-up and accessibility to youth incorporate absence of startup capital, absence of consciousness of existing credit plans, high loan costs, absence of systems administration expertise absence of business person abilities and absence of initiative limit. These variables have turned into a noteworthy obstruction to access of advances by adolescents.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter delineates and justifies the methodology that was used to generate answers to the research proposal questions. It adopted the structure with the following segments: look into configuration, target populace, testing strategy, strategies for information gathering, legitimacy and unwavering quality, moral contemplations and operation of study factors.

3.2 Research Design

Donald (2011) points out that research design is an auxiliary system on how an analyst expects to lead the exploration procedure keeping in mind the end goal to take care of an examination issue while in the meantime expanding information and comprehension. Orodho (2006) characterizes investigate outline as the plan, framework or plan that is utilized to produce answers to examine issues. This examination received expressive study investigate outline. A clear overview look into configuration was viewed as proper for the investigation since it includes reality finding and request consequently gave quantitative and numerical portrayal. However some subjective approach was utilized as a part of request to show signs of improvement understanding and more canny elucidation of the subjective piece of the examination. This kind of spellbinding review inquire about outline included clarification which depended on cooperations of discoveries as far as more extensive idea and acknowledged hypothesis (Mugenda and Mugenda, 2003).

Engaging examination configuration enables a scientist to gather both subjective and quantitative information. It decides and reports the way things are: and furthermore causes a specialist to depict a marvel as far as mentality, qualities and attributes (Mugenda and Mugenda, 2003). Graphic research is normally used to secure information concerning the recurring pattern state status of the wonders and depict what exists in regards to variables or conditions (Donald and Pamela, 2011). This plan additionally permits adaptability and there are no settled systems of operation and henceforth this factor enables the specialist to gather information as it is accessible in the field from the respondents. The plan was picked in light

of the fact that the examination included making inquiries in type of surveys to countless so as to get their sentiments and thoughts concerning factors affecting advance gathering take-up at Uwezo reserves. Distinct overview configuration was likewise utilized in light of the fact that it furnished the specialist with a chance to test the respondents for more data.

3.3 Target Population

Kothari (2008) indicates that the target populace as the open populace from where the investigation test is drawn whereupon the examination discoveries are summed up. All the youth groups in Machakos County were a target population for this study. There are total of 194 registered youth groups in the seven wards of Machakos County wards namely: Mua (9), Mutituni (28), Machakos Central (69), Mumbuni North (34), Kola (10), Muvuti (26) and Kalama (18) (Social Services Office, Machakos County 2016). The Table 3.1 shows the information:

Table 3. 1: Target Population

Sample Unit (Clusters)	No of Groups
Mua	9
Mutituni	28
Machakos Central	69
Mumbuni North	34
Kola	10
Muvuti	26
Kalama	18
Total	194

Source: Machakos sub county Department of Youth (2017)

3.4 Sample size and Sampling Procedures

Sampling is a procedure that includes choosing a gathering of subjects for an investigation such that a person's speak to the bigger gathering from which they were chosen from

(Orodho, 2006). On the other hand a sampling procedure defines rules that specify how sampling size for a given study was arrived at.

3.4.1 Sample Size

A sample can be defined as a subset of the population and can be considered as the small group of elements selected through a rigorous and definite procedure from a particular population. Gay (2007) asserts that a sample is a representative part of a community. Therefore, by studying the sample, a researcher can gather more information about the population without having to study all the people it comprises of. The population of each of the seven wards in Machakos County that represents clusters have a population size of 9,28, 69, 34, 10,26 and 18 youth groups for Mua, Mutituni, Machakos Central, Mumbuni North ,Kola muvuti and kalama respectively (Social Services Office, Machakos County, 2016). The seven wards were chosen to give equal opportunity to all the wards .The respondent was one official of each group and two group members no sampling was done since each group has one leader questionnaire’s was given to each group leader. From each of the seven wards (clusters) as representative sample as shown in the Table 3.2.

Table 3.2: Sample Size

Sample Unit(Clusters)	No of groups	Sample size
Mua	9	6
Mutituni	28	18
Machakos Central	69	42
Mumbuni North	34	20
Kola	10	6
Muvuti	26	18
Kalama	18	12
Total	194	122

3.4.2 Sampling Procedures

The study selected the respondents using stratified proportionate random sampling technique. Stratified irregular inspecting is fair examining technique for gathering heterogeneous populace into homogenous subsets at that point making a choice inside the individual subset to guarantee representativeness. The objective of stratified arbitrary testing is to accomplish the coveted portrayal from different sub-bunches in the populace. In stratified irregular inspecting subjects are chosen such that the current sub-bunches in the populace are pretty much spoken to in the example (Kothari, 2004). The investigation utilized basic irregular examining to pick the respondents in every stratum.

3.5 Data collection instruments

This study collected both primary and secondary data. Essential information was gathered through semi-organized polls which were managed to one gathering who are pioneers and two individuals each Kothari (2008) watches that survey technique has been widely utilized as a part of scope of business and financial overview because of its impartial nature and capacity to catch expansive information. Questionnaires are the best data collection instruments especially for survey research because they are carried out in their natural settings and the questions increases the natural validity of the study. Orodho (2006) observed that the instruments observed that recommended for data collection in descriptive research studies include use of questionnaires and interview schedules. By using the interview schedules, the researcher standardized the interview situation such that he or she asks the same questions in the same manner to different group leaders.

There were two questionnaire one the leaders and one for the youth. Part A contains background information, Part B concerning determinant of a youth group loan uptake, Part C contained questions on training, lending conditions, loan amount and amount repayment period. The questionnaire adopted two major formats namely the likert scale and checklist. The likert scale was useful is useful in producing a similar arrangement of information in view of quality of feeling or conviction of the understudies as the respondents.

Larger part of the surveys were designed in a check list organize. The inquiries were asked and different alternatives given to the respondents to browse. Where different decisions are normal the analyst demonstrates this for less demanding comprehension of the inquiries by the respondents. The analyst put into thought the inquiry definition and did not assume that respondents had more learning than they. For the most part the wording of inquiries was clear, exact and unambiguous. In such a case the scientist detailed a few inquiries open-finished and others close finished.

3.6 Pilot Testing

Pilot testing alludes to putting of the exploration inquiries into test to an alternate report populace however with comparative attributes as the investigation populace to be contemplated (Kumar, 2005). Pilot testing of the examination instruments was all the adolescent gatherings in Machakos County. 12 polls were controlled to the pilot overview respondents who were picked aimlessly. Following one day similar members were asked for to react to similar surveys yet without earlier notice keeping in mind the end goal to discover any variety in reactions of the first and the second test. This was vital in the examination procedure since it aided recognizable proof and redress of obscure inquiries and hazy directions. It was likewise an incredible chance to catch the imperative remarks and recommendations from the members.

3.6.1 Validity

As per Golafshani (2012), legitimacy is the exactness and seriousness of derivations, in view of the exploration comes about. One of the principle purposes behind leading the pilot consider is to find out the legitimacy of the survey. The investigation utilized substance legitimacy which draws a derivation from test scores to a vast space of things like those on the test. Content legitimacy is worried about example populace representativeness. Gillham (2011) expressed that the information and abilities secured by the test things ought to be illustrative to the bigger space of learning and aptitudes. Master conclusion was asked for to remark on the representativeness and reasonableness of inquiries and give proposals of adjustments to be made to the structure of the exploration apparatuses. This enhanced the

substance legitimacy of the information that was gathered. Content legitimacy was gotten by requesting the sentiment of the boss, speakers and different experts on whether the survey was satisfactory.

3.6.2 Reliability

Reliability refers to the level to which the measuring instruments give predictable outcomes Kothari, (2008). To build up dependability of research instruments, a pretest to test the unwavering quality of instruments was finished utilizing a pilot study in one of the wards and then the Cronbach's coefficient alpha was used. The higher the number of items in the instrument the more chances of obtaining a consistent estimate of the reliability of the data Kothari, (2008). Any figure above 0.7 is considered a measure of high reliability of instruments. Reliability coefficient of the research instrument was assessed using Cronbach's alpha (α) which was computed as follows:

$$A = \frac{k}{k-1} \times [1 - \frac{\sum (S^2)}{\sum S^2 \text{sum}}]$$

Where:

α = Cronbach's alpha

k = Number of responses

$\sum (S^2)$ = Variance of individual items summed up

$\sum S^2 \text{sum}$ = Variance of summed up scores

3.7 Data Collection Procedures

The specialist acquired a presentation letter from the college which was displayed to every partner in order to be permitted to gather the important information from the respondents. The drop and pick technique was favored for survey organization in order to give respondents enough time to give well thoroughly considered reactions. The specialist booked meeting with respondent associations no less than two days before going by to manage surveys. The specialist by and by managed the examination instruments to the respondents. This empowered the scientist to build up compatibility, clarify the reason for the examination and the importance of things that may not be clear as saw by Best and Khan (2003).

3.8 Data Analysis

Information was investigated utilizing Statistical Package for Social Sciences (SPSS Version 24.0). Every one of the surveys got were referenced and things in the poll were coded to encourage information section. After information cleaning which involved checking for blunders in section, graphic insights, for example, frequencies, rates, mean score and standard deviation was evaluated for all the quantitative factors and data displayed illuminate of tables. The subjective information from the open finished inquiries were broke down utilizing calculated substance examination and introduced in exposition

Inferential information investigation was finished utilizing numerous relapse examination. Numerous relapse examination was utilized to build up the relations between the autonomous and ward factors. Numerous relapses were utilized on the grounds that the methodology utilizes at least two free factors to anticipate a reliant variable. In this study the multiple regression models generally assumed the following equation;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where:-

Y= Loan Uptake

β_0 =constant

$\beta_1, \beta_2, \beta_3$ and β_4 = regression coefficients

X1= Training

X2= Loan amount

X3= Lending conditions

ϵ =Error Term

In testing the significance of the model, the coefficient of determination (R²) was used to measure the extent to which the variation in youth group loan uptake is explained by the variations of the various factors. F-measurement was additionally registered at 95% certainty level to test whether there is any critical connection between youth group loan uptake and the factors affecting it. All necessary diagnostic tests were performed.

3.9 Ethical Issues

The researcher observed principal statements in social research morals. Classification was ensured for all respondents verbally and in writing and they were instructed not to write their names in the questionnaire. The research was purely for academic purpose. Permission was sought from the department of youth and sports and the Social Service Office Machakos County before actual field work commences.

3.10 Operational Definition of Variables

Operationally characterizing an idea to render it quantifiable is finished by taking a gander at the behavioral measurements, markers, aspects or properties signified by the idea. This was converted into noticeable and quantifiable components to create list of the idea. For this particular study the operational definition of its variables is given in the Table below:-

Table 3. 3: Operationalization of the variable for the study.

Objectives	Type of Variable	Indicator	Measuring of Indicators	Method of data collection	Data analysis technique
To establish the extent to which training influences the youth group loan uptake at the Uwezo fund.	Independent	Training	Business skills Information about the fund	Questionnaire	Regression analysis Descriptive statistics
To examine if the loan amount influences the uptake of youth group loan uptake at Uwezo fund	Independent	Repayment period	Nature of security for loan Loan interest Group consensus	Questionnaire	Regression analysis Descriptive statistics
To determine whether lending conditions influence the youth group loan uptake at Uwezo fund	Independent	Lending conditions	Nature of lending Terms of payment Loan compliance	Questionnaire	Regression Analysis Descriptive statistics
	Dependent	Loan Uptake	Granted loans Number of clients Number of groups Availability of liquidity chargeable interest rates	Mean score	Regression Analysis

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF FINDINGS

4.1 Introduction

This chapter presents the information processed from the data collected during the study on the factors influencing youth group loans uptake at the Uwezo Fund in Machakos County. Primary data was collected through questionnaires which were administered. The data was afterwards scrutinized based on the objectives of the study and the findings were presented in tables and in prose.

4.2 Response Rate

The researcher administered 122 questionnaires. From these only 84 respondents were able to return fully filled questionnaires which represented a response rate of 68.85 percent. This reaction rate was great and agent complies with Orodho (2006) stipulation that a reaction rate of 50 percent is satisfactory for investigation which implied that 68.85 percent was surprisingly better.

4.3 Reliability Analysis

The reliability was expressed as a coefficient between 0 and 1.00; where the higher the coefficient, the more reliable the test is.

Table 4. 1: Reliability Analysis

	Reliability Cronbach's Alpha
Training	0.812
Loan amount	0.728
Lending conditions	0.732

The findings indicated that Training had a coefficient of 0.812, lending conditions had a coefficient of 0.732, loan amount had a coefficient of 0.728. All constructs depicted that the value of Cronbach's alpha are above the suggested value of 0.7 thus it can be concluded that the study was reliable to capture the constructs (Jankowicz, 2012).

4.4 General Information

The study collected information on the general information of the respondents considered in this study. The basic characteristics were gender, age bracket, level of education, group they belong to, whether they have ever applied for a loan as well as how they rate the credit service offered by the financial institution.

4.4.1 Respondents Gender

The researcher asked the respondents questions concerning their gender. Their answers were tabulated in Table 4.2.

Table 4. 2: Respondents Gender

	Frequency	Percent
Male	46	54.8
Female	38	45.2
Total	84	100

From the findings, majority of the respondents were male as shown by 54.8 % while female respondents were 45.2%. This shows that the researcher was gender biased in data collection.

4.4.2 Age Bracket of the Respondent

The respondents were further asked to indicate the age bracket to which they belong to. Their responses were as shown in Table 4.3.

Table 4. 3: Age Bracket of the Respondent

	Frequency	Percent
18-22 years	21	25
23-27 years	31	36.9
30-34 years	32	38.1
Total	84	100

The findings illustrates that most of the respondents were aged between 30 to 34 years as shown by 38.1%, 36.9% were aged 23 to 27 years while the rest were aged between 18 to 22

years as shown by 25%. This shows that all respondents were youths and they were cooperative in giving reliable information concerning the subject under study.

4.4.3 Highest Level of Education

The respondents were asked to indicate their highest level of education. Their responses were presented in Table 4.4.

Table 4. 4: Highest Level of Education

	Frequency	Percent
No education	21	25
Certificate	16	19
Diploma	34	40.5
Undergraduate	13	15.5
Total	84	100

From the findings the study found that 40.5% of the respondents had diploma as their highest level of education, 25% had no education, 19% had certificate while 15.5% had undergraduate. This implies that majority of the respondents had high academic qualifications to be able comprehend and give reliable information about the subject under study.

4.4.4 Respondents Ward Group of Belonging

The respondents were asked to tell which ward groups they belong to their responses were as shown in Table 4.5.

Table 4. 5: Respondents Ward Group of Belonging

	Frequency	Percent
Mua	5	6
Mumbuni North	10	11.9
Mutituni	29	34.5
Machakos Central	16	19
Kola	6	7.1
Muvuti	7	8.3
Kalama	11	13.1
Total	84	100

The study findings indicated that majority of the respondents were from Mutituni ward as shown by 34.5%, from Machakos Central as shown by 19%, from Kalama as shown by 13.1%, from Mumbuni North as shown by 11.9%, from Muvuti as shown by 8.3%, from Kola as shown by 7.1% and from Mua as shown by 6%. This shows that majority of the respondents were from the area under study and hence understood what information the researcher needed.

4.4.5 Whether Applied for Credit / Loan

The respondents were further asked to indicate whether they have ever applied for credit / loan from financial institution. Their responses were as shown in Table 4.6.

Table 4. 6: Whether Applied for Credit / Loan

	Frequency	Percent
Yes	76	90.5
No	8	9.5
Total	84	100

The respondents indicated that they have ever applied for credit / loan from financial institution as shown by 90.5% while other indicated they have never applied for credit / loan from financial institution as shown by 9.5%. This shows that most of the respondents give some information on the subject under study.

The respondents who indicated that they have ever borrowed were asked to tell which financial institution they borrowed from. Their responses were as shown in Table 4.7.

Table 4.7: Where They Borrowed

	Frequency	Percent
Youth Enterprise Development Fund	54	71.1
Commercial Bank	11	14.5
Cooperative society	3	3.9
Micro Finance	8	10.5
Total	76	100

Further majority of those who indicated they have ever borrowed loans, indicated that they borrowed from Youth Enterprise Development Fund as shown by 71.1%, from commercial bank as shown by 14.5%, from micro finance as shown by 10.5% and form cooperative society as shown by 3.9%.

4.4.6 Respondents Credit Service Rating

The respondents were further requested to indicate how they rate the credit service offered by the financial institution. Their responses were as shown in Table 4.8.

Table 4. 8: Respondents Credit Service Rating

	Frequency	Percent
Poor	15	17.9
Average	22	26.2
Good	28	33.3
Very good	19	22.6
Total	84	100

Majority of the respondents rated the credit service offered by the financial institution as good as shown by 33.3%, average as shown by 26.2%, very good as shown by 22.6% and as poor as shown by 17.9%. This shows that credit service offered by the financial institution is good.

4.5 Determinants of Youth Group Loans Uptake at Uwezo Fund

The study sought to investigate the factors influencing youth group loans uptake at the Uwezo Fund in Machakos County.

4.5.1 Training

The study sought to establish the extent to which training influence the youth group loan uptake at the Uwezo fund in Machakos County. The respondents were asked to indicate whether they have ever undergone any training on loan uptake concerning Uwezo fund. Their responses were as shown in Table 4.9.

Table 4. 9: Whether Respondents Have Undergone Training

	Frequency	Percent
Yes	49	58.3
No	35	41.7
Total	84	100

Majority of the respondents indicated they have ever undergone any training on loan uptake concerning Uwezo fund as shown by 58.3% while the rest indicated no. This shows that training loan uptake concerning Uwezo fund has been done for majority of the respondents.

The respondents were further asked to indicate their level of agreement with various aspects of training on determination of youth group loan uptake. Their responses were as shown in Table 4.10.

Table 4. 10: Agreement with various Aspects of Training

	Mean	Std. Dev.
Groups trained by UWEZO fund are given preference in accessing the funds.	4.3095	0.9566
Training has equipped my group with skills and attitudes that make it easy for our group to access UWEZO fund.	4.0476	0.98059
Training has increased awareness in my group making it easy for us to apply for and utilize UWEZO funds.	3.2024	0.83276
Training has enabled my group manage UWEZO funds well and repay our loans in time making it easy for us to access more UWEZO funds in future.	4.1429	0.8087
The training influences access to credit from UWEZO fund	4.1429	0.8087
The training was adequate	3.2738	0.5672
My group members have knowledge on financial management	2.8452	0.7682
The level of education influences youth training	2.869	1.1489

From the results, the respondents agreed that groups trained by UWEZO fund are given preference in accessing the funds as shown by a mean score of 4.3095, that training has enabled my group manage UWEZO funds well and repay our loans in time making it easy for us to access more UWEZO funds in future as shown by a mean score of 4.1429, that the training influences access to credit from UWEZO fund as shown by a mean score of 4.1429 and that the respondents also agreed that training has equipped my group with skills and attitudes that make it easy for our group to access UWEZO fund as shown by a mean score of 4.0476.

The respondents were further neutral on the facts that training has increased awareness in my group making it easy for us to apply for and utilize UWEZO funds as shown by a mean score of 3.2024, that the training was adequate as shown by a mean score of 3.2738, that their group members have knowledge on financial management as shown by a mean score of 2.8452 and that the level of education influences youth training as shown by a mean score of 2.869.

4.5.2 Loan Amount

The study further sought to determine how loan amount influence youth group loan uptake at the Uwezo fund in Machakos County.

The respondents were requested to give their opinion on whether loan amount affects youth group loan uptake. Their responses were as shown in Table 4.11.

Table 4. 11: Loan Amount Effects on Youth Group Loan Uptake

	Frequency	Percent
Yes	58	69
No	26	31
Total	84	100

The findings shows that loan amount affects youth group loan uptake as shown by 69% of the respondents while 31% of the respondents indicate that loan amount doesn't affects youth group loan uptake. This shows that loan amount affects youth group loan uptake.

The respondents were further asked to indicate the level of agreement with various statements relating to loan amount and their influence on youth group loan uptake. Table 4.12 shows their responses.

Table 4. 12: Agreement with Various Statements Relating to Loan Amount

	Mean	Std. Dev.
The loan amount influence the loan uptake	4.1548	0.7027
The group members easily agree on the amount to be borrowed	3.9643	0.6845
The loan amount influences credit accessibility to the member	2.0238	0.7912
Loan amount has to be shared among the members	4.0357	0.2428
The nature of business affect loan amount uptake	4.119	0.6287
The grace period affect the interest period of loan amount uptake	4.0357	0.2428
Awareness of uwezo fund affect loan amount uptake	4.119	0.62873
The repayment period affects the loan amount the group wants to take	3.7143	0.63191

The study revealed that the loan amount influence the loan uptake as expressed by an average of 4.1548, that the nature of business affect loan amount uptake as expressed by an average of 4.119 and that awareness of UWEZO fund affect loan amount uptake as expressed by an average of 4.119.

The study also found that loan amount has to be shared among the members as expressed by an average of 4.0357, that the grace period affect the interest period of loan amount uptake as expressed by an average of 4.0357, that the group members easily agree on the amount to be borrowed as expressed by an average of 3.9643, that the repayment period affects the loan amount the group wants to take as expressed by an average of 3.7143 and that the loan amount don't influences credit accessibility to the member as expressed by an average of 2.0238.

4.5.3 Lending Conditions

The study sought to determine how lending conditions influence the youth group loan uptake at the Uwezo fund in Machakos County.

The respondents were requested to tell whether they have ever borrowed some money for their business. Their responses were as shown in Table 4.13.

Table 4. 13: Whether Borrowed some Money

	Frequency	Percent
Yes	60	71.4
No	24	28.6
Total	84	100

Majority of the respondents said that they have ever borrowed some money for their business as shown by 71.4% while the rest said that they haven't ever borrowed some money for their business as shown by 28.6%. This shows that most business depend on borrowed money.

The respondents were further asked to indicate their level of agreement with various statements relating to lending condition and their influence on youth group loan uptake. Their responses were as shown in Table 4.14.

Table 4. 14: Agreement with Statements Relating to Lending Condition

	Mean	Std. Dev.
Group leadership affects youth group loan uptake	3.75	0.90347
Terms of group membership affect youth group loan uptake	2.738	0.73006
	1	
The loan processing costs and other charges are unrealistic	3.892	0.8362
	9	
Amount of group savings affect loan group uptake	4.131	0.6727
Uwezo fund lend on short term basis while interest rate is always high	4.035	0.76751
contributing to rate being constraining factor in accessibility to loans	7	
among the youth groups		

The study found that amount of group savings affect loan group uptake as illustrated by a mean of 4.131, that Uwezo fund lend on here and now premise while financing cost is constantly high adding to rate being obliging variable in availability to credits among the youth groups as illustrated by a mean of 4.0357, that the loan processing costs and other charges are unrealistic as illustrated by a mean of 3.8929 and that group leadership affects youth group loan uptake as illustrated by a mean of 3.75. The study also found that terms of group membership lightly affect youth group loan uptake as illustrated by a mean of 2.7381.

4.5.4 Government Policies

The respondents were also asked to indicate their level of agreement with the various statements relating to government policies. Their responses were as shown in Table 4.15.

Table 4. 15: Agreement with Statements relating to Government Policies

	Mean	Std. Dev.
Government policies influence youth group loan uptake	3.9405	0.7173
Lending conditions influence loan uptake	3.8929	0.6404
Accessibility influences youth group loan uptake	3.1429	0.8937
Group requirements influence youth group loan uptake	3.7857	0.6779

The respondents agreed that government policies influence youth group loan uptake as expressed by an average of 3.9405, that lending conditions influence loan uptake as expressed by an average of 3.8929 and that group requirements influence youth group loan uptake as expressed by an average of 3.7857. They were however neutral that that accessibility influences youth group loan uptake as expressed by an average of 3.1429.

4.5.5 Loan Uptake

The respondents were finally asked to indicate their level of agreement with various statements relating to trend in Loan Uptake for past 5 years in Uwezo Fund in Machakos County. Their collective responses were as summarized in Table 4.16.

Table 4. 16: Agreement with Statements Relating to Trend in Loan Uptake

	Mean	Std. Dev.
The level of granted loans has increased	4.2262	0.8118
There is a high number of clients benefiting from the Uwezo Fund	3.9524	0.5993
Number of groups linked to Uwezo Fund are few	3.0714	0.8888
Availability of liquidity in Uwezo Fund has been boosted	3.7381	0.6963
Uwezo Fund has low chargeable interest rates	2.7738	0.7339

As per the findings, the respondents agreed that the level of granted loans has increased as illustrated by a mean of 4.2262, that there is a high number of clients benefiting from the Uwezo Fund as illustrated by a mean of 3.9524 and that availability of liquidity in Uwezo Fund has been boosted as illustrated by a mean of 3.7381. The respondents were however

neutral that number of groups linked to Uwezo Fund is few as illustrated by a mean of 3.0714 and that Uwezo Fund has low chargeable interest rates as illustrated by a mean of 2.7738.

4.6 Regression Analysis

A regression analysis show how dependent variable is influenced with independent variables. The study sought to investigate the factors influencing youth group loans uptake at the Uwezo Fund in Machakos County.

Table 4. 17: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.862	0.742	0.733	0.313

The ANOVA tests whether the model is fit for data. From the ANOVA table, the independent variables were statistically significant predicting the dependent variable since adjusted R square was 0.715. This shows that training, loan amount and lending conditions explains 73.3% variation in youth group loans uptake.

Table 4. 18: ANOVA Test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.121	3	7.707	76.887	.000
	Residual	8.019	80	0.100		
	Total	31.14	83			

The probability value of 0.000 indicates that the regression relationship was significant in determining how training, loan amount and lending conditions affects youth group loans uptake. The F calculated at 5 percent level of significance was 76.887. Since F calculated is greater than the F critical (value = 2.72), this shows that the overall model was significant.

Table 4. 19: Coefficients of Determination

Model	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	3.316	0.192		17.271	0.000
Training	0.564	0.196	0.574	2.878	0.005
Loan amount	0.874	0.208	0.552	4.202	0.000
Lending conditions	0.733	0.312	0.572	2.349	0.021

The established model for the study was:

$$Y = 3.316 + 0.564X_1 + 0.874X_2 + 0.733X_3 + \epsilon$$

Where:-

Y= Youth Loan Uptake

β_0 =constant

X_1 = Training

X_2 = Loan amount

X_3 = Lending conditions

The regression equation above has established that taking (Training, product innovation, Loan amount and Lending conditions), youth loan uptake will be 3.316. The discoveries introduced additionally demonstrate that taking all other autonomous factors at zero, a unit increment in the preparation would prompt a 0.564 increment in the score of youth loan uptake. This variable was significant since 0.005 was less than 0.05.

Further, the findings show that a unit increases in the scores of loan amount would lead to a 0.874 increase in the scores of youth loan uptake. This variable was significant since 0.000 was less than 0.05

The study also found that a unit increases in the scores of lending conditions would lead to a 0.733 increase in the scores of youth loan uptake. This variable was significant since 0.021 was less than 0.05

Overall, loan amount had the greatest effect on youth loan uptake followed by lending conditions while training had the least effect on the youth loan uptake. All variables were significant since their p-values were less than 0.05.

4.7 Diagnostic Tests for Regression Assumptions

Under this section diagnostic tests for testing the regression assumptions were presented.

4.7.1 Normality Test

The testing for typicality in this examination was led utilizing Kolmogorov Smirnov test and Shapiro Wilk test.

Table 4. 20: Checking for Normality of Loan Uptake

	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Training	0.211	83	0.00	0.931	83	0.00
Loan amount	0.211	83	0.00	0.931	83	0.00
Lending conditions	0.211	83	0.00	0.931	83	0.00

Thus, Table 4.32 shows that utilizing the two trial of ordinariness, which is Kolmogorov Smirnov test and Shapiro-Wilk tests, the p-esteem for the two tests, is under 0.05, along these lines the examination rejected H0 and a conclusion was made that information on both the ward and the autonomous components were not regularly disseminated and subsequently it predicts subordinate factors.

4.7.2 Test for Multicollinearity

The study utilized Collinearity Statistics to find out whether the independent variables are adequately correlated to show a substantial causal correlation.

Table 4. 21: Collinearity Statistics

Model		Collinearity Statistics	
		Tolerance	VIF
1	Training	.127	7.875
	Loan amount	.166	6.008
	Lending conditions	.103	9.749

In view of the coefficients yield, preparing had a VIF estimation of 7.875, advance sum had a VIF estimation of 6.008 and loaning conditions had a VIF estimation of 9.749. The VIF esteems for every one of the factors were under 10 suggesting that there was no Multicollinearity side effects.

4.7.3 Autocorrelation Test

If the errors are correlated with one another, it would be stated that they are ‘serially correlated’. A test of this assumption is therefore conducted. The first test was Durbin-Watson which is shown in the regression output of the model.

Table 4. 22: Model Summary^b

Model	Durbin-Watson
1	1.138 ^a

As per this test expressed in table 4.35, the value of Durbin--Watson for the model is 1.138 which is far from 2. Thus, the null hypotheses were rejected for the model so there is a problem of autocorrelation.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section gives the outline of the discoveries, talk of the information discoveries, conclusion drawn from the discoveries featured and suggestion made there-to. The conclusions and suggestions drawn are centered around tending to the target of the investigation.

5.2 Summary of the Findings

Under this, the study focused on the key variables discussed in chapter four and gives a summary of those findings.

5.2.1 Training

The study sought to establish the extent to which training influence the youth group loan uptake at the Uwezo fund in Machakos County. The study also revealed that groups trained by UWEZO fund are given preference in accessing the funds, that training has enabled my group manage UWEZO funds well and repay our loans in time making it easy for us to access more UWEZO funds in future, that the training influences access to credit from UWEZO fund and that the training has equipped my group with skills and attitudes that make it easy for our group to access UWEZO fund. The study further revealed that training has not increased awareness in my group making it easy for us to apply for and utilize UWEZO funds, that the training was fairly adequate, that their group members have little knowledge on financial management and that the level of education lightly influences youth training.

5.2.2 Loan Amount

The study further sought to determine how loan amount influence youth group loan uptake at the Uwezo fund in Machakos County. The study found that loan amount affects youth group loan uptake. The study revealed that the loan amount influence the loan uptake, that the

nature of business affect loan amount uptake and that awareness of Uwezo fund affect loan amount uptake. The study also found that loan amount has to be shared among the members, that the grace period affect the interest period of loan amount uptake, that the group members easily agree on the amount to be borrowed, that the repayment period affects the loan amount the group wants to take and that the loan amount don't influences credit accessibility to the member.

5.2.3 Lending Conditions

The study sought to determine how lending conditions influence the youth group loan uptake at the Uwezo fund in Machakos County. The study found that most business depend on borrowed money. The study found that amount of group savings affect loan group uptake, that Uwezo fund loan on here and now premise while financing cost is constantly high adding to rate being compelling element in openness to credits among the youth groups, that the loan processing costs and other charges are unrealistic and that group leadership affects youth group loan uptake. The study also found that terms of group membership lightly affect youth group loan uptake.

5.3 Discussion of the Findings

5.3.1 Training

The study sought to establish the extent to which training influence the youth group loan uptake at the Uwezo fund in Machakos County. The study found that training loan uptake concerning Uwezo fund has been done for majority of the respondents. These findings are in line with Ndubi and Karanja (2008) who argue that the government is determined to make deliberate and systematic effort to appropriately equip and empower the youth of Kenya with necessary and appropriate information, skills and tools to enable them attain and realize their fullest potential.

The study also revealed that groups trained by UWEZO fund are given preference in accessing the funds, that training has enabled my group manage UWEZO funds well and repay our loans in time making it easy for us to access more UWEZO funds in future, that the

training influences access to credit from UWEZO fund and that the training has equipped my group with skills and attitudes that make it easy for our group to access UWEZO fund. This is in line with Government of Kenya (2014) which noted that Government has actively grown Kenya's informal sector and so far has established free trade zones to promote trade and create employment.

The study further revealed that training has not increased awareness in my group making it easy for us to apply for and utilize UWEZO funds, that the training was fairly adequate, that their group members have little knowledge on financial management and that the level of education lightly influences youth training. The findings were in agreement with Ndeti (2015) who noted that policy guidelines have also ensured that the youth are not encumbered by stringent rules to prequalify as suppliers. They are exempt from requirements such as bid bonds.

5.3.2 Loan Amount

The study further sought to determine how loan amount influence youth group loan uptake at the Uwezo fund in Machakos County. The study found that loan amount affects youth group loan uptake. The study revealed that the loan amount influence the loan uptake, that the nature of business affect loan amount uptake and that awareness of Uwezo fund affect loan amount uptake. This conforms to Bruns (2007) who suggests that loan amount given in developed countries really matter since they determine the nature and size of business one can initiate.

The study also found that loan amount has to be shared among the members, that the grace period affect the interest period of loan amount uptake, that the group members easily agree on the amount to be borrowed, that the repayment period affects the loan amount the group wants to take and that the loan amount don't influences credit accessibility to the member. The study findings correlated with Ewert (2000) who indicated that insufficient access to fund is amongst the significant troubles experiencing youngsters run companies globally.

5.3.3 Lending Conditions

The study sought to determine how lending conditions influence the youth group loan uptake at the Uwezo fund in Machakos County. The study found that most business depend on borrowed money. This is in line with Awasthi, (2009) who called attention to that much of the time they evaluate issues particularly among formal money related establishments basically through their loaning approaches.

The study found that amount of group savings affect loan group uptake, that Uwezo fund who called attention to that much of the time they survey issues particularly among formal monetary establishments essentially through their loaning arrangements the youth groups, that the loan processing costs and other charges are unrealistic and that group leadership affects youth group loan uptake. The study also found that terms of group membership lightly affect youth group loan uptake. These findings are in line with Schoof (2006) who watched that because of absence of a substantive record as a consumer, adequate Collateral security or certifications to secure advances or credit extensions, youngsters are seen as a hazardous speculation influencing them to confront troubles in getting to fund.

5.4 Conclusions

The study concluded that training influence the youth group loan uptake at the Uwezo fund in Machakos County positively. The study deduced that groups trained by UWEZO fund are given preference in accessing the funds, that the training influences access to credit from UWEZO fund and that training has not increased awareness the group making it easy for us to apply for and utilize UWEZO funds. The study also deduced that the training was fairly adequate, that the group members have little knowledge on financial management and that the level of education lightly influences youth training.

The study concluded that loan amount influence youth group loan uptake at the Uwezo fund in Machakos County positively and significantly. The study deduced that the loan amount influence the loan uptake, that the nature of business affect loan amount uptake and that loan amount has to be shared among the members, that the grace period affect the interest period

of loan amount uptake, that the group members easily agree on the amount to be borrowed. The study also deduced that the repayment period affects the loan amount the group wants to take.

The study concluded that lending conditions influence the youth group loan uptake at the Uwezo fund in Machakos County significantly. The study deduced that amount of group savings affect loan group uptake, that Uwezo fund loan on here and now premise while financing cost is constantly high adding to rate being compelling variable in availability to credits among the adolescent gatherings, that the advance preparing costs and different charges are improbable and that gathering administration influences youth amass advance take-up.

5.5 Recommendations

Based on the study findings, the following recommendations are suggested to help the youth group to be able to have good loan uptake.

The Uwezo fund should employ more staff and have a department charged with responsibility of training the youth on entrepreneurship because they are relying on the knowledge acquired from secondary and college. The staff also will allow for proper sensitization and increase the awareness of the youth on the existence and intentions of the fund. This will enable members of the youth groups to have more business skills which can be used to make their project prosper in line with vision 2030.

The study also recommends that the entrepreneurial education and training should be made more frequent so that the youth can get enough knowledge about the business ventures and also the trainings should be introduced in all education levels so that each youth at any level can access entrepreneurial education. Also there is need for the youth to be equipped with entrepreneurial skills and business management skills to help them make informed decisions on the businesses that are viable for their groups.

It is recommended that the application procedures to be made easier and more friendly for the youth. The duration taken to process the application needs to be made shorter to encourage more youths to apply and funds to be sufficient for their needs. The nature of repayment conditions should be reviewed and each member should be responsible as guarantor to the loans and the kin of a borrower should guarantee for the loans and not group members so that when a member his/her kin repay the loans.

The study recommends that the youths embracing small business enterprises should also engage in aggressive training on business management skills and fiscal discipline in their quest to address issues of unemployment and poverty eradication

The study recommends that loan amount should be increased to encourage youths to apply for the funds. The study recommends that the Uwezo Fund should improve the time take to process the group loans from the two or three months to at least one month. A long processing time tends discourage potential youth applicants from applying these funds.

5.6 Recommendations for Further Research

The recommendations give a view of how the national government and the county government will formulate policies that will enable youths to uptake loans from Uwezo easily.

The study was successfully conducted which however was limited to the youth groups in Machakos county. Generalizing these results however would be a limitation regarding the situation and experiences of other youth groups in other regions of the country. Specifically, the youths living in the rural areas might be undergoing significantly different experienced from those within the urban areas. The study therefore recommends that the same study should be done in all other counties in Kenya.

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APPENDICES

Appendix I: Letter of Transmittal of Data Collection Instruments

Constance Litunya,

P.O.Box 2267-90100,

Machakos.

Dear Respondent,

RE: COLLECTION OF RESEARCH DATA

I am a post graduate student at University of Nairobi pursuing a master's degree in Project Planning and Management (PPM). As part of requirements for awards of this degree I am conducting a research project entitled 'Factors influencing youth group loan uptake at the Uwezo fund in Machakos Region, Kenya' and you have been chosen to partake in this investigation. Along these lines, thusly generously ask for your help with filling the join survey by noting the inquiries genuinely and totally. The data that will be generated through this questionnaire will be absolutely utilized for scholastic purposes and it will be treated with secrecy. I will be thankful for your co-operation.

Thank you in advance,

Yours faithfully,

Constance Nyende Litunya.

L50/77852/2015

Appendix II: Research Questionnaire

This questionnaire will consist of several parts; each part has been designed to provide data information necessary for achievement of research objectives of this study. Please tick (√) appropriately and provide any other information requested for by the questionnaire appropriately.

Questionnaires for youths

PART A: GENERAL INFORMATION

1. Please indicate your gender

a) Male b) Female

2. Please indicate your Age bracket

a) 18-22 b) 23-27
c) 30-34 d) 35-39

3. Kindly indicate your level of education

No education [] Certificate []
Diploma [] Undergraduate []

4. Which ward does your group belong?

a) Mua b) Mumbuni North
c) Mutituni d) Machakos Central
e) Kola f) Muvuti
g) Kalama

5. Have you ever applied for credit / loan from financial institution?

Yes [] No []

6. If yes, in 1. Above indicate the financial institution that you borrowed credit from?

Youth Enterprise Development Fund []

Commercial Bank []

Cooperative society []

Micro Finance []

7. How would you rate the credit service offered by the financial institution?

Poor [] Average []

Good [] Very good []

Excellent []

PART B: DETERMINANTS OF YOUTH GROUP LOANS UPTAKE AT UWEZO FUND

Section 1: Training

8. Have you ever undergone any training on loan uptake concerning Uwezo fund?

Yes [] No []

9. Kindly indicate your level of agreement with the following aspects of training on determination of youth group loan uptake. **Use a scale of 1 – 5, where 1-Strongly Disagree, 2- Disagree, 3 - Neutral, 4-Agree and 5-Strongly Agree**

Please tick the appropriate [√]\

	1	2	3	4	5
Groups trained by UWEZO fund are given preference in accessing the funds.					
Training has equipped my group with skills and attitudes that make it easy for our group to access UWEZO fund.					
Training has increased awareness in my group making it easy for us to apply for and utilize UWEZO funds.					
Training has enabled my group manage UWEZO funds well and repay our loans in time making it easy for us to access more UWEZO funds in future.					
The training influences access to credit from UWEZO fund					
The training was adequate					
My group members have knowledge on financial management					
The level of education influences youth training					

Section 2: Loan Amount

10. In your opinion does loan amount affects youth group loan uptake?

Yes

No

Please tick the most appropriate [√]

11. Kindly indicate your level of agreement with the following statement relating to loan amount and their influence on youth group loan uptake.

Use a scale of 1 – 5, where 1-Strongly Disagree, 2- Disagree, 3 - Neutral, 4-Agree and 5-Strongly Agree

	1	2	3	4	5
The loan amount influence the loan uptake					
The group members easily agree on the amount to be borrowed					
The loan amount influences credit accessibility to the member					
Loan amount has to be shared among the members					
The nature of business affect loan amount uptake					
The grace period affect the interest period of loan amount uptake					
Awareness of uwezo fund affect loan amount uptake					
The repayment period affects the loan amount the group wants to take					

Section 3: Lending Conditions

12. Have you ever borrowed some money for your business?

Yes []

No []

13. Kindly indicate your level of agreement with the following statement relating to lending condition and their influence on youth group loan uptake. **Use a scale of 1 – 5, where 1- Strongly Disagree, 2- Disagree, 3 - Neutral, 4-Agree and 5-Strongly Agree**

Please tick the most appropriate[√]

	1	2	3	4	5
Group leadership affects youth group loan uptake					
Terms of group membership affect youth group loan uptake					
The loan processing costs and other charges are unrealistic					
Amount of group savings affect loan group uptake					
Uwezo fund lend on short term basis while interest rate is always high contributing to rate being constraining factor in accessibility to loans among the youth groups					

Section 4: Government policies

14. Kindly indicate your level of agreement with the following statement relating to government policies.

Use a scale of 1 – 5, where 1-Strongly Disagree, 2- Disagree, 3 - Neutral, 4-Agree and 5-Strongly Agree

Please tick the most appropriate [√]

	1	2	3	4	5
Government policies influence youth group loan uptake					
Lending conditions influence loan uptake					
Accessibility influences youth group loan uptake					
Group requirements influence youth group loan uptake					

Section 5: Loan Uptake

14. Kindly indicate your level of agreement with the following statement relating to trend in Loan Uptake for past 5 years in Uwezo Fund in Machakos County.

Use a scale of 1 – 5, where 1-Strongly Disagree, 2- Disagree, 3 - Neutral, 4-Agree and 5-Strongly Agree

Please tick the most appropriate [√]

	1	2	3	4	5
The level of granted loans has increased					
There is a high number of clients benefiting from the Uwezo Fund					
Number of groups linked to Uwezo Fund are few					
Availability of liquidity in Uwezo Fund has been boosted					
Uwezo Fund has low chargeable interest rates					

Thanks a lot for your cooperation

Group Leaders questionnaires

1. How does training affect the loan uptake by youth?
2. In your opinion has the youth group impressed uwezo fund?
3. Do the groups repay the amount or default?
4. How the rate of default is it big or small?
5. How do lending conditions affect borrowing?
6. How does the loan amount affect loan uptake?
7. How is the repayment period?
8. How does paperwork affect youth group

Appendix III: Research Permit

**THIS IS TO CERTIFY THAT:
MS. CONSTANCE NYENDE LITUNYA
of UNIVERSITY OF NAIROBI, 2267-90100
MACHAKOS, has been permitted to
conduct research in Machakos County**

**Permit No : NACOSTI/P/17/13041/18906
Date Of Issue : 12th September, 2017
Fee Received :Ksh 1000**

**on the topic: FACTORS INFLUENCING
YOUTH GROUP LOANS UPTAKE AT THE
UWEZO FUND IN MACHAKOS COUNTY,
KENYA**

**for the period ending:
11th September, 2018**



**.....
Applicant's
Signature**

**.....
Director General
National Commission for Science,
Technology & Innovation**

CONDITIONS

1. The License is valid for the proposed research, research site specified period.
2. Both the Licence and any rights thereunder are non-transferable.
3. Upon request of the Commission, the Licensee shall submit a progress report.
4. The Licensee shall report to the County Director of Education and County Governor in the area of research before commencement of the research.
5. Excavation, filming and collection of specimens are subject to further permissions from relevant Government agencies.
6. This Licence does not give authority to transfer research materials.
7. The Licensee shall submit two (2) hard copies and upload a soft copy of their final report.
8. The Commission reserves the right to modify the conditions of this Licence including its cancellation without prior notice.



REPUBLIC OF KENYA



**National Commission for Science,
Technology and Innovation
RESEARCH CLEARANCE
PERMIT**

Serial No.A 15666

CONDITIONS: see back page

Appendix iv: Research Authorization Letter



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

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When replying please quote

9th Floor, Utalii House
Uhuru Highway
P.O. Box 30623-00100
NAIROBI-KENYA

Ref. No. **NACOSTI/P/17/13041/18906**

Date: **12th September, 2017**

Constance Nyende Litunya
University of Nairobi
P.O. Box 30197-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "*Factors influencing youth group loans uptake at the Uwezo Fund in Machakos County, Kenya.*" I am pleased to inform you that you have been authorized to undertake research in **Machakos County for the period ending 11th September, 2018.**

You are advised to report to **the County Commissioner and the County Director of Education, Machakos County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.


GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Machakos County.

The County Director of Education
Machakos County.