THE EFFECT OF THE YOUTH ENTERPRISE DEVELOPMENT FUND MECHANISM TO YOUTH EMPOWEREMENT IN LURAMBI CONSTITUENCY KAKAMEGA COUNTY IN KENYA

BY

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MDS/0509/10

A dissertation submitted in partial fulfillment of the requirements for the award of Masters degree in Development studies from St. Paul's University.

August, 2019

DECLARATION

I Simon Khayala, hereby declare that this thesis is my original work and has not been presented for a degree in any other university

Signed ……. Date ……

Simon Khayala

This thesis has been submitted in partial fulfillment of the requirements for the Master's degree in Development studies for and with the approval of the university supervisor.

Signed …… Date …….....

Rev. Daniel Opande Aswani

The Dean of students and senior lecturer management

St. Paul's University

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ACKNOWLEDGEMENT

I wish to express my sincere gratitude to my supervisor Rev. Daniel Aswani for his guidance during the course of this study. A special debt of gratitude is owed to Ministry of Youth Affairs and Sports in Kakamega South district for their cooperation and support during this study. I wish to express my special thanks to all the youths who voluntarily accepted to participate in this study by offering their time and information. I am most grateful to the key informants who dedicated their time and knowledge to share their views extensively in the areas that concerned this study. I am indeed grateful to the librarians at both St. Paul's university Limuru and African Institute for Contemporary Mission and Research in Butere for their great support in library services during the entire time of this study. I am grateful to my family who gave me psychological, spiritual and financial support during this journey. Many thanks indeed to all others who participated in one way or another to make this study successful.

DEDICATION

This dissertation is dedicated to people who have played a critical role in my life: My parents, my brothers and sisters, my supervisor, and friends. Special dedication goes to friends of the youths who have committed themselves to give a helping hand to the youths around their environs.

LIST OF ABBREVIATIONS

YEDF	Youth Enterprise Development Fund
KNYC	Kenya National Youth Council
KNYP	Kenya National Youth Policy
KKV	Kazi Kwa Vijana
NCCK	National Council of Churches of Kenya
NGO's	Non Governmental Organizations
MFI's	Micro Finance Institutions
C-YES	Constituency Youth Enterprise Scheme
YEDFC	Youth Enterprise Development Committee
IIY	Investing In Youth
MOYAS	Ministry of Youth Affairs and Sports
YRC's	Youth Resource Centers
UNICEF	United International Children's Fund
DO's	District Officers
DC's	District Commissioners
PC's	Provincial Commissioners
SME	Small Micro Enterprise
FGD's	Focus Group Discussions
CEDA	Citizen Entrepreneurship Development Agency

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Abstract

Kenya is among the countries with the highest number of youth. It is approximated that over 60% of her population is between the age of 18 and 35 years. Science suggests that this stage of life is very sensitive and challenging. It requires support and guidance from family, mentors and the society at large. Youths everywhere in the world have high hopes and ambitions to be successful and live a good life in adulthood. However, the huge population of young people, poor macroeconomic performance, a lack of labor market opportunities and an education system that suffers from access and relevancy mean that many ambitious young people are unable to translate their aspirations into productive and successful future. This situation of high expectation in life verses existing unemployment rates can fuel frustrations and desperation among the youth. When youths feel abandoned and not protected by the existing systems of government and society some turn to criminal habits, violence, commercial sex agents. Such vices bring negative effects on the young people and also the community as a whole. That is why the researcher maintains that the challenges' facing the youth is everyone's problem. The Kenyan government, in realizing these negative consequences came up with programs sought to cushion this population from the state of desperation. Youth Enterprise Development Fund (YEDF) is one of the programs initiated by the government to engage the youth in profitable work. The purpose of this study is to assess the effect of the YEDF mechanism towards youth's empowerment in Lurambi constituency as it seems to be a gap between the Fund and the youth that is hindering its effectiveness.

A descriptive research design was carried out in Lurambi constituency to find out the general effect of the Fund mechanism to the benefactors. The researcher achieved this through carrying out focus group discussions with selected groups and interviews with key informants who were purposely selected depending on their familiarity on the subject matter. The data was collected through focus group discussion guide, interview guide and observation. All these have been presented in narratives, pie charts, and percentages. This information has been analyzed according to themes as discussed from the focused group discussions and interviews. There were a total of 80 youths who participated in this study. Each of them was a member of the selected groups that had utilized the YEDF. The procedure followed to access the loan was also discouraging for many of the youth, it took between one month (29%) and six months (71%) which the respondent said was too long. Despite this situation the Fund has brought several benefits such as: bringing youths together in groups to share their common problems, providing funds to them to start businesses, and the promotion of self-employment mentality among the young people. The result of this study is useful for planning, monitoring and supervision of the YEDF in order to improve its effectiveness and relevance in Kakamega County and also in other Counties.

CHAPTER ONE

INTRODUCTION

1.1. Background

Youths unemployment is among the major challenges facing the world today. Young people are estimated to account for over 35 per cent of the unemployed population worldwide in 2017 (Bachelllier, 2017). In Kenya 55% of unemployed population are youth, implying that unemployment is predominantly a youth issue (Oduol, et al, 2013).

The struggle by the youth to get recognized and integrated into the country's development agenda has a long history. Kenyan youths have for many years lacked proper policy framework to address their needs and channelling their grievances to the relevant government departments. In fact, it was until the National Rainbow Coalition government came to power in 2002 that the ministry tasked with youth affairs was established. However, several steps have been taken since 2003 to enable a more meaningful participation and involvement of young people in the social and economic sphere of life. Notable efforts that have so far been realized include: The National Youth Council Bill, the National Youth Policy, the Kenya vision 2030, the new constitution, the *Kazi kwa vijana* Initiative, the Kenya Youth Empowerment Programme, and the Youth Enterprise Development Fund. This study will be limited to the Kenya Youth Enterprise Development Fund and its mechanism and how this affects the empowerment of the youth in Lurambi constituency.

The Youth Enterprise Development Fund was officially established in December 2006. The purpose of this Fund was to address the youth unemployment problem by developing entrepreneurs who are expected become self employed and job creators instead of being job seekers The Fund focuses on enterprise advancement as a key strategy that will increase economic opportunities, and participation by the Kenyan youths in nation building. The objective of the Fund is not limited to providing capital to young entrepreneurs but also provide market opportunities locally and abroad for products and

services of the youth. It is also mandated to connect youth to jobs abroad, facilitate their travel documentation and financing the cost of relocation (YEDF Status Report March 2017).

1.2. Problem statement

The major reason for establishment of Youth Entreprise Development Fund was to address to massive problem of youths' unemployment in Kenya. However, since the Fund establishment in 2006, youth unemployment has remained a critical problem (YEDF Status Report March 2017). In Kenya, "Close to 1.5 million youth graduate every year unfortunately, only 50,000 formal jobs are created every year, thereby rendering hundreds of youths jobless" (Osumba, 2018). The alternative that the government has given the youth to became self-employed through borrowing loans and starting businesses has not been embraced well by the youth. In-fact countrywide data shows that many youths are not coming out to apply for this money yet there are millions lying idle waiting for willing youths to apply for. The stakeholders of this Fund are aware of this situation and they are doing everything possible including creating awareness across the 47 Counties about the Fund (Otieno, 2017).

According to the records at YEDF Kakamega regional office Lurambi constituency alone has received approximately Ksh. 36,000,000.00 since YEDF was established yet very little success stories can be said about the Fund. Approximately 7,100 youths have so far accessed the loans translating to 14.3% of the total youths in Lurambi constituency.

Recent studies indicate that most of the YEDF funds allocated to every constituency in Kenya are returned to the central government because very few youth turn up to apply for loans (Otieno, 2017). Since the government intention to establish the Fund was good and genuine but the benefactors of the Fund are not willing to embrace it, this study finds it necessary to assess the actual effect of YEDF mechanism towards empowering the youth of Lurambi to find out where the problem is.

1.3. Hypothesis

This study sought to test the hypothesis that, the mechanism of YEDF plays a vital role in discouraging youth to apply for this Fund.

1.4. Objectives

1.4.1. General objective

To find out the effect of YEDF mechanism to youth empowerment in Lurambi constituency.

1.4.2. Specific objectives

(a) To find out the level of awareness of the youth on YEDF in Lurambi constituency

(b) To find out the mechanism of obtaining the loan from YEDF

(c) To share the experiences of the loan receivers in Lurambi Constituency

1.5. Research questions

(a) What is Youth Enterprise Development Fund?

(b) To what extend are the youth aware of YEDF in Lurambi constituency?

(c) What are the mechanisms of obtaining a loan from YEDF in Lurambi constituency?

(d) What are the experiences of those who have received the YEDF loans in Lurambi constituency?

1.6. Justification

From the reviewed literature this study becomes necessary for the following reasons: There is little that has been documented on the mechanism of YEDF and how that affects the progress of the youths. Also, youth's unemployment has become a global problem. In Kenya, the level of unemployment is

shocking; this is one of the most daunting economic challenges facing our country. The most hard- hit are youths who after graduating from universities and other institutions of higher learning find themselves unable to secure formal employment. These youth fail to gainfully contribute to economic growth despite their energy and drive. Due to these desperations these youths end up wasting their energies on undesirable and un-gainful activities. This study also find it self relevant in attempting to research on such a global crisis.

Since Kenya has now a constitution that advocates for devolution of both development and resources, this study will be relevant not only to Kakamega County but also to other Counties because it will inform concerned policy makers on the real situation of the Fund. It also seeks to motivate other investigators to explore more on this subject. Lastly, being a youth and from Lurambi constituency, the researcher is better placed to share and address the topic at hand.

1.7. Scope and limitation

This study is limited to the effect of the YEDF mechanism in empowering the youth in Lurambi constituency. This was achieved through focus groups discussions and interviews to the youths and key informants who provided adequate information about this subject. Due to many existing groups, the researcher was not able to examine all the youth groups in the constituency. Instead, seven youths groups were randomly sampled out of the seventy one existing groups Lurambi. Seven youth groups is slightly more than 10% of the target population. 10% representation is recommended by Mugendi. (Mugendi, 2003).

1.8. Definition of concepts

This section provides a definition of key terms used in the study.. It also attempts to operationalize the key variables in the study.

1.8.1. Youth

Youth is the time of life between childhood and adulthood -maturity (Macmillan Dictionary, 2081). Definitions of the specific age range that constitute youth vary. Around the world the term ‘youth’ ‘adolescent’ ‘teenager’ ‘kid’ and 'young person’ are interchanged, often meaning same thing, occasionally differentiated. Youth generally refer to the time of life that is neither childhood nor adulthood, but rather somewhere in between (Webster’s New World College Dictionary, Fourth Edition, 2004). According to United Nations General Assembly; youth are those persons between the age bracket of 15 and 24 years. The Commonwealth Youth Programme defines the youth as persons with 15 to 29 years. While the World Health Organization defines youth as any member of society between the ages of 15 and 34 years (Wikipedia, youth, 2019). The legal definition of the youth age bracket in Kenya is between 18 and 35 years. It is estimated that 64 per cent of Kenya’s population are youth aged between 15 and 35 years (United Nations Development Programme Report, 2009). This bracket form the largest single block of the country’s labor force.

1.8.2. Youth empowerment

This is the process through which the youth develop and acquire relevant skills to overcome their existing challenges. Empowered young people take positive actions that transform their social and economic conditions for better (Wagaman: 2011). Empowerment entails: training, mentoring,

equipping, trusting, and delegating. The history of youth empowerment in Kenya can be traced from 1964 when the government established the National Youth Service to impact young-people with practical skills for economic good (National Youth Service, 2009). YEDF is the latest empowerment tool that the government initiated to build capacities of youths economically.

1.8.3. Youth Enterprise Development Fund

The Youth Enterprise Development Fund came legally into operation on 8th December 2006 through Legal Notice No. 167. It was transformed into a State Corporation on 11th May 2007 through Legal Notice No. 63. The Fund focuses on enterprise development as a key strategy that will increase economic opportunities for, and participation by Kenyan youth in nation building.

1.8.4. Mechanism

Mechanism according to Oxford dictionary is a process on how something operates or works. It includes procedures, processes, system of operation, method, or technique (Oxford Dictionaries online).

2.8.5. Effect

Effect entails a change which is as a result of action or other cause. The effect of one thing to another is the change that the first thing causes in the second thing.

CHAPTER TWO

LITERATURE REVIEW

This chapter addresses the available related literature found by the researcher on this subject. This has been guided by the questions asked by this study as follows: What is YEDF? To what extend are youth aware of YEDF? What are the mechanisms of obtaining a loan from YEDF? And lastly, what are the experiences of YEDF loan receivers? As indicated earlier little has been written about this subject.

2.1. Overview of the Youth Enterprise Development Fund

The YEDF is an initiative that was conceived by the government and mandated to stir economic growth among the young population through doing business (Gachugia et al, 2014). Since its inception ten years ago, the YEDF has disbursed a total of Sh3.5 billion to 850,000 young people cumulatively (Maliba, 2016). The Fund's role is to enable the youth to access credit to start small businesses in order to create more jobs. To enable effective use of this Fund the ministry is involved in building capacities of youth and creating awareness. There are also several requirements to be met in order to access the Fund. For example, one must be between the age of 18 and 35 years and have an intension of investing the money in business, and mostly be a member of a registered group (Rafael, 2016). The group factor mainly acts as the loan security but it also provides a platform for learning.

This approach of entrepreneurship is encouraging because it shifts young people's mind from “job seekers” to “job creators” and also from social dependence to self sufficiency. Many self employed youth contribute to the upkeep of their families, sometimes in a leading role in the absence of parents (Muingi, 2018).

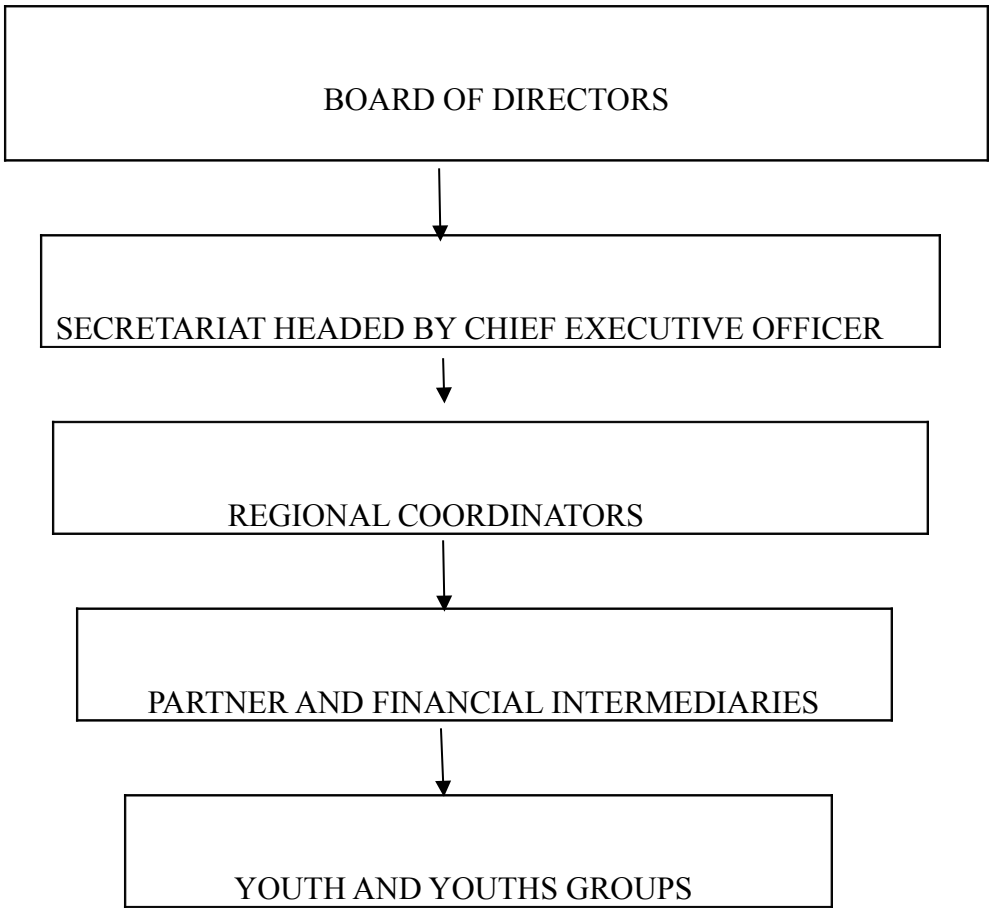
On the contrary the move to introduce this Fund shifts the government focus from being "a direct employer" to "a facilitator of employment." Although this initiative is good, it is also dangerous because the government is distancing itself away from its responsibility and putting the entire load on the shoulders of young people who are already disadvantaged.

Sikenyi, explains how this Fund operate as follows: The YEDF provides loans to financial inter-mediaries such; as banks, saving and credit cooperatives, microfinance institutions and legally operating non-governmental organizations to give loans to youth for business purposes (Sikenyi, 2017). These financial intermediaries are out there for to make profit. Therefore, if we objectively analyze this process, we find that the disadvantaged youth is still put on pressure to work extra hard to profit not only the financial intermediaries but also the government.

The YEDF is a loan and must be repaid. The duration of repaying the loan depends on the amount of money disbursed to the individual, organization or group (Gachugia et al, 2014). The board dealing with the Fund comprise of 8 members drawn from both the public and the private sectors. Seventy five percent (75%) of the board are young professionals from the private sector with diverse backgrounds in key mandated areas of the Fund. These members are appointed by the Minister for Youth Affairs and they hold office for a period of 3 years with eligibility for re-appointment for one term. The Chief Executive Officer of the Fund is the secretary to the board. The board is vested with the responsibility of the overall management of the Fund's function (YEDF Status Report, 2017).

According to the Fund status report of March 2017 the lending component of the Fund mainly works through financial intermediaries such as banks, non governmental organizations (NGOs), savings and credit cooperatives (SACCOs), and micro finance institutions (MFIs), from which the youth access funds to start or expand viable businesses. The financial intermediaries manage funds allocated to the

district from which the youth will access funds directly either as individuals or as organized entities. The Fund has so far entered into partnership arrangements with more than 33 financial intermediaries to enable countrywide coverage of the loans by the youth (YEDF Status Report, 2017). However, in rural areas access to this Fund is low compared to urban areas. Like any other program the YEDF has its guiding values. These values are: Equity and fairness, creativity and innovation, professionalism, collaboration, patriotism, integrity and accountability (YEDF website). If these values can be observed to the latter then the current situation can be improved. The challenge we have in Kenya is that most of these values are just written on paper but never implemented. The Fund has also a leadership structure. From the top we have board of directors all the way down to the youth/youth groups as shown below:



Source: Youth Enterprise Development Fund website
Figure: 1: Structure of the Youth Enterprise Development Fund.

The Fund embraces the grass-root model of operation. There are 13 regional offices across the country under the regional coordinators (YEDF website). Grass-root approach promotes inclusivity and resilience. It enhances support and enthusiasm for projects, reduces the risk of tension and improves collaboration. Grass-root approach is a collaboration of participatory approaches (Grassroot Collective website).

2.2. The youths awareness of YEDF

"Very few youths know and actually apply for the youth loan…there is a lot of money to start up businesses, but youths fear loans" (Kilonzo, 2012). "We have had several trainings to sensitize the youths about the economic opportunities available yet there is still a low turnout when it comes to youths actually getting the loans" (Mungai, 2012).

According to Kilonzo above most youths think that the money given by the youth Fund is a grant and not a loan. This misconception is contributed by youth's belief that the government promised to avail 500,000 jobs annually and that the youth Fund was put in place to achieve this aim. Edwin Shomba a student at a local university when interviewed said "I think it's something like a grant you get from the government without having to repay it. I actually do not know where to go for assistance on the youth fund" he added. Edwin like many other youths lack information about the YEDF, its requirements as well as necessary business management skills. From reviewed literature, one youth- James Waigwa, a third year student wary about taking the loan from YEDF.

> I heard about YEDF a year ago, during the world cup period and I even attended a conference in Kenya International Conference Centre (KICC) about the Fund. However, am still in school and I can only run and maintain a business when on vacation, which rarely last three months. I had begun a video place where guys would come to watch the world cup matches but I could not sustain the business. I feared to take a loan from the YEDF for I did not know much about it, its interest rates and implications of defaulting payment, I am still not aware (Waigwa, 2012)

Edwin and James are among many other youths despite having great business ideas are yet to approach YEDF for economic empowerment. Most recently, youth from Kilifi refused to acquire the loans for fear that the loans are politically motivated. Arguing that, one is given a loan in exchange for their votes in the general elections. Nevertheless, YEDF has an awareness program that seeks to sensitize youth about the Fund as well as dispelling myths surrounding it (Kilonzo, 2012).

According to Amenya, Ouko, Huka and Onwong'a in their study, *An analysis of the challenges facing the YEDF: A case study of Nyamira Chache constituency*, youth rarely seek guidance from relevant officers regarding YEDF (Amenya et al, 2011). This is the reason as to why YEDF has literally gone *Mashinani*, to try to close the gap between the Fund and the youth. Those who are targeted in the grass-root initiative are: local leaders, such chiefs, councilors, and members of parliament. Others targeted are media practitioners, religious leaders, opinion leaders and other influential leaders (YEDF, youth fund goes *mashinani*, 2012)

2.3. The mechanisms of lending institutions in Kenya

Taking loans is a good culture that helps people to increase their income through investing the loan. It can assist vulnerable youth who have no employment to engage in productive activities (Salia, 2011). However, the conditions for taking loans among the youth are discouraging. Youths face more requirements to get a loan than equally credit worthy larger business. They are only trusted with small loans that high interest rates are charged (Gita, 2013). Complex procedures and processes and complex registration requirements for young entrepreneurs are some of the set-backs of loan application (Ramsden, 2010). It is important for governments to review some of these processes and procedures to make it friendlier for youth.

Establishing a friendly and conducive environment for young entrepreneurs is the first step of encouraging youth access to business funds. The regulatory frameworks influences youth access to loans hence, there should be a strong relationship between the Fund mechanism and the youth (Zimmerman: 2011).

Registration of youth business in-terms of licensing should also be affordable. Ramsden (2010) affirms this by noting that some of the youth who wish to apply for these business funds are blocked by the existing complex regulations.

2.3.1. The mechanisms of obtaining a loan from YEDF

The purpose of YEDF was to help the high population of unemployed youths to do meaningful work with available loans. However, this purpose is yet to be achieved due to YEDF narrow frameworks and lack of supportive implementation structures. Largely, YEDF projects are surrounded by "mismanagement of funds, corruption, and ambiguous eligibility criteria." In addition young people lack proper awareness; entrepreneurial skills and mentorship to allow them utilize YEDF effectively (Sikenyi, 2017)

YEDF does not have "comprehensive strategy, policy, and legal framework" even though it has been existence for close to twelve year now. Besides policies and frameworks, there has been a lot of complaints about misappropriate of funds by those who should be guarding the money for youth enterprise purposes (Ogola, 2016).

The YEDF provides loans to financial institutions who act as intermediaries such as banks, saving and credit cooperatives, microfinance institutions and legally operating non governmental organizations to give loans to the youth. According to YEDF analysts this is where it started going wrong. These institutions exist because of making profit. They have to get their facilitation share by charging high interest on the youth who already are helpless (Ogola, 2016).

Many of the objectives of the Fund just exist on paper and none of the Counties have realized all these objectives. Some of un-realized objectives are:

- To attract and facilitate investments in commercial infrastructure oriented towards micro, small, and medium enterprise.
- To help youth micro, small and medium enterprise develops linkages with large enterprise.
- To facilitate marketing of products and services from youth enterprise in both domestic and international markets.
- To facilitate employment of youth in the international market (Ogola, 2016).

Evaluators have also argued that YEDF initiative since its conception lacked a good SMART strategy – this stands for Specific, Measurable, Agreed upon, Realistic, and Time bound approach (Ogola, 2016). However, in the pursuit of achieving some of its objectives YEDF has faced several challenges such as: political interference, unattractive products that do not appeal to many youths, funding and unconstructive public perception and attitudes that has affected the Fund's success.

To apply for YEDF loans a youth must be in a registered group of at-least ten people. The group should have a group or business registration certificate, group membership list with copies of member's national identification cards, minutes to prove meetings are usually done; a dully filled application form, bank account and registration fee (Rafael, 2019).

Majority of the youths expressed dissatisfaction with the group requirement; they prefer individual loans instead. Wheelan, on contrary is in support of groups. She asserts that groups from history have been used to achieve greater goals. Therefore, her take is that creating effective groups or teams is what should be done (Wheelan, 1999).

In addressing the group requirement challenge the current YEDF chairman Mr. Osumba argued that applicants can now access individual loans of between Ksh. 50,000.00 and Ksh100,000.00 via the app

dubbed Y-Mobile. He added that, YEDF is planning to launch a mobile loan application to ease loan accessibility to youths in remote areas.

> The application will allow thousands of youth to get loans faster. We have struggled to reach them on different platforms but we can finally get a large number of them because Mobile phone is the primary tool of communication in Kenya, Osumba said. (Muingi, 2018).

A general assessment of this study indicate that YEDF has many requirements for loan application yet youth groups are given small loans that can hardly translate into meaningful business. The loan repayment has also been a challenge. According to the YEDF status report (2011) the repayment rate was 33.8% (YEDF Status Report, 2011). This is because of many factors from inadequate entrepreneurial training to the youth to small amount given as loans that can hardly make a difference.

Before starting a business with credit money it is important to have basic entrepreneurial skills that will help you manage the business well (Mfinanga: 2012). Especially youth who majorities do start up business need these skills to assist them cope with the fast changing business environment (Staines: 2012).

Any form of business today needs skills. Even the small *mama mboga* business requires some basic entrepreneurial skills that help in monitoring and evaluation of the business. The government of Kenya has invested heavily on providing funding and neglected training these youth first (A clerk at YEDF Kakamega regional office). According to *the knowledge* review sources entrepreneurship education help people to think outside the box and nurture's unconventional talents. It also instill creativity, confidence, and stimulates the economy (Knowledge Review, 2017)

Mburu (2008) conducted a study on YEDF as an empowerment tool for young entrepreneurs in the informal sector in Ruiru division, Thika district. The study find out that 81% of the respondent had some basic training of running a business and concluded that the needed more training in the business management. The study recommended that for YEDF to be relevant to young people more emphasis

should be put in giving more training in entrepreneurship skills to recipients of loans before and after accessing loans.

For the benefit of many who will read this study, the researcher finds it important to share some key traits of any successful entrepreneur: Creativity, the ability to keep going when you face hardship by adjusting to the situation. Optimism: the ability to be an optimistic thinker. Vision: The ability to grap the bigger picture. Persistence is the spirit of never giving up. Listening skills, the ability to listen and learn. Problem solving is the ability to come up with solutions to problems facing your business. Recognize opportunities, the ability to spot business opportunities. Ethics, the ability to deal with people based on respect, integrity, and fairness (Manktelow, 2017).

According to the current YEDF chairman the Fund will start partnering with County Governments to implement Youth Plus *Mashinani* training programme. The programme will focus on offering entrepreneurial skills, financial management and financial literacy. It will be piloted in Taita Taveta, Samburu and Narok counties (Muingi, 2018). Most participants of this study suggested that entrepreneurship education should in future be incorporated in the school curriculum. According to *the knowledge* review sources entrepreneurship education helps students to think outside the box and nurture's unconventional talents. It instills creativity, confidence, and stimulates the economy (Knowledge Review, 2017). Inclusion of this kind of education will help students graduate with advanced skills, innovative thinking, and capacity to start and run businesses and companies hence, effective YEDF use.

2.4. The experiences of the YEDF loan recipients

Majority of the youths who have received loans from YEDF kitty across the country have demonstrated dissatisfaction and frustrations starting from the engagement stage to loan repayment stage (Knowledge Review, 2017). The application process for the loan is long not to mention the eligibility requirements. Previous studies on YEDF indicate that: There are bureaucratic lending procedures which have

remained a major constrained to youth accessing credit and that lending requirements by YEDF are harsh and lock out the youth from accessing credit (Otieno, 2018).

Ochola (2011) researched on the influence of YEDF on economic empowerment of youth in Bondo district in Kenya. The study examined the influence of business engagements, marketing support linkages and access to loans as aspects of YEDF in youth empowerment in Bondo district. In this study, Ochola concluded that YEDF has not significantly changed the income of the youth and therefore not empowered the youths of Bondo district.

Previous studies also shows that little has been done in-terms of providing entrepreneurial skills to the youth before giving them loans. Most youths who have taken the loan had no business skills. What they had was business ideas (Otieno, 2018). The success of YEDF lies on training the youth on entrepreneurial skills that will enable them manage well their business to get income to help their families and to repay the loan.

From reviewed literature it was noted that the Fund is also tasked with the responsibility of awarding tender to genuine youth through a transparency process. However, this process has been done in corrupt ways. Many youths who have participated in application process for these tenders have claimed that they have credible information to show that these tenders are awarded irregularly to family of some board members and close friends. In addition the officers ask for bribes to approve tenders (Njenga, 2016).

The YEDF has its guiding values. These includes: Equity and fairness, creativity and innovation, professionalism, collaboration, patriotism, and integrity and accountability (YEDF website). If these values can be observed to the latter then the impact of this Fund to the youth could be more positive.

All said and done, Amenya et al, (2011) maintains that, many youth still prefer YEDF as a good source of funding. It's flexible collateral requirement and low interest rate remains a great attraction to most

applicants. However, because of the above shortcomings majority of groups find it difficult to repay their loans and YEDF has no legal mechanism to compel defaulters to repay loans.

2.5. Theoretical framework

According to Kothari (2014) theoretical framework are explanations about the phenomenon under study. This study has two major explanations. The Karl Marx Conflict theory of 1880's and the Paul Romer Growth theory of 1980's.

2.5.1. Conflict theory

This study is influenced by the Karl Marx theory of "class struggle", which explains the matter of alienation and exploitation of the working class, the capitalist mode of production and historical materialism. This is one of the most reliable social conflict theories. Karl Marx explains well a class struggle between the proletariat and bourgeoisie (Rummel, 1977). The key to understanding Marx is his class definition. A class is defined by the ownership of property. Such ownership vests a person with the power to exclude others from the property and to use it for personal purposes. In relation to property there are three great classes of society: the bourgeoisie (who own the means of production such as machinery and factory buildings, and whose source of income is profit), landowners (whose income is rent), and the proletariat -who own their labor and sell it for a wage (Wikipedia, Karl Marx.) Marx says the class division will widen to a point where exploited workers will deteriorate so badly that the social structure will collapse. The class struggle will then get to a point where the proletarian will revolt against the bourgeoisie. The revolution will bring to an end the class division in property through public ownership (Rummel, 1977). The struggle for the rich to remain rich and exploit the poor is a historical phenomenon that keeps on repeating itself. The rich use their power and influence to protect their wealth and continue oppressing the poor to gain more to their wealth.. This is the situation that has left many graduated youth unemployed in Kenya because looting of public money by the "high

class" has resulted to the collapse of local industries and loss of jobs (Mwangi, 2012).

The rich who majority are politicians and businessmen manipulate the systems to oppress the poor who majority are the youth. Using their influence they make the poor think in tribal lines so that they defend them when they steal public money. Their aim is the poor to remain disadvantaged so as their political support is guaranteed by bribing them with little cash every time election time comes (Mwangi, 2012).

The rich have manipulated even the laws of the land so as to remain in office for a long period leaving young ambitious graduates completely with no hopes of getting employment. Those who constitutionally forced to retire maneuver their way back to other powerful positions that have no age limit. The rich promote and support each other because they are of the same class. They appoint their friends and relatives to well paying jobs leaving many qualified young people with nothing but loans to start business which they have to pay back with interest (Mwangi, 2012).

Even the money set aside for young poor Kenyans in different programs such as YEDF, National Youth Service, *Kazi kwa Vijana* Project is still stolen by few rich who evade the long arm of justice because the judiciary is also manipulated by the "high class". As Karl Marx warned about the revolution by the oppressed poor, that time is coming closer to the nations which keep on neglecting the plight of the poor. The 2008 post election violence in Kenya was termed as a result of both political and economic phenomenon. The youth were the major participants in the violence, where looting was at high rates. This is an early sign of the worse to come if measures are not taken. Research has indicated that the youth take advantage of any form of disagreement to cause violence and later loot property. The youth have so much energy that if left untapped ends up in destructive behavior (Stormes, 2014).

In the context of our study, the future of Kenya will depend on how youth are going to be equipped to face the future. If the society will fail to help the youth who in this study are (the proletariat) to rise up from the challenges facing them like unemployment, poverty, drug abuse, HIV and Aids, prostitution

and bad companies among others, then time will come when these youths will join up and revolt against their oppressors the rich of the society (the bourgeoisie); like what happened in Tunisia, Egypt, Libya and the United Kingdom early 2011 (Stormes, 2014).

2.5.2. Growth theory

This theory was explained by Paul Romer in 1980's. This theory explains that empowerment is as a result of something originating from within and not external factors. In this case investing in innovation, knowledge, and human capital are major factors for economic growth. Romer also find research to be a catalyst for growth. Policies that are researched, open and innovative stir growth while those that are restricting, slow to change, ambiguous slow down growth. With better policies and laws development is faster (Stormes, 2014).

According to Bulimo et al, (2016) this theory explains that growth rate depends on the existing policies and structures. For example, subsidies for education, agriculture, research, and communication increases growth rate by increasing the incentive for innovation (Wikipedia, Endogenous Growth Theory, 2019). In connection to our study, if proper policies and frameworks are established within YEDF and more resources put in building capacities of the youth; then the effect of the Fund on youths will be more positive that it is now.

2.6. Conceptual Framework

Conceptual framework is a schematic representation of a research problem that includes a network of concepts and exhibits the flow and direction of their relationship. (Chandran, 2004).

2.6.1. Conceptual framework relationship

This section deals with the researcher own understanding of the variables that are mentioned on the conceptual framework. The effect of the YEDF towards empowering the youth will depend on its

mechanism. A complex mechanism hinders positive outcome while simple and friendly mechanism promotes positive involvement. For instance, if the processes and procedures of YEDF are simple and friendly to the young people then many would apply for these loans. Entrepreneurial training is also another variable that can motivate the youth involvement to this Fund. This kind of training will assist to meet the government YEDF objective as it will improve loan repayment. If application requirements are easy for the youth many embrace the Fund. In contrary, if application requirements and application processes are complex young people will not be attracted to the Fund instead, they will distance themselves from it. The amount given by YEDF as loans also has a bearing on it's relevancy to the youth. If the loans given are too small to help these youths, they will not go for them. However, a reasonable amount will attract them. The starting amount given of Ksh. 50,000.00 is too little for a group of ten plus people. An increase in the starting loan given can motivate youth participation. YEDF awareness is also very important to its success. If many young people are aware of all information about the Fund then many will get involved. From reviewed literature, many Kenyan youth know very little about YEDF. Awareness process should be objective to demystify the already existing understanding of YEDF. The society in general has a negative perception about YEDF and this hinders its success. The interest charged on this loans is also high because the financial institutions charge there facilitation fee. YEDF interest should be very low it its intention is to help the disadvantaged youth. Higher interest make it difficult for the youth to repay there loans. Failure of repaying the loans means no more chances of applying for these loans, hence no future hope. Keeping in mind this, the government should lower the YEDF interest or even do away with it. Experiences of YEDF loan recipients also have effect on the Fund. If more success stories are told by the youth on how good and effective YEDF is; then many will want to be associated with it -by forming groups and applying for the loans. On the reverse, if more stories told about YEDF are about dissatisfaction, frustration, and displeasure youths will not want to be associated. Good reputation has an impact on everything. In

business, good reputation makes customers to feel confidence with products being offered. According to McCormick, a business reputation is an interconnected system that stirs up good results. A good reputation is a must for any program and business that want to grow. The YEDF also need a good reputation (McCormick, 2017). If all these factors are implemented well then the effect of YEDF will change from dissatisfaction, frustration, and displeasure to acceptance, satisfaction, and joy.

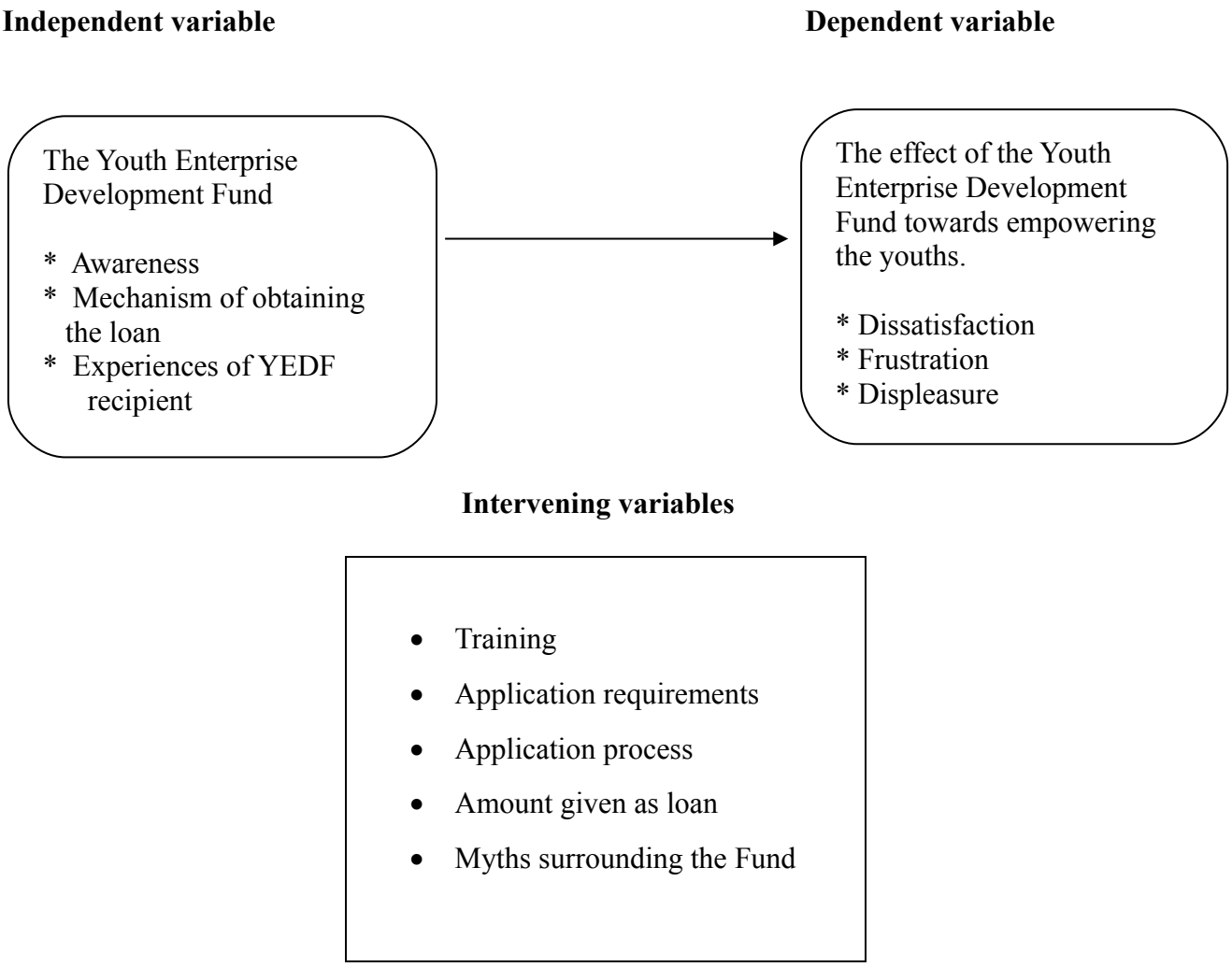


Figure 2: Conceptual framework. Proper implementation of the mentioned intervening variables will lead to positive impact on the youths receiving the loan and their families.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter deals with how the study was conducted, it addresses design of the research, the population, the sample size, the sampling procedures, study location, and the tools used in data collection and analysis during the research. The study used both qualitative and quantitative approaches. Primary data was collected using focus group discussions for randomly selected groups, and interviews for purposely selected persons because of their knowledge and experience about the subject matter.

3.1. Research design

The study adopted descriptive design because it aims at accurately and systematically describing a population situation. This design answers *what, when, where* and *how* questions and can be used in both qualitative and quantitative research methods (McCombes, 2019). The purpose of this design is to provide familiarity or new insight and discovery of new ideas to the researcher. In human context, there are certain facts that are not obvious on the surface and therefore require deeper investigation. (Chandran, 2004).

3.2. Population

The target population of this study is the youth's groups and in Lurambi constituency who have directly utilized the YEDF. According to the information from the YEDF Kakamega regional office 810 youths belong to these groups. From the seventy five active youth groups registered by YEDF in Kakamega, the researcher selected seven youth groups; each group had a minimum of ten youths. The total number of youths who participated in this study was 80.

3.3. Sample size

Sample size in statistical research is a number of individuals or observations chosen to represent the entire population or concepts being studied. Sample size is very important in any empirical study, and

its goal is to make inferences about a population from a sample (Wikipedia, Sample Size Determination, 2019).

From the 75 five youth groups the researcher used non probability sampling to get seven groups. Out of 810 youths 80 participated in the research this is 10% representation of the entire targeted population recommended by Mugendi (Mugendi: 2003). The principle of probability is inherent; the chances of selecting individual or item remain the same from one selection to the next. (Chandran: 2004). Twenty key informants from a population size of 205 who were conversant with the subject at hand were purposely selected for interview; these included the chiefs, youth leaders, pastors, and local political leaders.

3.4. Sampling procedures

Sampling is a process used in statistical research where pre-planned observations are taken from a larger population. The methodology used to sample vary from the type of research being undertaken (Investopedia, Sampling, 2019). The sampling method used in this study was both non probability sampling for key informants of the subject of the youth at the constituency and probability sampling for youth groups. The difference between probability and non-probability sampling is that probability sampling a random selection is involved and not non-probability sampling. A list of youth groups was given to the researcher by the secretary at the Kakamega YEDF office. An exercise of compiling the seventy five youth groups involved in YEDF was then done by the researcher. Thereafter, a random selection was done to come up with seven youth groups. Each group had at least a minimum of ten members during focus group discussions. Non probability sampling or (purposive) was as well used to pick twenty respondents who participate in depth interviews. This was done to ensure no stone is left un-turned on this matter.

3.5. Data collection methods

3.5.1. Focus group discussions.

A focus group discussion involves gathering people from similar backgrounds or experiences together to discuss a specific topic of interest. It is a form of qualitative research where questions areasked about their perceptions attitudes, beliefs, opinion or ideas. In focus group discussion participants are free to talk with other group members;unlike other research methods it encourages discussions with other participants (Baral et al, 2016). The focus discussions were held in conducive environment that enhanced productive discussions. The formations of the discussions were semi circle, with the researcher sitting directly at the opposite to take note of verbal and non verbal communications of every participant.

3.5.2. Interviews

Interview method is a process of conversation between the interviewer and the interviewee. Normally, the interviewer asks the interviewee questions and documents every response given. Interviews are used where there is need to collect in-depth data on people's thoughts and experiences. The researcher used personal interviews to get in-depth information. The people interviewed were purposely selected on the basis of their understanding on the subject of youth and their involvement with YEDF.

3.6. Data analysis and presentation

Data analysis is a process of inspecting, transforming, and modeling data with the goal of discovering useful information, informing conclusions, and supporting decision-making. Data analysis can be done using different approaches and techniques. In this study, the researcher took the filled focused group guides and interview guides materials on the table for sorting before compiling them. The sorting of the data was done according to the questions and themes of the research. Braun asserts that thematic analysis is a qualitative research method that can be widely used across a range of epistemologies and research questions. It is a method for identifying, analyzing, organizing, describing, and reporting

themes found within a data set (Braun, 2006). The data collected through focus group discussions and interviews has been presented in narrative, pie charts, and percentages.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION

This chapter analyzes the findings derived from the focused group discussions with the seven youths groups selected using the simple random sampling method. The groups selected were: Ilwesero Support Youth Group, Bukhulunya Self Help Group, Bushiri Support youths Group, Emusala Arise and Shine Youth Group, Eshisiru Self Help Group, Mwangaza Support Youth Group and Ikonyero Youth Empowerment Group**.** The chapter also analyzes the responses obtained from the 20 respondents selected purposively. Information from these key informants brought clarity on the subject matter. There were a total of 80 youths who participated in this study. Each of them was a member of the selected groups that had utilized the YEDF (YEDF Kakamega regional office data). As indicated out of 80 respondents 66% were between 20 to 26 years, 30% were in age group of 26 to 35 years while 4% were above 35 years. The 36% of the respondents were female while their male counterpart was 64%. Majority 70% of the respondents were married, while unmarried group were 25% and divorced 5% as indicated in figure below.

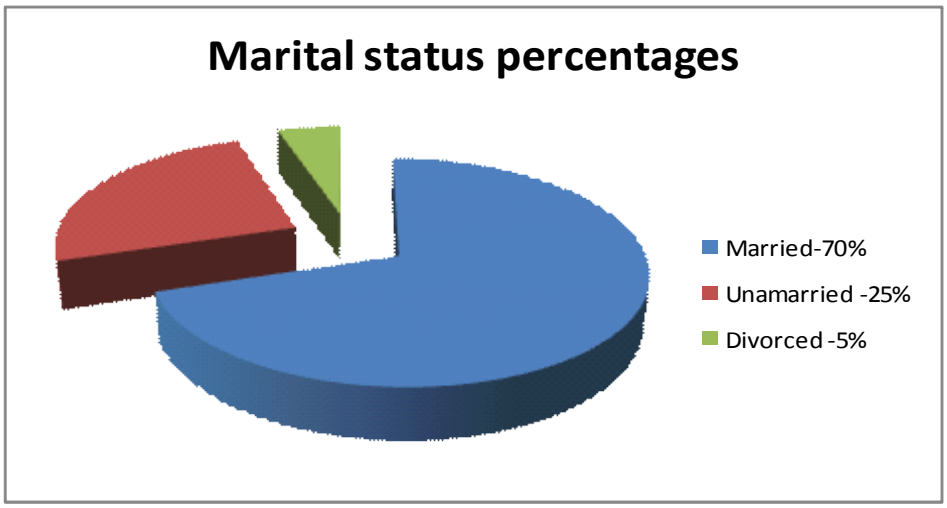


Figure 3: Marital status percentages

Married respondents demonstrated commitment in their businesses than the unmarried and divorced due to family responsibilities they had.

Below is a figure showing education level percentages of the respondents. The 46% had attained primary level of education as compared to 30% with secondary education. The college and tertiary level was at 24%. This infers that the youth in their various groups have reasonable levels of education. Majority who attained college level education were male participants.

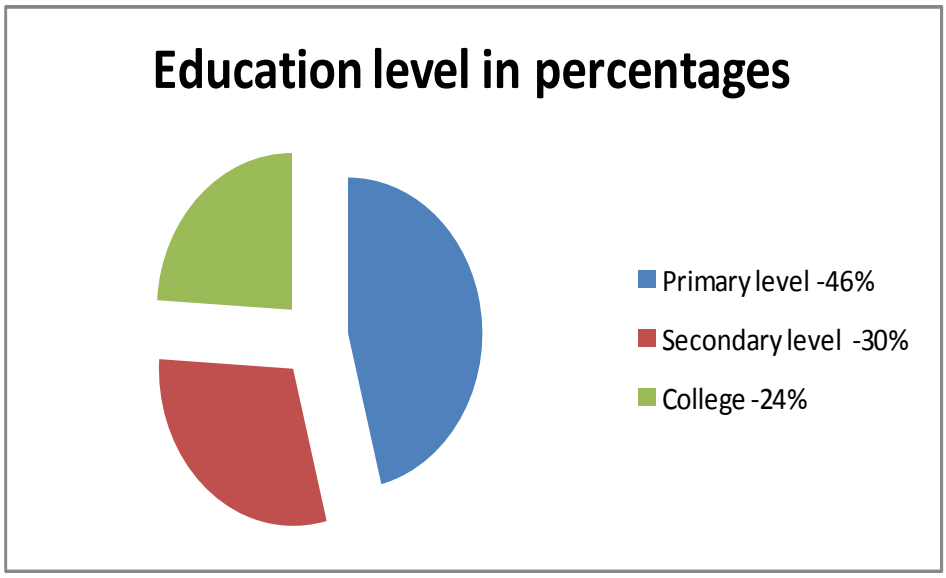


Figure 4: Educational levels of participants in percentages

Youths with higher level of education articulated issues clearly and also gave more input on the discussions we had together than those with lower level of education.

4.1. Awareness of the youths on the YEDF

As stated earlier youth awareness about the Fund in rural areas is much lower than those in urban areas (YEDF, youth fund goes *mashinani*, 2012). This maybe as a result of the situation the two setting bring forth. Youth in urban areas have to make money in order to survive unless they are supported by parents, guardians or others. For instance, they have to pay rent, bill, buy food, and sometimes send money home. These responsibilities push them to work extra hard. Their situation compels them to reach out to YEDF for loans in order to make ends meet. On the contrary, majority of youths in rural areas live in their ancestral land where they do not pay bills and do farming for food. These youths

have no much pressure to seek for loans for doing business. In-fact some perceive loans as a setback because if they fail to repay the little they have will be taken away from them.

Largely, there is a negative understanding about the Fund that has made many young people not to apply for it. Those who applied for the loans went through tedious process from group formation, training, registration, application and a long waiting period to get the loan. Having gone through this process many of them talk negatively about YEDF and this discourages the others who wish to apply for the same (Ogola, 2016).

Data shows that many youths are not coming out to apply for this money yet there are millions lying idle. The stakeholders of this Fund are aware of this situation and they are doing everything possible including creating awareness across the 47 Counties about the Fund. They seek to review the collateral conditions and application procedures to attract more young entrepreneurs to apply for the funds because millions of shillings is lying idle at the County Treasury due to fear of borrowing (Otieno, 2017).

Despite the government efforts in establishing the Fund, little has been done to create much awareness about the Fund. Youths from all the seven groups admitted that many youths are yet to be well informed what YEDF is, its objectives and how it operates. This findings concur with sentiments of Eunice Kilonzo who said "Very few youths know and actually applied for the youth loan…there is a lot of money to start up businesses, youths fear loans" (Kilonzo, 2012). When the researcher posed the question, how did you know about YEDF? The response varied from group to group and even to individual youths as indicated in figure 6.

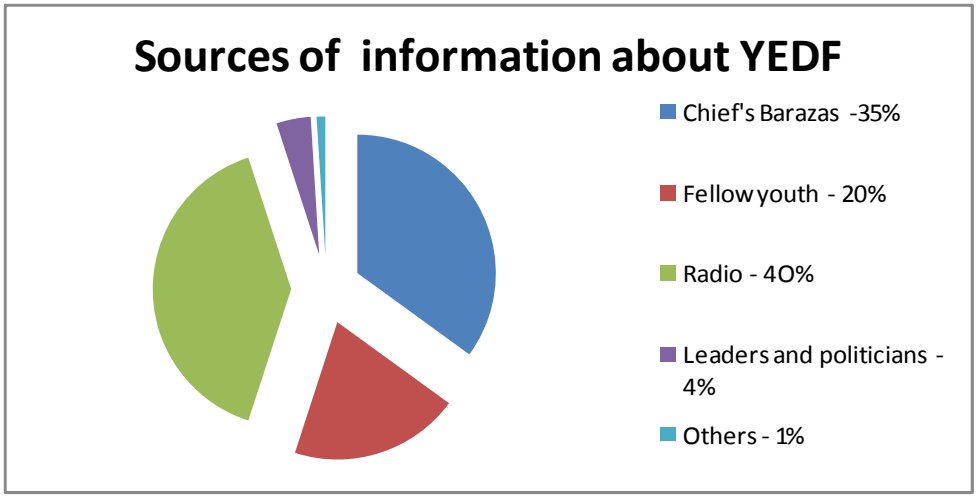


Figure 5: Sources where the youth heard about YEDF

Figure 5. Indicate that radio is the most medium of communication among the youth in Lurambi constituency than the others.

The chief's *baraza's* is second by 35% in giving information to young people. These *barazas* are perceived as the reliable sources of information from the top government down to the people at grassroots level. Government plans on security, national identity cards application and reapplication, employments opportunities by government all are given to the chief's office to disseminate to the people in their *baraza's*. These *baraza's* are usually held once per week, and all matters arising in the communities are often discussed and way forward given. Another reason why the *baraza's* have high percentage is they are locally decentralized to meet and address the needs of the local people. According to Robert Makobe one of the youth from Ilwesero Youth Support Group, youth do not often attend the chief *baraza's*, instead they get second hand information from either their parents, neighbors or guardians who usually attend the *baraza's*.

Those who heard of YEDF through fellow youths stand at 20 %. From the discussions, the youths who heard about YEDF earlier than the others, took the initiative to share the information with the other youths for the purpose of convincing them to join and form a group which they could in-turn use to

apply for funds.

Those who heard from leaders (politicians) were 5%. This is a smaller percentage than expected no wonder the former minister for Youth Affairs and Sports Mr. Otuoma used to urge leaders and politicians to disseminate information about YEDF. In one occasion he emphasized on the need for concerted efforts from leaders within and outside the government in solving the challenges facing young people adding that this respons1ibility should not be shouldered by the government alone. He went ahead to urge leaders to use their platforms to disseminate information to the youth especially on how and where to seek opportunities that would enable them do business in their respective area of interests. 'Each one of us present here today has a role to play in empowering the youth, let us therefore help our young people lay a good foundation for themselves so that they can help us when we grow old,' -he said (YEDF, Leaders urged to invest in young people, 2012).

During this occasion the former minister for Youth Affairs and Sports also took the initiative to encourage the young people to embrace the culture of taking loans as a sure way to progress in entrepreneurship. He cited that people without loans are not progressive, and so in order for young people to progress they need to take loans that will enable them do business. In addition, he assured the audience that the loan application which had been taking long process will be fast tracked so as not to dull the enthusiasm and morale of the applicants (YEDF, Leaders urged to invest in young people, 2012).

The vernacular radio station *Mulembe FM* was identified by the participants as one that is creating much sensitization to the community at 40%. The station is liked for addressing many issues affecting the community. Therefore, YEDF should use more radio when passing information to young people in Lurambi constituency, and especially on *Mulembe FM*.

Angela and Pierre (2000) in their book *Radio Presence* argues that most people despite high levels of poverty would at least work hard to own a cheap radio. Governments on the other hand have made sure

that at least government station is available for listening with direct satellite radio broadcasting. Thus, more people are attracted to make relative minor investment to purchase a radio.

Mulwa in his book *The legacy of courage* (2011), pg. 5 claims that progress or success has more to do with one's personal resolution than success of your father, mother sister, brother, uncle, auntie or friend. 'Success is a personal experience. You cannot succeed or fail for somebody else. It is your own affairs, and therefore if you fail in life, blaming other people for it is futile. It is you to blame; the truth is that personal development and success begins with positive mind. It all begins with a conviction that tomorrow can be better than yesterday and today, and that you hold potential in what it takes' (Mulwa, 2011).

These words should be taught well to our youths even as the government tries to help out. On creating awareness, Timothy Isenjia a youth from Emusala Arise and Shine Youth Group however noted that, despite creating awareness for youths to take loans for staring business, some youth have negatives perception about loans. Many think taking a loan is a risky deal since failure to pay back one risk auctioning of goods such as land which is a very precious thing among the Luhya community. If one takes a loan people tell them *ulakoritha mkunda*; meaning you will loose your land. The perception of loan among the Luhya community is therefore negative instead of being positive; much education about the Fund needs to be done in the region to change this understanding (Timothy contribution).

The general look however is that majority of the youth; do not know what The YEDF is and what it stands for. In realizing this gap the YEDF has literally gone *Mashinani*. In an effort to close the gap between the Fund and the youth; in 2011 the Fund launched a grassroots sensitization programme known as *Mashinani* (Kiswahili for grassroots). The programme, which was launched in Embu by the former Youth and Sports Minister Mr. Otuoma, targeted community and youth leaders in Counties.

Mashinani is an interactive programme that disseminates localized and global information on the Fund and gives participants an opportunity to ask questions, give suggestions or convey their complaints.

It is a parliament of some sort. Community leaders have appreciated the recognition the Fund has given them as grassroots mobilizers. Youth leaders on their part have mainly focused on the kind of services they want, and how they want them delivered (YEDF, youth fund goes *mashinani,* 2012). The *Mashinani* programme was held in Kakamega County on October 13 2011 at the Masinde Muliro Gardens, which a group of leaders and youth attended. From the interviews and discussion more needs to be done, to sensitize the youths on the Fund and the process should be participatory and led by the youth themselves in order for it to make a positive impact. According to the current YEDF chairman, YEDF will start partnering with County governments to implement Youth Plus *Mashinani* training programme. The programme will focus on offering entrepreneurial skills, financial management and financial literacy. It will be piloted in Taita Taveta, Samburu and Narok counties (Muingi, 2018). Participation in development is a process of equitable and active involvement of all stakeholders, to allow for a more equitable development process, disadvantaged stakeholders (in this case the youth) need to be empowered to increase their level of knowledge, influence and control over their own livelihoods, including development initiatives affecting them (Bamber, 1991).

4.2. The Mechanism of obtaining a loan from YEDF

Findings from focused group discussions noted that YEDF is still not friendly to many youths. The youths were not happy with the Fund because of the many requirements imposed to them before applying for the loan. Some of the requirements mentioned were: Group formation, group registration, group minutes, group bank account, and application fee among other requirements. Group formation requirement was not a good approach to many youth for reason that, finding ten like-minded people

who can work together well without conflict is very hard. Registering a group is also an involving process which requires more requirements and money.

Even after all these requirements are met, it takes too long for the loans to be given to these groups. On average from the discussions it took 3–6 months to get applied loans. This is too long waiting period, at times other group members find something else to do. Sharon Anyanje one of the youth from Emusala Arise and Shine Youth Group who participated in this study affirmed that when youth wait for too long they loose the morale of their business ideas.

Another thing that came out strongly from the discussions was the amount given as loans to groups. Linet khatete a youth who participated in this study attested that the funds given as loans to groups were too small to make any reasonable positive change. She claimed her group Mwangaza Support Youth Group was given Sh. 50,000.00 and they eleven members. This implied that each member gets only Ksh. 4,545.00 this is too little money to start any serious business keeping in mind the cost of a licensing a business to be done to operate legally. This and many other things is what fuel dissatisfaction, frustration and displeasure among the youth, because an initiative that was establish to help is only frustrating many of them.

4.3. The experience of YEDF recipients

Findings from the discussions indicate that, many youth groups who took the first loan did not want to take another loan again from YEDF because of the frustrations they went through. Antony Oloo a youth from Bushiri Support Youths Group argued that after a youth receives Sh. 4,545.00 as loan he/she feel let down and loose interest of applying any loan again. Those who fail to repay the loan with required interest were harassed and sometimes their property auctioned. Generally, from what the researcher heard and documented from the participants is that the youths have a negative experience with YEDF mainly because of its mechanism. They see it as an enemy of their development as it's exploiting them instead of empowering them.

Mike Oduor a youth participant from Bukhulunya Self Help Group claimed that he knows of youth groups who had met all requirements and applied for the loans but never received the money. This means that even after meeting all these complex requirements, and waiting for close to 3 – 6 months for the loan it's not automatic that your group will receive the money.

On the positive, youths appreciated the fact that the Fund has helped them to create networks with each other. This network is achieved through the requirement of the Fund, that the loan is accessible only to youth groups operating within the parliamentary constituency. Youths are therefore forced to connect and work as a team in groups so as to meet this requirement. Through group formation youths create networks within themselves that sometimes end up to be helpful formal organizations because this network is not only limited to matters pertaining to the Fund but to all matters affecting their lives.

The culture of entrepreneurship gives space to all youths from all background to compete on a level ground (OECD, 2001). The fund has also promoted a social and cultural identity, as entrepreneurship builds a stronger sense of community (White et al, 2001).

With all the negative things attached to the Fund, YEDF has enabled many youths to start up small businesses and to rise their standards. Apart from the challenge loan repayment the youths admitted to be getting small income that assist them in their daily living. YEDF has helped the youths to have a critical entrepreneurial mind. The youths are encouraged to think critically on projects or businesses that can be profitable in order for them to pay back the loan. From these discussions, the youths expressed the sense of expatriate on the area of choosing a viable business that one can engage in. Business that deals with food; for example starting up hotel in a market area or planting vegetable and maize seemed to be most appropriate than electronic shop or boutique.

It is important to mention here that the YEDF was established just few days to the general elections and many young people at that time saw it as a political strategy by the government to win support of

young people. As a result, many recipients of the Fund defaulted in repayment as they considered it a political goody.

From the findings, corruption was also mentioned by the participants. Youth feel that since the funds are not utilized by intended population, it is embezzled by corrupt leaders. Although, in Kakamega County no audit report has been put in public the general national audit of YEDF indicate that there has been a lot of corruption within YEDF. Other leaders have also raised dissatisfaction of YEDF management. Example, the Vision 2030 Youth Entrepreneurs Associates CEO, Edward Githonga, concurred with this allegation in a Press conference. Below is what he said.

> We are seeking direction from the President to re-organize the YEDF since it was under the control of corrupt individuals. These individuals are selfish, self-centered, and greedy and degrading the spirit and potential of the youths in the country, he said (Githonga, 2016).

These corruption allegations have resulted to suspension of several key leaders within the YEDF since its conception.

From the findings also the researcher noted that the youths feel isolated by the existing structures and policies. They are not involved in initiating the programs tailored for them, that is why programs like YEDF do not help them as intended. Probably, if they were involved at the conception stage YEDF would be a success story to many youth across the country. Participatory approach on programs tailored to help the youth is essential. A participatory approach helps to hold together the ownership and commitment of the populations involved. Active participation by targeted population promotes both the quality and relevance of the suggested interventions (Wikipedia, participatory development, 2019). From the discussions the researcher learnt that YEDF has several types of loans as follows:

Group loans; these are loans given to groups. The groups must have at least 10 members or more. It should also be a registered group to qualify for either *Rausha* or *Inua* loan products. *Rausha* is given for starting business. The loan has 12 weeks grace period; the loan given is up-to Ksh. 100,000.00 to be

paid within one year. *Inua* loans on the other hand are given to already existing businesses. The purpose of this loan is to expand business. Groups that have successfully repaid there loans are usually encouraged to apply for this loan to boost their businesses. Special loans are restricted to groups that are engaged only in Agri-business such as; fish farming, livestock keeping, horticulture, and poultry keeping. SMART loans are given to individual who belong to a group that has good working relationship with YEDF in-terms of loan repayment. This loan promotes a youth from a group borrower to individual borrower. According to Eugene, a youth from Bushiri Youth Group SMART loans are not easy to get. Considered groups must demonstrate success in previous given loans. Out of the seven youth groups that participated in this study none had qualified to SMART loan.

According to the YEDF website YEDF has also individual loans. *Vuka* loan is an individual loan given to youth who have proven income and have encouraging business plan. This is only given to youth who have substantial collateral. Youth can get up-to Kshs. 500,000.00 (YEDF, business expansion loan *vuka*, 2019). Very few youth can get this loan because of lack of collateral.

Talanta loan is also an individual loan that YEDF can finance for a maximum period of 6 months. To get this loan the youth must prove to have talent that can give income. For example, must be registered in a relevant authorized body like Music Copyright Society for musicians. This loan requires the youth to have at least two guarantors who must provide their bank statements (YEDF, *Talanta* loan, 2019). This loan favors only few youth who have talent and collateral.

CHAPTER FIVE

SUMMARY, CONCLUSION AND WAYFORWARD

This is the last chapter of our study which wraps up the entire discussion of the subject at hand. This chapter draws concluding remarks of the above chapters and gives recommendations. In addition, it addresses the limitations encountered during the study process.

5.1. Summary of findings

This study believes that the welfare of the youth has a bearing on the well being of the whole society. This welfare is influenced by the opportunities the youth have to participate in various development activities in the country and especially in economic development. The high numbers of youth present in our country put the nation with both challenges and opportunities depending on how productive or unproductive we are going to use them. If youths are used as a resource, then our country shall gain positively from their energy, creativity, passion and commitment but, if we choose to close the eyes to their concerns then we shall have to face the consequences of their idleness, unemployment and poverty. According to Odera (2003) poverty and unemployment are by far the major factors that stir up violence. The emergence of militia groupings like *Al-Shaabab, Mungiki, Taliban, Sungusungu,* Mombasa Republican Movement among others are clear signals for youth's revolutions due to poverty and unemployment. The gap between the poor and the rich continue widening. Unemployment is increasing among the urban poor, while a small faction of rich people keeps getting richer. Left with no hope in life, the majority of desperate youths choose violence (Ngesa, 2008).

The researcher concurs with the information that the high population in Kenya is a great challenge. The government cannot create jobs for all of them. This should be a collective effort that includes the government, private sector, the society at large. To encourage more youths to embrace the culture of entrepreneurship is a good step forward but the loans given to them for this purpose should be friendly in order to attract many of them to take.

Entrepreneurship among the youths should be encouraged by word and action from the country's leaders. If possible entrepreneurship should be incorporated in schools curriculum. The main tenets of entrepreneurship should be a common course for all students so as to equip them with necessary skills like writing a business plan, preparing a proposal to present to investors, how to register a company, general accounting skills and other necessary skills. So as when students graduate they already have these skills.

The Kenyan government should be encouraged stop trying to feed people fish and instead teach them how to actually fish. The government should not only give funds and think they have sorted the youth problems. It is the responsibility of the government to create more opportunities for its citizens to earn. Youths should be able to have workable alternatives if white color jobs are not enough for them. It's a fact that not all youths can be entrepreneurs, some would wish to be doctors, lawyers, teachers and many other professions and the government should be able to facilitate that. The government should remain the sole employment creator and not a mere facilitator as in the case of YEDF.

YEDF analysis revealed that its implementation framework is very narrow and lacks supportive structures. The Fund suffers from clear eligibility criteria, corruption, and mismanagement. On the side of the youth; they lack proper social networks, adequate information about the Fund, proper entrepreneurial skills and supportive business environment. The current business environment for young entrepreneurs' is not conducive because of the competition they encounter from current already established big business own by the rich. For instance, big supermarkets are spread all over the country selling their goods at slightly lower prize compared to retail shops. It's obvious that customers will prefer to save some coins by buying from these supermarkets. The government should therefore favor youth businesses by exempting them from paying taxes, giving them tenders and helping them to access market for their goods and services. YEDF should be more effective in empowering young

entrepreneurs the amount given as loan to the youth should be increased in-order for them to start reasonable businesses. The Government also needs to partner with many other stakeholders to increase the loans for the young entrepreneurs and address their Training needs. Systematic Monitoring and Evaluation on the performance of the Youth Businesses by the Youth Board and the Ministry of Youth and Sports is weak and this needs to be strengthened. The research recognizes the need for a Rapid needs assessment on the Youth Enterprise Development Fund to be carried out to ascertain its sustainability in the long term. Needs assesment is important because it helps any organization to determine the gaps that are preventing it from it from reaching it's desired goals (Weisburg, 2017).

The issue of corruption should be addressed by government in order for all Funds that target the youth, to be used effectively, appropriately and to the intended persons and groups. In June and July 2017, the World Bank's financial management team conducted a review of all the project's implementing agencies in Kenya. The audit covered the period since project's inception in 2015 to August 31, 2011. In that process the World Bank's financial management team uncovered: Weaknesses in the internal control procedures, improper payment procedures, transactions carried out without regard to policies and procedures, Irregular transactions in breach of legal agreements and expenditures unrelated to the project (Majiwa, 2018).

Youth participation in the reform process is critical given the long term impact of the reform issues. Consensus should be arrived at on how to integrate youth in this process (UNDP Report, 2009). The issues facing Kenya's young people are vast and complex but they are not insoluble. The government is best situated to address some of the issues highlighted in this report, while others will require the support and commitment of its development partners and civil society including Non Governmental Organizations' (NGOs), religious institutions, parents, and society at large. Most importantly, young people need to be a part of the solution and not just be viewed as a problem to be solved. Entrepreneurship is a slow process which demands amongst other factors calculated risk-taking,

patience, and above all commitment by all parties concerned. For YEDF to succeed, both short time and long time measures must be embraced. Right management structures and competent strategies must also be considered. So far an overall assessment indicates that young people appear to have gained little from what is supposed to be a flagship program.

5.2. Conclusions

This study concludes that:

- Youths problems are humanity problems that require the family of humanity to collectively work together to find lasting solutions. Youths being part of humanity there pain affects the rest of human race. Therefore, leaders and the community at large should thinking on workable ways to help young people.
- Proper management and re-structuring YEDF will have a positive and significant effect on youth empowerment.
- Friendly lending conditions from YEDF will increase youth participation and cash flow through increase in loan uptake and loan repayment.
- Entrepreneurial skills have a positive effect on survival of start up businesses; and increase in the amount given as loans will achieve better impact.
- The Fund should be protected and managed well because its intention is good, any mismanagement of these funds should be condemned and victims taken to court.
- Finally, the government should not shift its responsibility of being the 'direct employer' to merely a 'facilitator of employment.' YEDF as it is now places the government as a mere facilitator and not a creator of employment for its young population. However, with YEDF the government should remain the main employer to its citizens. YEDF should just supplement.

5.3. Recommendations:

Based on the documented findings, the study recommends:

- Since most youths are not aware of YEDF therefore, YEDF Board should invest heavily in public sensitization and education on the Fund's operations and progresses. This can be done through *barazas*, media, and national events. This will help to mitigate the negative perception towards the Fund.
- Since YEDF has narrow frameworks and lack of supportive implementation structures. The government through parliament should restructure the existing policies and structures to make them more inclusive and friendly to the youth.
- Because YEDF provides loans to financial institutions who act as intermediaries to give loans to the youth. YEDF should find a way of managing the Fund. Inter-mediaries makes the process long and the interest high to poor youths.
- Since YEDF has many requirements for loan applications. Loan application requirements should be few and simple for many youth to manage.
- Because YEDF has not given need attention to entrepreneurial training. Much time and resources need to be allocated in training youth on entrepreneurial skills to enable them run effectively their businesses.
- Since YEDF gives very small loans to youth groups. Loans given to the youth should be increased in order to be meaningful to them.
- Because the application process for YEDF loans is long due to bureaucracy. The period between loan application and loan disbursement it too long. This period should be reduced from 3-6 months to 1-2 weeks.
- Group formation requirement is disliked by majority of the youth. The YEDF should give more

individual loans to youth, as groups loans do not work for everyone.

- Not every young person in Kenya can be an entrepreneur. The government should not give up in creating jobs for the youths. It should work closely with the private sector, encourage investors and create employment to youth who have no taste for entrepreneurship.
- Because there is corruption allegations within YEDF. Corruption is a vice that should not be tolerated in our country. Investigations should be done to find out the facts, and if any officer is found guilty, they should face the full arm of the law.
- More partners should be engaged to leverage the Fund's resources set aside for credit to deal with high demands for the bigger loans needed by the youth.
- The need to demystify the existing image about YEDF. Largely, YEDF has a negative reputation across the country that affects its success. All stakeholders led my the government should embrace strategies to clean YEDF name.
- The Board should design more products and services to cater for difference needs of the youth and to expand opportunities for those with unique ideas and needs.
- The Fund needs to enhance more capacity of youth officers to reach more youth through provision of financial and mobility support.
- The government should give tax holidays and single business permits to young entrepreneurs
- The need for a Rapid needs assessment on the Youth Enterprise Development Fund to be carried out to ascertain its sustainability in the long term.

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Appendix 1.

Focus group discussion guide

Introduction

My name is Simon Khayala, a student at St. Paul's university pursuing a Masters of Arts degree in Development studies specializing in community development. I am carrying out a research that seeks to assess the mechanism of YEDF towards empowering the youths of Lurambi constituency and their experiences on Fund. I request that you respond to the questions in this questionnaire honestly. You are required to answer all questions at the best of your knowledge. The response you give will be confidential and only be used for the purpose of this study.

(a) What is the name of your group?

.....

(b) Why did you begin the group?

…….

(c) What does your group involve in?

….....

(d) Can we introduce ourselves saying our, age, level of education and marital status?.....

…….....

(e) How many members do your group have?

.....

(f) Which governent led initiatives that targeted the youths do you know in Lurambi constituency?

……

(g) When and how did you come to know about Youth Enterprise Development Fund (YEDF)?

.....

(h) How can you rate YEDF in terms of preference as a source of funds for youth's enterprise?

RATE	**TICK**
High preference	
Preferable	
Neutral	
Less preferable	
Not preferable	

(i) What are the mechanisms of obtaining a loan from Youth Enterprise Development Fund in Lurambi? ….....

(j) What are the experience of those who have received the Youth Enterprise Development Fund loan in Lurambi constituency? …….....

(k) In your opinion, what are the strengths and weakness of YEDF in Lurambi constituency?.....

(l) If given opportunity to advice policy makers of the YEDF, what would you advice them in order to make the fund more effective? ….....

Appendix 2.

Interview guide for key informants

Introduction

My name is Simon Khayala, a student at St. Paul's university pursuing a Masters of Arts degree in Development studies specializing in community development. I am carrying out a research that seeks to assess the mechanism of YEDF towards empowering the youths of Lurambi constituency and their experiences on Fund. I request that you respond to the questions in this questionnaire honestly. You are required to answer all questions at the best of your knowledge. The response you give will be confidential and only be used for the purpose of this study.

1 Name (optional)……

2 Title ……..

2. Which government led initiatives that target the youth do you know in Lurambi constituency?

   …….

3. When and how did you come to know about Youth Enterprise Development Fund (YEDF)?

   .....

4. How can you rate YEDF in terms of preference as a source of funds for youth's enterprise?

RATE	**TICK**
High preference	
Preferable	
Neutral	
Less preferable	
Not preferable	

5. What factors influence the use of YEDF? (Name 5 from the order of major factors to low factor? ….....

   ……

6. What are the mechanisms of obtaining a loan from Youth Enterprise Development Fund in Lurambi? ….....
7. What are the experience of those who have received the Youth Enterprise Development Fund loan in Lurambi constituency? …….....

….....

8. In your opinion, what are the strengths and weakness of YEDF in Lurambi constituency?.....

   ….....

9. If given opportunity to advice policy makers of the YEDF, what would you advice them in order to make the fund more effective? ….....

   ….....

Appendix 3

The map of the study area



Source: https://www.google.com/search?newwindow=1&q=lurambi+constituency

The map of Lurambi constituency the area of study. Lurambi is one of the constituencies in Kakamega County. It has a population of approximately 160, 229 with approximately 161.80 Sq. Km.