



EVALUATION OF THE YOUTH DEVELOPMENT FUND PROJECT IN MAKADARA DISTRICT IN NAIROBI, KENYA

Ntuara Matthew Gitonga, Dr. Mugambi Ruth Kagwiria, Gitonga Edwin Muthomi

ABSTRACT

The Youth Enterprise Development Fund was conceived in June 2006 by the government as a strategic move towards arresting unemployment which is virtually a youth problem, comprising of seventy-five percent. The Youth Enterprise Development Fund (YEDF) was officially launched on 1st February 2007 by the then, His Excellency President Mwai Kibaki. The study evaluated the YEDF in Makadara Division Nairobi County. Records at the YEDF offices indicated that one hundred and fifty youths had benefited from the fund. The sample was selected using stratified and simple random sampling. Based on this method 10%-30% of the population constituted an adequate sample for the study. Fifty questionnaires were distributed and forty were returned giving a response rate of 80%. The data was analyzed using SPSS (Statistical Package for Social Sciences) and the results were presented using tables and figures. The study found out that the financial intermediaries were able to access funds from the YEDF and loaned it to the youths through commercial banks. The linkages have been established with manufacturing, distribution and wholesale outlets for benefitting the youths. The YEDF has succeeded in linking youth's enterprises to large business enterprises. The study made the following recommendations; More funds to be channeled through other intermediaries, MFIs, SACCOs and NGOs and be decentralized. The youth Fund managers to sensitize the local authorities and private enterprises to invest in infrastructure development of micro, small and medium enterprises, with an aim of expanding external markets and identify job opportunities in the international labour market.

Key Words: Youth, Youth Enterprises, Youth enterprise development fund, The Fund

CHAPTER 1

INTRODUCTION

1.1 Background

The Youth Enterprise Development Fund was conceived in June 2006 by the government of Kenya as a strategic move to reduce unemployment among the youth who constitute Seventy-five percent (75%) of those unemployed. The Fund facilitates youth employment through enterprise development and structured labour export. The fund was officially launched on 1st February 2007 by His Excellency President Mwai Kibaki. Disbursement to the youth enterprises is through the Financial Intermediaries and the Constituency Youth Enterprise Scheme.

The youth enterprise development fund (YEDF) was established with the following objectives; Provide loans to existing micro-finance institutions (MFIs), registered non-governmental organisations (NGOs) involved in micro financing, and savings and credit co-operative organisations (SACCOs) for lending to youth enterprises;

Attract and facilitate investment in micro, small and medium enterprises oriented commercial infrastructure such as business or industrial parks, markets or business incubators that will be beneficial to youth enterprises; Support youth oriented micro, small and medium enterprises to develop linkages with large enterprises; Facilitate marketing of products and services of youth enterprises in both domestic and international markets; and facilitate employment of youth in the international labour market.

The Government set aside Kenya shillings one billion for the youth enterprise development fund (YEDF), Kshs. 210 million was allocated to parliamentary

constituencies. Another Kshs. 690 million was channelled through financial intermediaries to finance all legally recognised forms of youth-owned enterprises,

Another Kshs. 100 million was set aside to cater for infrastructure development, linkage schemes, marketing of products/services, labour export scheme and administrative expenses.

To ensure equity in fund distribution, Kshs. 345 million was divided equally to all the districts. Another Kshs. 345 million was divided as a factor of the population of young people in each district. To access the fund one must be a Kenyan citizen within the age bracket of 18 to 35 years and ready to venture in business through a legally registered group such a company or a cooperative society which has been in existence for at least three months and must have a Bank account. The fund is a loan which must be paid as per the terms and conditions.

Constituency Youth Enterprise Scheme (C-YES). This portion of the Fund is to ensure that all young people especially those living in remote areas not well served by Financial Intermediaries are not disadvantaged in accessing the Fund. The loan is accessible only to youth groups operating within the parliamentary constituency with each group getting a maximum loan amount of Kshs. 50,000. There is no interest charged but an administrative fee of 5% is deducted from the approved loan. Mixed age groups must have at least 70% youth membership and 100% of their leadership in the youth bracket

Proposal Screening, recommendation and approval is done by Youth Enterprise Development Fund (YEDF) committees at divisional and district levels. A three-month grace period is allowed with full repayment expected within twelve months after the expiry of the grace period.

The Divisional Committee (YEDFC) is composed of the District Officer (Chairman), the Divisional Youth Officer (Secretary), the Social Development Assistants, two youth representatives (male and female) from non-applicant groups, two representatives from the dominant faith-based organisations in the division and local area Member of Parliament as an ex-officio.

The District Committee (YEDFC) is comprised of the District Commissioner (Chairman), the District Youth Development Officer (Secretary), the District Youth Training Officer, the District Social Development Officer, Chairlady of Maendeleo ya Wanawake, two youth representatives (male and female) not serving the divisional committees, two representatives of main religious faiths in the district and representative of a major civil society organisation operating in the area.

The loan is accessible to any youth owned enterprise operating within the district. There is no maximum amount, however, Financial Intermediary seeks approval for loan amounts exceeding Kshs. 500,000.

Applicant must have business registration certificates, National Identity Card or passport and a bank account preferable with the preferred Financial Intermediary who carries out the assessment of the proposed business to establish its financial viability. Verification is done by the District Youth Officer. The applicant repays the loan with an interest rate of 8% per annum. The repayment period and amount is as agreed with the Financial Intermediary.

1.2 Statement of the Problem

The youth aged between 18 and 35 years constitute about twenty percent (20%) of the Kenyan population (YEDF, 2006). Since Kenya attained its independence more than forty five-years ago, the education system has graduated many young men and women

with various qualifications and skills from our universities and other institutions of higher learning. However, majority of these youths have not been absorbed in the job market. This has led to them being idle and therefore not engaging in any productive activity. Some of them have turned to crimes such as violent robbery, carjacking, kidnapping and incidents of burglary among others as reported regularly in the media. Others engage in anti-social activities such as drug peddling, smoking, drinking just to mention a few.

The government started the youth enterprise development fund in 2006 with the aim of availing funds to the youth to start businesses and create employment. However, this has not lowered the crime rate or the engagement in anti-social activities in Makadara District of Nairobi. Regardless of this effort, most of the unemployed youths have not taken advantage of this facility. With the large population and proximity to Nairobi Central Business District (CBD), one would expect a lot of businesses and economic activities in this Constituency/Division. Businesses in the various shopping centres in the area are in the hands of older people.

No research has been conducted to evaluate the youth enterprise development fund. There is therefore need to carry out research to find out why the youth development fund has not succeeded in achieving the intended results of creating the much anticipated jobs for the youth. The research will establish the factors leading to the low utilisation of youth enterprise development fund and make recommendations which will inform the Government and the ministry of gender and youth affairs in particular to take corrective measures and ensure effective utilisation of the fund.

1.3 General Objective

The general objective of the study was to evaluate the youth enterprise development fund (YEDF) project in Makadara District in Nairobi.

1.4 Specific Objectives

The specific objectives were to:

- 1 Establish whether financial intermediaries are able to access funds from YEDF and provide loans to youth enterprises.
- 2 Find out the extent to which the fund has attracted investments in enterprises oriented in commercial infrastructure.
- 3 Establish whether the fund has helped the youths to develop linkages with large enterprises.
- 4 Establish whether the fund has facilitated marketing of products and services from youth enterprises.
- 5 Establish the degree to which the fund has facilitated employment of youth.

1.5 Research Questions

- 1 Are financial intermediaries able to access YEDF and lend it to youths?
- 2 Has the fund attracted investment in micro, small and medium enterprises?
- 3 Has the fund supported youth enterprises to develop linkages with large enterprises?
- 4 Has the fund facilitated marketing of products and services of youth enterprises?
- 5 Has the fund facilitated employment of youths in the international market?

1.6 Justification

Unemployment is a serious problem in Kenya. The study is important because it will inform the government as to whether the youth enterprise development fund has met its objective of creating employment through creation of youth enterprises. Once the youths utilise the funds effectively, the crime rates, drugs and substance abuse may reduce remarkably, and the economy may improve leading to higher standards of living among the youth and the country in general. The government may be able to channel more funds to development projects as opposed to fighting crimes. More revenue will be generated for the government in the form of taxes.

1.7 Scope

Geographically, the study was carried out in Makadara constituency (division) which has varied industries and other enterprises. The study was carried out in two wards of Makadara constituency due to limited time and resources. Every effort was made to ensure that a representative sample for the study was from youths who have benefited from youth enterprise development funds from 2006 to 2008.

The study was carried out for a specified time period and hence the findings may not take account of what happened after December 2008.

1.8 Limitations

The youth enterprise development fund is spread throughout Kenya in all constituencies. Due to limited financial resources and time needed to carry out the research, it was not possible to cover a wide geographical area. Therefore, only one constituency was covered.

1.9 Definition of Terms

Youth: These are persons in the age brackets of 18 to 35 years (Ministry of Gender and Youth Affairs).

Youth Enterprises: These are businesses started and managed by youths.

Youth enterprise development fund: This is a fund set up by the government to help the young entrepreneurs to develop their own enterprises.

The fund: Youth enterprise development fund (YEDF)



CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the available literature on youth development funds and specifically the youth enterprise development fund (YEDF). The study reviewed relevant entrepreneurial theories and empirical literature. It comprises of theoretical framework, conceptual framework, past studies and draws conclusions.

2.2 Theoretical Framework

The study uses two theories to show how they relate to the topic of study. The basic aim of science is theory; it aims to find general explanations to natural events. According to Singleton and Straights (1998:24) “all empirical studies should be grounded in theory”. This means that they have to be scientifically and empirically testable

Kerlinger (1964:11) defines “a theory as a set of interrelated concepts, definitions and prepositions that present a systematic view of phenomenon by specifying relations among variables with the purpose of explaining and predicting the phenomena”.

This study was informed by the economic theory and psychological theory by Chelland (1961).

Economic Theory

This theory states that economic factors influence entrepreneurial behavior and activities. The theory views an entrepreneur as a person who brings together resources or factors of production into a combination to make their values better than before,

entrepreneurs are seen as innovators who bring new products or new production processes.

Psychological Theory

According to Chelland (1961), entrepreneurs have unique values, attitudes and needs which drive them. It is mostly concerned with personal traits as the main determinants of entrepreneur's behavior.

People became entrepreneurs of liking of independence attitude and having unsatisfied needs. High need for achievement is the main determinant for entrepreneur behaviour. This high need for achievement tends to make them desire to personal responsibility and calculated risks, they are people with little interest for routine activities and tend to move and take challenges. It is an inner concern that exists within a person and creates within that person desire for success or accomplishment. According to Chelland (1961), people who have high need for achievement are those people whose parents set high standard for them to achieve.

2.3 Conceptual Framework

Nachamias and Nachamias (1996), defines a model “as an abstraction from reality that orders and simplifies our view of reality by representing its essential characteristics”. The conceptual framework shows the relationship between variables in the study, Kothari (2004). It is an hypothesised model identifying the concepts under the study and their relationships. It consists of both dependent and independent variables. An independent variable is the presumed cause of changes in the dependent variable. Descriptive categories are placed in broad structure of explicit propositions, describing the relationship between two or more empirical properties to be accepted or rejected.

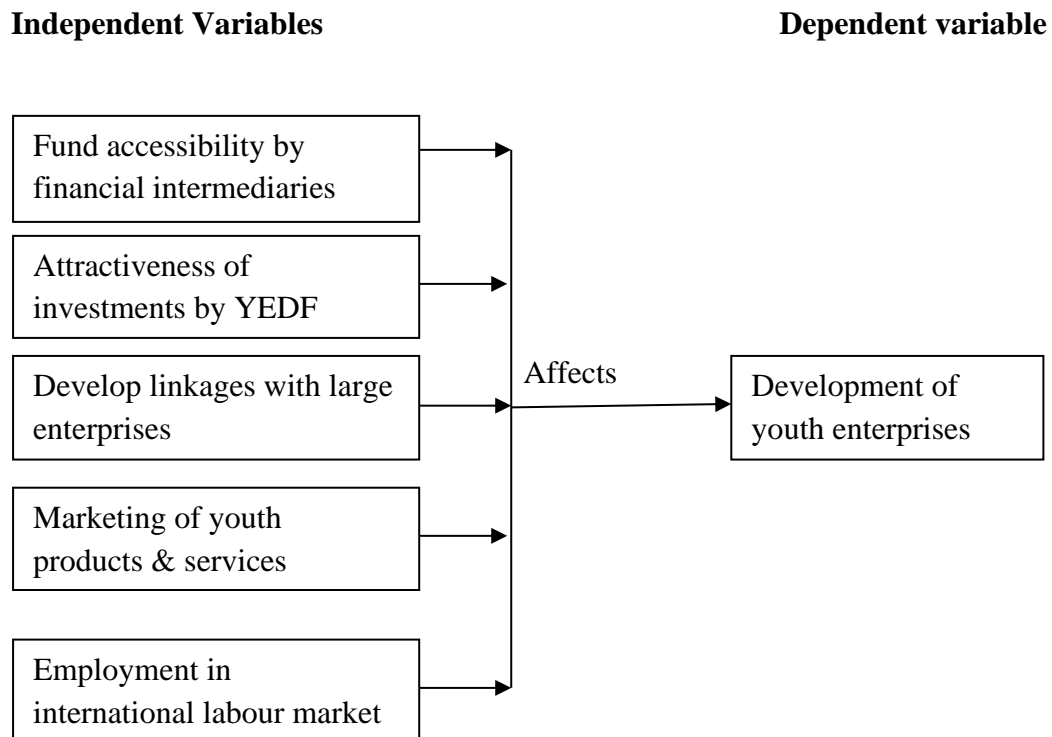


Figure 1.1: Conceptual framework

2.4 Past Studies

Fund Accessibility by Financial Intermediaries

Financial intermediaries are supposed to get funds from the youth enterprise development fund and loan it to the youth enterprises with interest. Management skills play an important role in the success of any business venture. Business success is a reflection of its managers to utilise the available resources namely financial, equipment and human resources among others.

According to Obonyo (2005), access to credit facilities among small and medium enterprises in Kenya is hindered by the high interest rates charged by commercial Banks. He however notes that Women finance trust has loans tailored to meet the needs of women entrepreneurs. Another obstacle is the lack of collateral demanded by Banks as security. Micro finance institutions (MFIs), Savings and credit cooperative

organisations (SACCOs) and some Non-Governmental organisations (NGOs) are currently offering credit though the amounts involved are small compared to Banks. Those with access to credit have competitive advantage over those without access to credit.

Attract and Facilitate Investments

To attract and facilitate investment in micro, small and medium enterprises oriented commercial infrastructure such as industrial parks, markets or business incubators that will be beneficial to youth enterprises.

The crime rate in any economy has the effect of discouraging investments. If the crime rate is low investors will be encouraged to invest otherwise they will take their investment to relatively secure places.

Investments create new employment opportunities for youths. This means they will have no time to engage in crime or anti-social activities.

According to Njanja (2007), managerial skills play a critical role in the performance of small, micro and medium business enterprises in Kenya. Apart from lack of credit another hindrance to growth of SMMEs is lack of enabling infrastructure such as Markets and industrial parks. The government has established export processing zones (EPZ) and Sameer industries has established the Sameer Industrial park; however, these are not within the reach of many SMMEs.

Her research aims to Identify and assess the critical management factors affecting the performance of SMMEs in Kenya. Establish process through which managerial factors affect the success or failure of SMMEs. Determine the integrative (combined) effects of various management factors in SMMEs in Kenya.

Develop Linkages with Large Enterprises

Competition though healthy in a free market economy, it can serve as an entry barrier for new enterprises and in particular those started and owned by youths who have little or no business experience. However micro, small and medium enterprises can have a symbiotic relationship with larger enterprises in which both benefit from one another. Larger enterprises can buy raw materials from youth enterprises or can allow the youth enterprises to use their marketing infrastructure to market and distribute their products or services.

Nassiuma (2005), has done research on the constraints facing micro and small enterprises performance in Nakuru and Eldoret municipalities. His research was to establish the relationship between entrepreneurial potential and street enterprise performance in Nakuru & Eldoret municipalities and to assess the effects of entrepreneurial environment potential on street enterprise performance. He concludes that there is potential for growth of street enterprises since they have established linkages with large organisations that supply them with goods. They only need operational infrastructure and a conducive business environment.

Marketing of Youth Products and Services

Marketing is a critical function in any business. It serves as the link between the enterprise and the consumer and at the same time gives the feedback from the consumer on product suitability as per the customer needs.

Technical skills ensure that the products or services of a firm meet acceptable standards by the consumer. If the youth's enterprises lack the requisite technical skills, their

products as well as services will not be able to compete effectively with products of other firms.

Kigotho (2005) has done studies on the challenges facing small business operators in Nairobi central business district.

Facilitate Employment in International Labour Market

Kenya has produced many skilled manpower from our institutions of higher learning who cannot all be absorbed by the labour market. There is therefore need to export this labour to the international market. Apart from creating employment to the youths the country will benefit from foreign remittances from Kenyans working abroad.

Working abroad will equip the youths with technical and managerial skills and at the same time facilitate transfer of technology for developing the country when the youths return and set up enterprises in the country.

Information is knowledge and whoever has knowledge that others do not have has a competitive edge over his competitors. This knowledge could be in marketing, technology, government incentives and international trade among others.

International exposure will be instrumental in breaking the cultural barriers that hinder enterprise development among Kenyans Kariuki (2005). The role of culture on entrepreneurial development among Kenyan communities was explored.

2.5 Conclusions

The youth enterprise development fund is a noble idea that can stimulate economic growth and contribute significantly to the realization of the vision 2030.

Various research done have focused mainly on the small medium and micro enterprises which may include youth enterprises. However, no researcher has focused on youth owned and managed enterprises.

This study will endeavor to carry out an evaluation of the youth enterprise development fund to establish whether it has met the objectives for which it was set and highlight factors hindering its utilization and make recommendations which when implemented can enhance utilization of the fund.



CHAPTER 3

METHODOLOGY

3.1 Introduction

This chapter describes the methodology that was used in the study. It also describes the population of interest, sampling design and techniques which was used to select the sample size and the procedure which was used for data collection and analysis. According to singleton and straights (1998), research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure.

3.2 Population

According to Bless and Higson-Smith (1995:87). A population is a set of elements that the research focuses upon and to which the results obtained by testing the sample can be generalised. The population of the study consisted of the youths who have benefited from the youth enterprise development fund (YEDF) in the constituency/division. According the Electoral Commission of Kenya report of 2007, Makadara is an electoral constituency in Kenya.

Makadara is one of the eight constituencies in Nairobi. It has common boundaries with Makadara division of Nairobi. It lies to the east of Nairobi central business district and borders Embakasi constituency to the south East, Starehe constituency to the East and Langata to the south.

Makadara has a population 276,277 according to the 1999 Kenyan National census and covers an area of 20 square kilometers. It has five locations namely Makadara, Makongeni, Maringo, Mukuru Nyayo and Viwadani. It has the following wards Harambee, Hamsa/Limumba, and Landimawe, South B, Maringo and Viwadani

Makadara constituency was selected for this study because it houses major industries and other enterprises. This study involved selected youths who have benefited from youth enterprise development fund in Makadara constituency (Division). In addition to the selected youths, youth affairs officers and social development officers in the study area were interviewed to get requisite information.

According to singleton and Straights (1998), a target population refers to all members of a real or hypothetical set of people, events or objects to which a researcher wishes to generate results. The target population in this study was youths aged between 18–35 years who are already using the youth enterprise development fund. They were obtained from the youth enterprise development (YEDF) offices.

3.3 Research Design

The research design adopted was descriptive design. Descriptive research is concerned with describing the characteristic of a particular individual or group as it exists at present (Kothari, 2004). According to Mugenda and Mugenda (2004), descriptive research design is used when the problem definition is clear and where the researcher can engage in a field survey by going to the target population in order for the respondents to give information about the problem under study. A descriptive research was appropriate for this study because it collected information by interviewing and administering questionnaires to a sample of individuals (Orodho, 2003).

The descriptive method helped the researcher to summarise and organise data in an effective and meaningful way. They provided tools for describing collections of statistical observations and reducing information into an understandable form.

The process of relating an empirical test to support or refute a knowledge claim involves making decisions on what type of data is required, where the data will be found, techniques of data collection analysis and interpretation.

3.4 Sample

Sampling technique

According to singleton and straights (1988) sampling design refers to that part of the research plan that indicates how cases are to be selected for observation.

Stratified and simple random sampling techniques were used in this study. Stratified was used to group the target population into categories or strata. The population was categorized into three according to the year of loan disbursement namely 2006, 2007 and 2008. From each category, representative respondents were selected using simple random method. This method ensured that all the individuals in the target population had an equal chance of being selected. This helped to eliminate the biasness. According to Kothari (2004), an optimum sample is the one that fulfills the requirements of efficiency, representativeness, reliability and flexibility. This sample should be in a range of 10%-30%. A sample percentage of 30% was chosen from each stratum which resulted to sample size of 45 respondents as shown in table 3.1.

Table 3.1: Sampling Frame

Year	Total Population	Sampling Percentage (%)	Sample size
2006	30	30	9
2007	38	30	11
2008	82	30	25
Total	150		45

The key informants were interviewed to corroborate the information collected from the respondents. Among those interviewed were the chairman of the youth enterprise

development fund in the constituency who is also the district officer (DO), disbursement officer and youth enterprise development fund manager.

Sample size

According to Mugenda and Mugenda (2004), a sample allows the researcher to make generalisation about populations. A sample is a subset of a population, but that subset is only useful if it accurately represents the larger population. To ensure that the sample accurately represents the population, the researcher must clearly define the characteristics of the population, determine the required sample size, and choose the best method for selecting members from the population.

A sample size depends on the total population. If the study is a national survey, 1000 is satisfactory sample while if it is a district 50-100 is an adequate sample size. A sample size of 10% - 30% of the target population selected using random sampling was appropriate for a descriptive research Kothari (2004).

Records at the Makadara YEDF offices a total of 150 youths benefited from the fund through various financial intermediaries. Therefore, a sample size of 15 – 45 randomly selected was adequate.

3.5 Instruments

The research instruments used were questionnaires for the youths and interview guides for the key informants from YEDF and representatives of the financial intermediaries. The questionnaire contained both open and closed ended structure questions developed by the researcher. The questions were based on variables developed in the conceptual framework. The researcher prefers the method as it is easier to administer and ensures high response rate from the respondents.

The researcher distributed questionnaires to the selected youths and held interviews with the chairman YEDF, disbursement officer and YEDF manager to get more insight on the issue under investigation and confirm the information obtained from the youths.

The survey took two weeks to collect and analyse the data. The primary data was collected by the researcher and a research assistant. To ensure effectiveness of questionnaires a pre-test was carried out with a small representative sample of 5 youths. According to Bless and Higson-Smith (1995), pilot testing of questionnaires involves testing the actual instruments on a small sample taken from the communities with similar characteristic with the target population. It allows the evaluator to identify any difficulty with the instruments, to investigate the accuracy and appropriateness of any instrument that was developed.

3.6 Data Analysis

Data collection and analysis is a crucial stage in research. It helps in determining the statistical or descriptive association and explanations. The function of statistics is to enable a researcher to make possible inferences from characteristics of a sample of a population.

Quantitative data was analysed through descriptive statistics. Descriptive statistics refer to simple statistical methods which do not support or falsify a relationship between two variables, but help in the description of data Baker (1994). These procedures were used to help understand the data after collection.

The data collected was coded, keyed, analysed, interpreted and presented by use of tables and charts for ease of understanding. The Statistical Package for Social Sciences (SPSS) was used to analyse data. The data from the study was analysed using both qualitative and quantitative techniques. Descriptive statistics such as percentages and

frequencies were used where necessary to analyse the data to provide both descriptive and inferential statistics. These statistics were used to identify characteristics of the youth enterprise development fund in Makadara constituency (division). In addition, inferential statistics were used to predict and draw conclusion on utilization of the youth development fund.



CHAPTER 4

FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter deals with the analysis of the data collected from respondents in Makadara constituency using questionnaires. The data is presented in a systematic manner that attempts to answer the research questions and achieve the general and specific objectives of the study. The data collected was coded and analysed using SPSS. Presentation is done using tables and charts for ease of understanding and from which interpretations and conclusions were made.

4.2 Background Information of Respondents

Age Bracket of Respondents

The study revealed that 40% of the respondents were in age bracket of 26-30 years, while 35% were in the age bracket of 20-25 years. Those in the age bracket of 31-35 constituted 17.5% of the respondents while only 7.5% were over 35 years. In total 92.5% of the respondents were within the age bracket 18-35 years. Therefore, it can be concluded that the fund is serving the general objective of creating employment for the youths. The financial intermediaries were able to get funds from YEDF but were not able to loan all funds allocated in one year hence there is need to expand the age bracket to cater for more unemployed people.

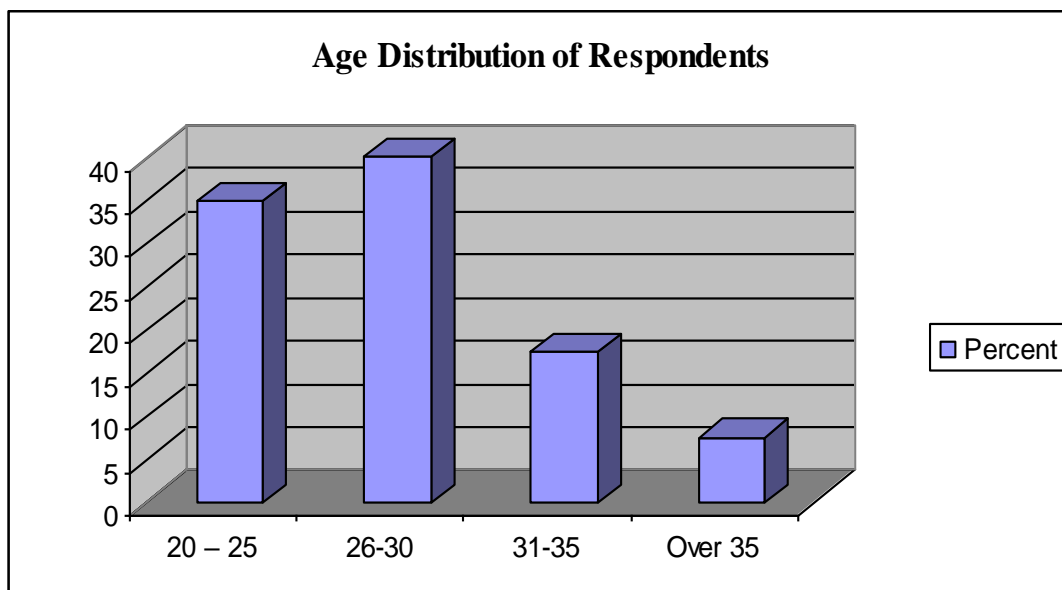


Figure 4.1: Respondents Age Bracket

Gender of Respondents

Majority (65%) of those utilizing youth enterprise development fund are males while the females were 35%. The findings indicate that the female youths were not taking full advantage of the fund. It can be assumed that they may have other sources of loans such as the Kenya Women Finance trust or existing micro finance institutions.

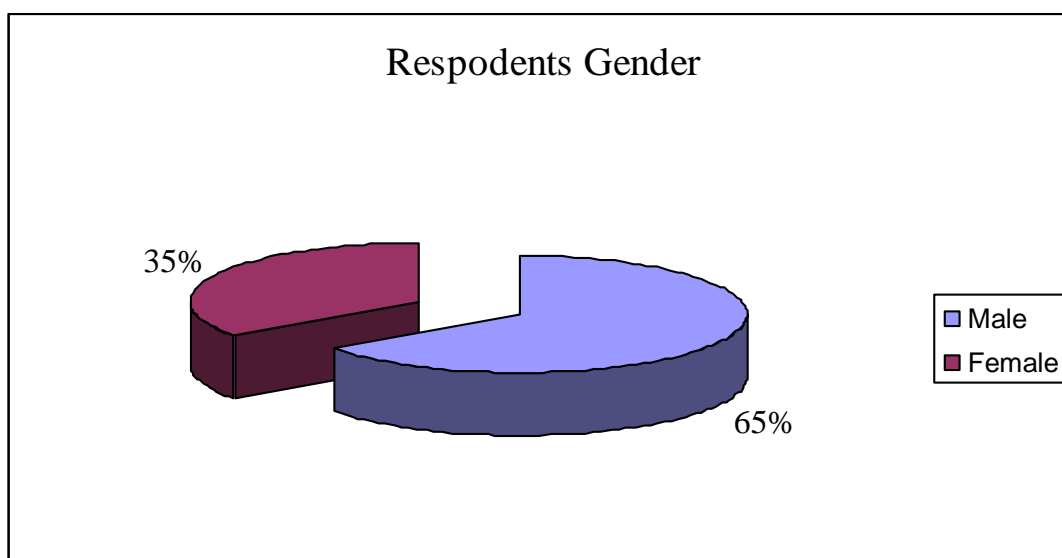


Figure 4.2: Respondents Gender

Highest Education Attained

The level of education for the respondents was high at 65% for those with college education, 22.5% with university and 12.5% with secondary education. Those with college education were utilizing the fund more than those with University or secondary education. It can be assumed that they acquired practical skills that enabled them to venture in business compared to those with academic qualifications only. These findings support the general objective of creating employment for the youth. Education plays an important role in nurturing youths to become entrepreneurs.

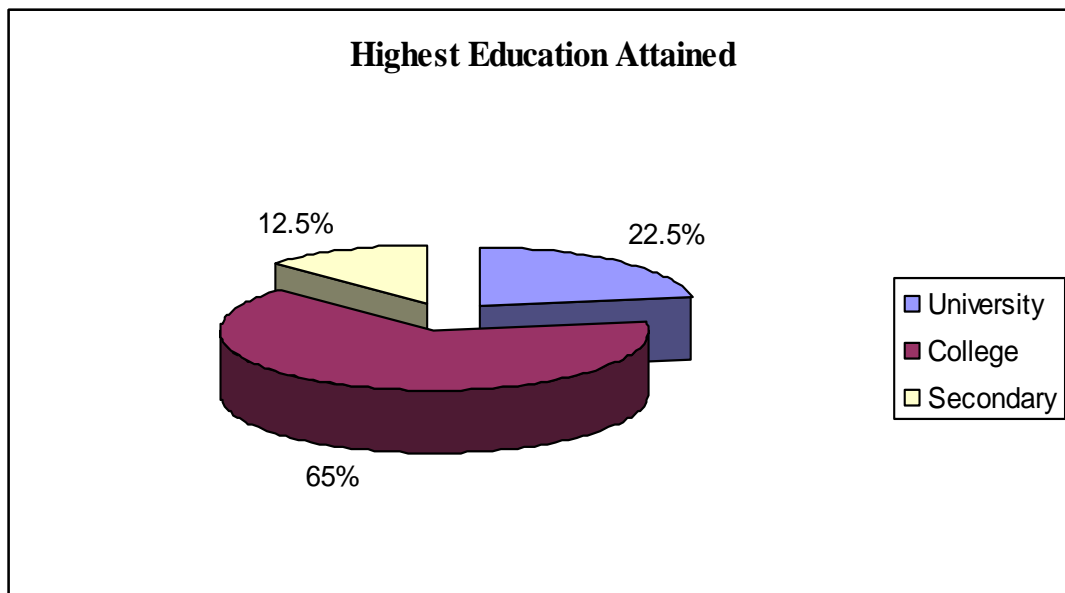


Figure 4.3: Highest Education Attained

How Long Have You Been in Business?

The study revealed that 50% of the respondents were in business for a period of 1 to 3 years, while 47.5% for 3 to 6 years and only 2.5% have been in business for over 10 years. The fund was launched three years ago and 50% started their business using the fund while those who were in business expanded their business using the fund. The fund is therefore meeting the general objective of creating employment for the youth.

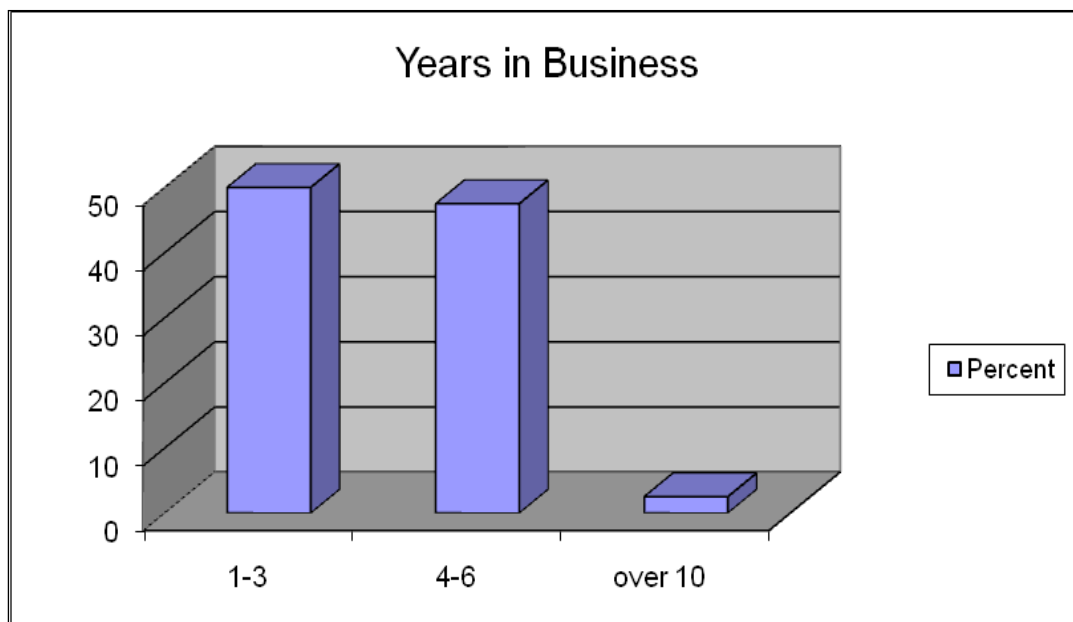


Figure 4.4: Number of Years in Business

How Did You Get Interested in Business?

From the study it is realized that 37.5% of the respondents got interested in business as result of self-motivation, 32.5% due to role models, 22.5% were influenced by their parents while 7.5% were through peers. Therefore, the greatest drive to go into business was self-motivation, followed by influence by role models and parents. This supports the psychological theory of Michael Chelland which says that entrepreneurs have unique values, attitudes and needs that drive them.

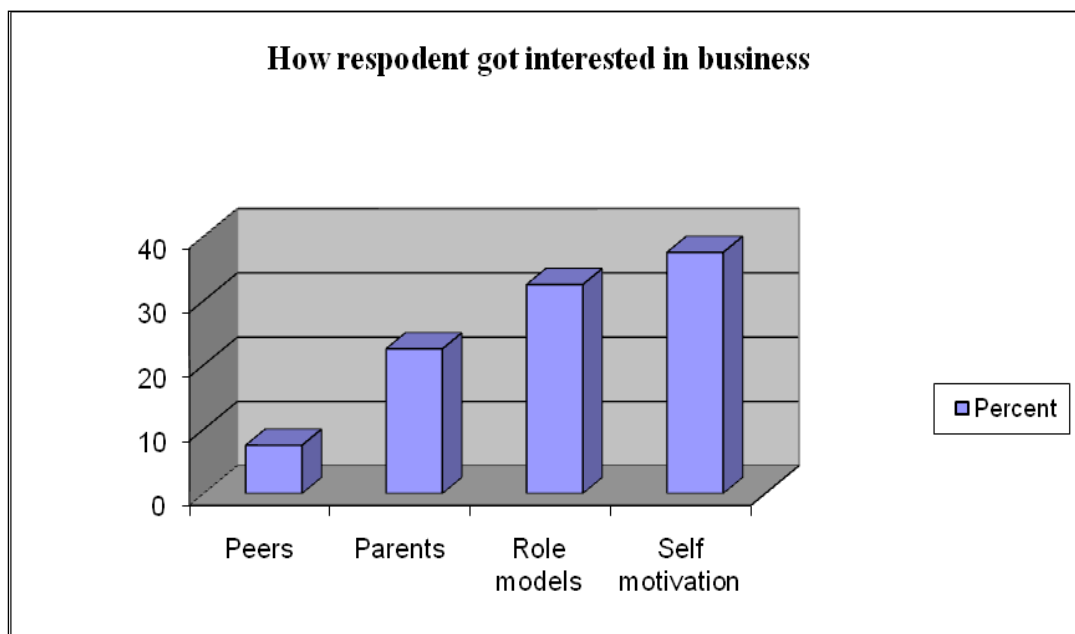


Figure 4.5: How Respondents Got Interested in Business

Occupation of Parents or Guardians

From the data analysis the study revealed that the respondents whose parents are in business (47.5), employed (37.5%) and self-employed (15%) ventured in business. Occupation of parents play a key role in determining whether youths go into business with those whose parents are in business utilizing the fund for business followed by those whose parents are employed. This corroborates the psychological theory of Michael Chelland that those who achieve more are those whose parents set very high standards for them to achieve. Kenya should therefore encourage entrepreneurial culture which will have multiplier effect and hence create more jobs and wealth. This supports the general objective of the fund to create employment.

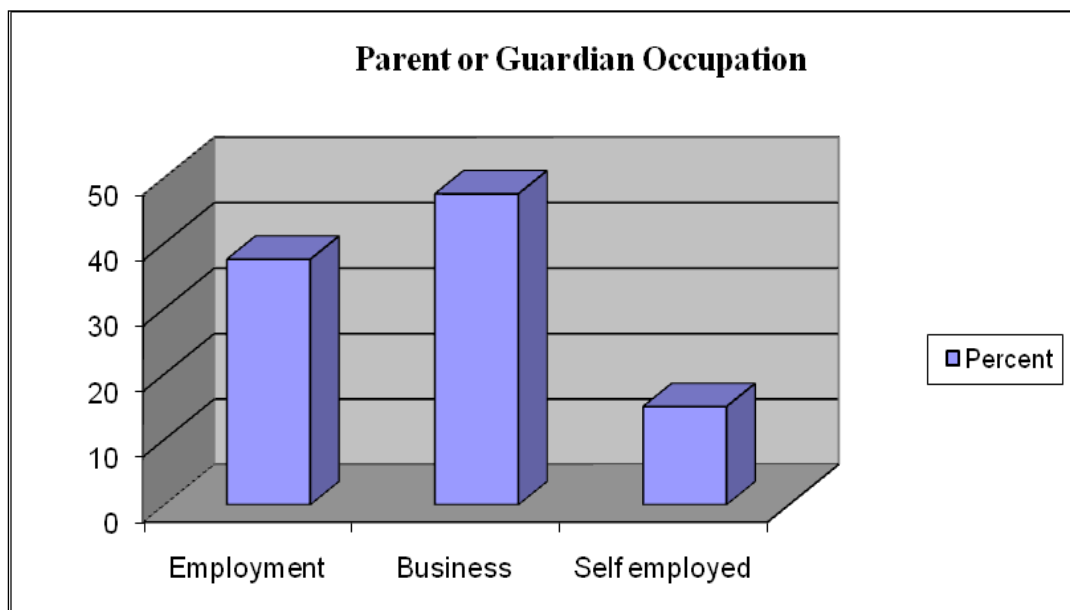


Figure 4.6: Parents or Guardians Occupation

4.3 Fund Accessibility by Financial Intermediaries

How Did You Know of the Youth Enterprise Development Fund (YEDF)?

The study reveals that the respondents knew of the fund through print & electronic media (32.5%), Ministry of Gender and Youth affairs (37.5%) and through friend (27.5%). The ministry of gender and youth affairs, and friends played a key role in publicising the fund (60%) of the respondents. This supports the general objective of creating employment for the youth.

Table 4.1: Source of Information on YEDF

	Source of Information	Frequency	Percent
1.	Friend	11	27.5
2.	Ministry of Gender & Youth affairs	15	37.5
3.	Print & Electronic Media	13	32.5
4.	Bank	1	2.5
	Total	40	100.0

Have You Benefited from the YEDF Fund?

From the data analysis 92.5% of the respondents have benefited from Youth Enterprise Development Fund. This proves that the fund is able to disburse money to the youths hence increasing job creation. This supports the objective of availing the funds to financial intermediaries and creating jobs for the youth.

Table 4.2: Benefited from YEDF

	Benefited from YEDF	Frequency	Percent
1.	Yes	37	92.5
2.	No	3	7.5
	Total	40	100.0

Channels of Accessing YEDF

The study reveals that the channels of accessing the fund are Banks at 87.5%, SACCOs at 5% and MFIs and NGOs both at (2.5%) each. This shows that financial intermediaries are able to access funds and avail them youths as loans. This supports one of the objectives of the fund to avail funds to financial intermediaries. There is need to sensitize the youth on the other financial intermediaries operating in their area and which can be reached easily. This would enable more youths to access the fund resulting to more job creation.

Table 4.3: Channels Known of Accessing YEDF

	Channels of Accessing YEDF	Frequency	Percent
1.	Banks	35	87.5
2.	MFIs	1	2.5
3.	SACCOs	2	5.0
4.	NGO's	1	2.5
	Total	40	100.0

How did You Access Youth Enterprise Development Fund (YEDF)

Data analysis reveals that 80% of the respondents accessed their loans through the Banks, while the other financial intermediaries shared the remaining 20%. This supports the objective of availing fund to financial intermediaries. However other financial intermediaries should reach out to the youths and encourage them to be self-employed through the utilization of youth enterprise development fund.

Table 4.4: Method of Accessing YEDF

	Method of Accessing YEDF	Frequency	Percent
1.	Banks	32	80.0
2.	MFI's	5	12.5
3.	SACCOs	1	2.5
4.	NGO's	1	2.5
	Total	40	100.0

Did you get all Your Start-up Capital from YEDF?

From the analysis only 35% of the respondents got all their start-up capital from YEDF while the majority (62.5%) got less than they required. There is therefore need to increase the minimum amount from Kshs. 50,000 to Kshs. 100,000 to cater for value of money eroded by inflation. This supports the study by (Njanja 2007) that lack of credit is one of the hindrances to growth of Small, Medium and Micro Enterprises.

Table 4.5: Got All Start-up Capital from YEDF

	All Start up Capital from YEDF	Frequency	Percent
1.	Yes	14	35.0
2.	No	25	62.5
	Total	40	100.0

YEDF Easily accessible

The study shows that majority (77.5%) of the respondents felt that the youth enterprise development fund was easily accessible while 20% felt it was not. Accessibility to the fund was good and supports the objective of fund accessibility by financial intermediaries. This contradicts the study by Obonyo (2005), that access to credit is hindered by the high interest rates charged by the banks.

Table 4.6: Easy Accessibility of YEDF

	YEDF Easily accessible	Frequency	Percent
1.	Yes	31	77.5
2.	No	8	20.0
	Total	40	100.0

4.4 Attraction of Investments

Aware of Facilities Developed by Government/Private Enterprises Targeting the Youth

Data analysis reveals that 52.5% of respondents had knowledge of facilities developed while 47.5% were not aware of any facilities developed to benefit the youths. This supports the objective of the fund to attract investments in infrastructure development that supports youth enterprises. It also supports the study by Njanja (2007) that lack of infrastructure is a hindrance to growth of Small, Medium and Micro Enterprises (SMMEs).

Table 4.7: Knowledge of Facilities Developed

	Knowledge of Facility	Frequency	Percent
1.	Yes	21	52.5
2.	No	19	47.5
	Total	40	100.0

Type of Facilities

The study reveals that the type of facilities developed for use by the youth entrepreneurs were markets at (40%), followed by industrial parks at 10% and business incubators at 2.5%. The remaining 47.5% were not aware of any such facilities. This supports the objective of attracting investments in infrastructure development for use by the youth entrepreneurs.

Table 4.8: Type of Facility

	Type of Facility	Frequency	Percent
1.	Markets	16	40.0
2.	Industrial Parks	4	10.0
3.	Business Incubators	1	2.5
	Total	21	52.5

Beneficiary of Such Facility

Most of the respondents, 52.5% were beneficiaries of these facilities while 45% were operating from other facilities. This corroborates the study by Njanja (2007) that lack of infrastructure hinders the growth of Small, Medium and Micro Enterprises. The study supports the objective of attracting investments in infrastructure development.

Table 4.9: Beneficiary of Such Facility

	Benefited from Facility	Frequency	Percent
1.	Yes	21	52.5
2.	No	18	45.0
	Total	40	100.0

Type of Facility Benefited From

The study indicates that 45% of the respondents are operating from markets and 7.5% from industrial parks. This supports the fund's objective of attracting investments in infrastructure development. It also supports the study by Njanja (2007) which indicated that lack of infrastructure contributed to the slow growth of SMMEs since facilities available today are not adequate.

Table 4.10: Type of Facility Benefited from

	Type of facility	Frequency	Percent
1.	Markets	18	45.0
2.	Industrial parks	3	7.5
	Total	40	100.0

4.5 Linkages with Large Enterprises

Help by YEDF to Establish Linkages with Large Enterprises

The study indicates that above 52.5% of respondents were helped to establish linkages with large enterprises while 40% indicated they were not assisted. This supports the objective of establishing linkages with large enterprises. It also corroborates the study by Nassiuma (2005) on constraints facing micro and small enterprises in Nakuru and Eldoret municipalities, the scholar argues that street businesses have potential for growth since they have linkages with large businesses that supply them with good.

Table 4.11: Help to Link with Large Enterprises

	Helped	Frequency	Percent
1.	Yes	21	52.5
2.	No	16	40.0
	Total	40	100.0

Type of Organisation Linked to

From the study 57.5% of the respondents are linked to organisations in the manufacturing, wholesale and distribution while those with no linkage constitute 42.5%. This supports the objective of the fund to establish linkages with large organisations for business support.

Table 4.12: Type of Organization Linked to

	Type of organisation	Frequency	Percent
1.	Manufacturing	4	10.0
2.	Distribution	6	15.0
3.	Wholesale	13	32.5
4.	No linkage	17	42.5
	Total	40	100.0

What Kind of Association do you have?

The study revealed that 37.5% of the respondents sell their products to the organisations while 20% use them to distribute their products. The remaining 7.5% supply raw materials to the organisations and 5% enjoy credit facilities. This supports the study carried out by Nassiuma (5005) in Nakuru and Eldoret municipalities. It also supports objective of the fund to establish business linkages with large organisations.

Table 4.13: Kind of Association

	Kind of Association	Frequency	Percent
1.	Supply of Raw Materials	3	7.5
2.	Distribute my Products	8	20.0
3.	Sell our Products	15	37.5
4.	Credit Facility	2	5.0
	Total	40	100.0

4.6 Marketing of Youth Products and Services

How do you Market Your Products/Services?

The study shows that 80% of the respondents marketed their products directly to customers while 15% through supermarkets and other outlets and 2.5% through other

agents. This shows that the respondents rely mostly on their own initiative to market their products. This corroborates the psychological theory by Michael Chelland.

Table 4.14: Marketing of Products

	Method of Marketing	Frequency	Percent
1.	Direct to Consumers	32	80.0
2.	Supermarkets & Other Outlets	6	15.0
3.	Through Other Companies/Agents	1	2.5
	Total	40	100.0

Assistance from YEDF in Marketing Products

The data analysis reveals that 52.5% indicated that they received assistance from the youth enterprise development fund in marketing their products while 40% were not assisted. This supports the objective of fund to assist youth enterprises market their products.

Table 4.15: Assistance from YEDF in Marketing Products

	Helped	Frequency	Percent
1.	Yes	21	52.5
2.	No	16	40.0
	Total	40	100.0

Assistance Boosted Demand for Your Products

The study reveals that 40% of the respondents acknowledged that assistance from the youth enterprise development fund boosted the demand for their products. This supports objective of the fund to market youth products and services.

Table 4.16: Assistance Boosted Demand for Products

	Demand Boosted	Frequency	Percent
1.	Yes	16	40.0
2.	No	22	55.0
	Total	40	100.0

4.7 Facilitate Employment of Youths in International Labour Market

The study's aim was to establish whether the youth enterprise development fund (YEDF) facilitated employment of youths in the international labour market.

Aware of Youths with International Jobs through YEDEF

Data analysis reveals that 42.5% of the respondents knew of youths who were assisted to secure jobs in the international labour market while 57.5% were not aware of any youths assisted to secure jobs. This supports objective of the fund of securing jobs for youths in the international labour market and the general objective of the fund to create employment.

Table 4.17: Youths Assisted to get Jobs Internationally

	Aware Youths Assisted	Frequency	Percent
1.	Yes	17	42.5
2.	No	23	57.5
	Total	40	100.0

How many do you know?

The study reveals that 22.5% of the respondents knew of at least one person who had been assisted to secure a job in the international job market, 12.5% knew of at least two, 2.5% knew of four while 2.5% and another 2.5% knew of thirteen people. This supports general objective of creating jobs for the youth and also the objective of securing jobs in the international market.

Table 4.18: Number assisted

	No Assisted	Frequency	Percent
1.	1	9	22.5
2.	13	1	2.5
3.	2	5	12.5
4.	4	1	2.5
	Total	40	100.0

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CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the research findings and the discussions on these findings and how the findings answered the research questions. The chapter also contains the conclusions drawn from research findings and the recommendations made. Finally, suggestions are made for further research on this topic.

5.2 Summary of the Findings

This study was conducted in Makadara constituency. Key issues investigated included; Fund accessibility by financial intermediaries; whether the youth enterprise development fund (YEDF) has attracted investments in micro, small, and medium enterprises for the benefit of the youth; whether YEDF has facilitated development of linkages with large enterprises; marketing of youth products both locally and internationally; employment of youths in the international labour market.

Fund Accessibility by Financial Intermediaries

This question sought to establish whether the financial intermediaries are able to access the YEDF and loan the same to the youth entrepreneurs. The respondents knew of channels of accessing the fund as follows Banks (87.5%), MFIs (2.5%), SACCOs (5.0%), and NGOs (2.5%). All the respondents accessed the funds through financial intermediaries; Banks (80%), MFIs (12.5%), NGOs (2.5%) and SACCOs (2.5%). The financial intermediaries were therefore able to access funds from the youth enterprise development fund (YEDF) and loan it to the youths.

Attraction of Investments

This question sought to establish whether the fund has attracted investments in micro, small and medium enterprises for use by the youths. The youths interviewed 47.5% were not aware of such facilities while 52.5% were aware. As to whether the youths have benefited from these facilities 45% of the respondents were not beneficiaries while 52.5% had benefited. The youth enterprise development fund has partially been successful in attracting investments for the development of infrastructure such as markets, industrial parks and business incubators.

Linkages with Large Enterprises

This question sought to establish whether the fund has assisted the youth to establish linkages with large enterprises. The youths interviewed 52.5% were helped to establish linkages with large enterprises while 40% had not received such assistance. The linkages have been established with manufacturing, distribution and wholesale outlets. The association benefits the youths in supplying raw materials, distribution and sale of products. Therefore, the youth enterprise development fund was partially successful in linking youth's enterprise to large enterprise for the benefit of the young entrepreneurs.

Marketing of Youth Products

The aim of this question was to establish whether the youth entrepreneurs were assisted by the fund (YEDF) to market their products. The youths interviewed only 52.5% acknowledged receiving assistance in marketing their products while 40% said they received no assistance. On the methods used to market their products 80% sell direct to consumers while 20% sell through other outlets. The youth enterprise development fund has assisted the youths to market their products. Majority of the youth market their own products. Therefore, this objective by the fund to assist in marketing of youth products has been partially achieved.

Placement of Youth in International Labour Market

This question aimed at establishing whether the youth enterprise development fund (YEDF) has assisted the youth to secure jobs in the international labour market. Among the youths interviewed 42.5% acknowledged knowing youths who have gotten jobs abroad while 57.5% were not aware of anyone who had gotten a job in the international labour market through the fund. Those interested in joining the international labour market were 32.5% while 65% were not interested. The youth enterprise development fund has assisted some of the youths to secure jobs in the international labour market. Therefore, this objective by the fund to assist youths get jobs in the international labour market has been partially achieved.

5.3 Conclusions

The purpose of this study was to evaluate whether the youth enterprise development fund (YEDF) met its objectives. The objectives evaluated include; Fund accessibility by financial intermediaries; ability by the youth enterprise development fund (YEDF) to attract investments in micro, small, and medium enterprises; facilitated development of linkages with large enterprises; marketing of youth products both locally and internationally; employment of youths in the international labour market. Based on data collected and analysed the following conclusions were drawn

The study found out that the financial intermediaries were able to access funds from the youth enterprise development fund (YEDF) and loaned it to the youths. Majority of these loans were accessed through commercial banks. The other intermediaries namely MFIs, SACCOs and NGOs were not actively involved. The youth enterprise development fund has been partially successful in attracting investments in micro, small

and medium enterprises for the development of infrastructure such as markets, industrial parks and business incubators.

The linkages have been established with manufacturing, distribution and wholesale outlets. The association benefits the youths in supplying raw materials, distribution and sale of products. The youth enterprise development fund has been successful in linking youth's enterprises to large enterprise for the benefit of the young entrepreneurs.

Although the youth enterprise development fund (YEDF) has assisted the youths to market their products, majority of the youth market their own products. Therefore, this objective has been partially achieved. Similarly, the fund has assisted some of the youths to secure jobs in the international labour market. This objective by the fund to assist youths get jobs in the international labour market has been partially achieved.

5.4 Recommendations

The disbursement of YEDF through financial intermediaries is currently through Banks. More funds should be channeled through other intermediaries MFIs, SACCOs and NGOs. These institutions operate at the grass root level and are therefore in a better position to reach more people.

The youth enterprise development should sensitize the local authorities and private enterprises to invest in infrastructure development of micro, small and medium enterprises that can accommodate youth enterprises.

Although the youth enterprise development fund has been successful in linking youth's enterprises to large enterprises there is need to link them with external enterprise from countries like Singapore, South Korea, Hong Kong and Taiwan. The youths can benefit greatly from the technology used in these countries. Similarly, youth enterprises have

been partially assisted to market goods locally; this should be extended to external markets. Whereas the fund assisted some of the youths to secure jobs in the international labour market, there is need for collaboration with the ministry foreign affairs to work closely with Kenyan missions abroad and foreign embassies based in Kenya to identify opportunities for jobs in the international labour market.

5.5 Suggestions for Further Research

The following are areas of further research;

1. Determine the impact of Constituency development fund in the development of infrastructure suitable for youth entrepreneurs.
2. The Role played by local authorities in infrastructure development to be used by youth entrepreneurs.
3. The effects of youth enterprise development fund on crime rate in Nairobi province.
4. The role played by Youth Enterprise Development Fund on enterprise skill development in Kenya.

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