THE CONTRIBUTION OF YOUTH ENTERPRISE DEVELOPMENT FUND ON YOUTH EMPOWERMENT IN KANGUNDO CONSTITUENCY, MACHAKOS COUNTY

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THE CONTRIBUTION OF YOUTH ENTERPRISE DEVELOPMENT FUND ON YOUTH EMPOWERMENT IN KANGUNDO CONSTITUENCY, MACHAKOS COUNTY

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ABSTRACT

The youth today face an increasingly pressurized and complicated world where youth unemployment and its direct consequences such as poverty, crime, prostitution, drug abuse among others, remain as some of their critical development challenges. The need of empowering the youth to participate in their own development initiatives is important. It was on this basis that the Government of Kenya introduced YEDF in 2006 to foster positive youth development. The purpose of YEDF was to empower the youth by providing them with financial resources and training to ensure that they are engaged in meaningful business activities and also increase their economic opportunities and participation in nation building. This study sought to examine the contribution of Youth Enterprise Development Fund (YEDF) on empowerment of the youth aged between 18 to 35 years in Kangundo Constituency. The study assessed this by considering the activities that the youth were engaged in before and after receiving the YEDF loans. The study argued that provision of the loans to the youth and training has improved their economic and social status through the income generating activities the youths engaged in. The research was conducted in Kangundo Constituency where there were 58 youth groups funded by YEDF between the years 2007 and 2012. The study used descriptive research design and random sampling to select 100 youth from 29 sampled youth groups. Interviews and questionnaires were used to collect data from the respondents. Data was analyzed using SPSS and presented in form of tables. The study presented its findings by discussing specific activities and trends of improvement among the youth. This study also discussed the extent to which loans provided by Youth Enterprise Development Fund (YEDF) have empowered the youth in Kangundo Constituency. It argued that empowerment took place in two main forms; group and individual empowerment. This empowerment is what the YEDF loans set out to achieve initially through the seed money product. The study concluded that the provision of YEDF loans led to empowerment of the youth and that training given to the youth further enhanced the chances of youth empowerment after receiving the loans. The study recommended an increase in the amount of money given to the youth, subsequent loans and training given to them.

Key Words: *Youth Enterprise Development Fund, Empowerment*

INTRODUCTION

Background of the Study

Worldwide, rates of young people's participation in the labour force have been in decline. Between 1998 and 2008, the youth labour force participation rate fell from 54.7 to 50.8 per cent (ILO, 2011a). In 2009, against a total global unemployment rate of 6.3 per cent, the global youth unemployment rate peaked at 12.7 per cent, representing 75.8 million unemployed youth, marking the largest annual increase over the 20 years of available global estimates (ILO, 2011b). Youth unemployment rates are significantly higher than adult rates in all geographic regions, though with considerable variation. In 2010, the global youth unemployment rate remained at 12.6 per cent (despite a marginal reduction in the absolute number of job seeking youth), dramatically overshadowing the global adult unemployment rate of 4.8 per cent (ILO, 2011a).

Declines in youth labour force participation rates may indicate that young people are instead engaged in full-time schooling or training. However, in parallel with recent high unemployment rates, they more likely suggest that many young people have stopped looking for work, and that were they to continue to seek work, actual unemployment rates would rise even further. According to United Nations World youth report of 2012, in 2009 about 81 million youth were unemployed. According to the 2009 National Population and Housing Census, Kenya's population is about 38 million, out of which 14 million are youth aged between 15 and 35 years.

The labour force stands at more than 40 per cent of the total population, out of which 67 per cent are the youth. With an increasing young labour force, coupled with low economic growth rate, it means that only 25 per cent of the economically active labour force is gainfully absorbed in the labour market. This leaves the majority of the youth unemployed. Out of that 72 per cent of the unemployed in Kenya are under age 30 while 51 per cent are under age 24, making Kenya's unemployment problem a youth problem (Republic of Kenya, 2009).

There are many factors that are responsible for the difficulties that youth experience in initial workforce entry. Manpower Group observes that these factors include: first lack of information, networks and connections among youth, especially youth from families lacking significant social capital. Second, most youth lack informal networks and connections, that are traditionally the major source of information about job opportunities. Third, most youth lack skills relevant to the workplace (Manpower Group, 2010). This is partly the fault of school curricula and poor connections between employers and the educational system. Young people also lack specific "21st century workplace skills" such as cooperation, communication, critical thinking, creativity, and a focus on the needs of the organization (Wambugu et. al, 2009).

The rapidly increasing youth unemployment levels in Kenya have been aggravated by changes in the economic policies. Subsequently, over the past decade, there has been a steady shift from formal to informal sector employment, popularly known as "*Jua kali"*. Secondary negative effects of youth unemployment has given rise to other youth challenges such as the systematic erosion of the social value of education, crime, prostitution, drug and substance abuse, vulnerability to HIV and poverty (Ouma, 2002).

To address the youth challenges in Kenya, youth development and empowerment have been recognised as vital stages in life for building the human capital that allows young people to avoid the challenges they face and live better and possibly have a more fulfilling life by the Kenyan government. The government has also prioritized youth empowerment through majority of Kenya's development vision and planning instruments such as Vision 2030, Youth Employment Marshal Plan and the National Youth policy and their associated development plans and strategies.

It is noteworthy that Kenya is a signatory to the Africa Youth Charter which recognizes that youth are partners, assets and a prerequisite for sustainable development and for the peace and prosperity of Africa with a unique contribution to make to the present and to future development. Government initiatives like the Youth Enterprise Development Fund are key actions the Government is taking in line with the African Youth Charter to respond to youth empowerment challenges (YEDF, 2012). It was on this background that the government introduced the Youth Enterprise Development Fund.

The term "Youth" is mostly determined by chronological age to provide some degree of objectivity though these age categories also differ across space and time. The UN General Assembly for example defines youth as individuals aged between 15 and 24 while World Health Organization (WHO) defines young people as those aged between 10 and 19. The Commonwealth defines youth as persons aged between 15 and 29 years, while the African Union (AU) defines youth as those aged between 15 and 35. The 2010 Constitution of Kenya defines youth as all individuals in the republic who have attained the age of 18 years but have not attained the age of 35 (Republic of Kenya, 2010). However, when YEDF was established in 2006, the word youth was not specifically defined in the former constitution of Kenya and the fund's services and products were offered to persons aged between 18 to 35 years. As used in this study, youth refer to persons aged between 18 to 35 years.

Youth empowerment is an attitudinal, structural and cultural process that enables young people to gain ability and urgency to make decisions and implement change in their own lives and the lives of others (Vavrus and Fletcher, 2006). According to Davis (1999), youth empowerment is often addressed as a gateway to intergrational equity, civic engagement and democracy building. Youth empowerment is about facilitating the youth to forge partnerships with other groups in society; instilling a sense of ownership in the efforts to improve their well-being; and building their capacity to realize their aspirations and boost self-motivation. It refers to the process by which individuals gain influence in events and outcomes of importance to them (MOYAS, 2008-2012).

In the developed world like the USA youth empowerment occurs in various ways through various forms like at home, at schools, government policy making and community organizing campaigns. In Africa like in Nigeria empowerment has been done in two ways. One, through the provision of credit facilities also known as 'seed money' and two, through the establishment of training facilities in which youth are engaged in petty trade, artisanship, peasant farming and are given on-the-job training in various aspects of industrial management (Rosemary 2010). Other countries have their specific form of youth development programs tailored to suit their societal and economic needs. Egypt, Uganda South Africa have specialized ministries in charge of ensuring youth participation in the society and economy. Until recently Kenya had a similar ministry.

As countries grappled with the ways of ensuring youths aren't marginalized, they came up with localized youth development programs that would ensure the youth ere well represented socially and economically. Youth Enterprise Development Fund (YEDF) is the Kenyan version of such youth development programs. The need for giving a helping hand to the youth has increased in the recent decades due to an increasingly pressured and complicated world (Ochola, 2011). This compounded with other factors was the basis for the Kenyan government forming the Youth Enterprise Development Fund to foster youth development.

Statement of the Problem

The Youth Enterprise Development Fund (YEDF) was established by the government of Kenya in June 2006 and then transformed into a State Corporation in 2007. The purpose of the Fund, which is one of the flagship projects of Vision 2030, under the social pillar, was to empower the youth. This was to be done through employment, training and providing them with financial resources to ensure they are engaged in meaningful business activities. This would also increase their economic opportunities and participation in nation building.

According to the fund's status report of 2011, the money is disbursed through three modes. First it is through the Constituency Youth Enterprise Scheme (C-YES). This was introduced to cater for the youth at the lowest levels especially those who have no experience in business and in dealing with financial institutions. This component finances projects of registered youth groups. The loans are approved by community committees at the constituency levels. Second, it is disbursed through the Easy Youth Enterprise Scheme. This component finances the projects of individuals who belong to the groups that have completed repayment of the C-YES loan described above. Lastly, the disbursement is done through financial intermediaries. The Fund provides loans to existing micro-finance institutions (MFIs), registered non-governmental organisations (NGOs) involved in micro financing, and savings and credit cooperative organizations (SACCOs) for on-lending to youth enterprises. This is managed by 32 financial intermediaries that are in partnership with the Fund. The youth access the funds as individual or organised group entities, cooperatives, and companies. It attracts an interest of 8% on a reducing balance and has a flexible collateral if need be. This component was introduced to respond to the unique needs of the youth across the country to empower them further.

Since its inception, a large sum of money has been used to assist the youth. In his speech during the Fund's 5th anniversary in 2012, the Youth Enterprise Development Fund CEO, observed that over 157,000 youth enterprises have been funded to the tune of Kshs. 5.9 billion; thousands of youth have been assisted to build their enterprises through market support and entrepreneurship training, while many of the youths supported at inception "are today big employers", and created over 300,000 jobs in the five years (Speech by Mr.Mwatata Juma Mwangala, 7th February 2012).

Despite the availability of data on loan disbursement and repayment from youth groups, there is no reliable information on the levels of youth empowerment resulting from

YEDF loan disbursement and entrepreneurship training conducted to the youth, yet it is the empowerment of the youth that should form the basis of sustained funding of YEDF. The monitoring of the disbursement of the funds is suspect while that of the fund's impact among the beneficiaries is wanting. It is on this basis that this study therefore sought to examine the extent to which YEDF loans have contributed to the empowerment of youth in Kangundo Constituency.

Research Question

The study sought to answer the question: To what extent has the loans provided by YEDF contributed to youth empowerment in Kangundo Constituency?

Objective of the study

The study sought to examine the extent to which YEDF loans have contributed to youth empowerment in Kangundo Constituency, Machakos County.

Justification of the study

Kenya still remains among the countries with the highest rate of unemployment among the youth despite the heavy investment in the youth through the Kazi Kwa Vijana, National Youth Services and Youth Polytechnics, the youth empowerment centres, YEDF and other initiatives. Unfortunately, despite these many initiatives undertaken, little attention has been focused on measuring the extent to which these initiatives have empowered the youth of Kenya. Specifically, little attention has been focused by researchers on the contribution of YEDF on youth empowerment despite the expenditure incurred and still to be incurred. Thus the study focused on the investment of the YEDF on youth empowerment through income generating activities created as a result of YEDF loans and on training of the youth conducted in Kangundo constituency.

Kangundo has been purposively selected because of its low rates in loan application and because of its proximity to Nairobi. One would expect that the youth in this constituency are enlightened and cultured to value money due its proximity to Nairobi and therefore have high rates of YEDF loan application. However, the constituency is among those with low rates of YEDF loan application in the country (YEDF status report of 2012). There has also not been a study conducted in this particular constituency to determine the extent to which YEDF has empowered the youths. The findings of this study is hoped to be useful as a reference material on the Youth Enterprise Development Fund management in general. The districts could also use the findings of the study for improved decisions and knowledge on the impact of Youth Enterprise Development Fund on the empowerment of the youth.

Scope and Limitations of the study

The study was limited in the former larger Kangundo Constituency (Kangundo and Matungulu constituencies) which has since been divided into two namely; Kangundo and Matungulu constituencies in Machakos County. However, the allocation of YEDF loans has not yet taken into consideration the new demarcation of the constituency and so YEDF loans are still being awarded to youth groups in the two constituencies as if they are one constituency. The study focused on the youth groups and individuals who had been funded by the Youth Enterprise Development Fund from 2007-2012.

There were few challenges encountered in the study. Most group members were semi-literate, hence they faced difficulties in completing the questionnaires. To address this, the researcher used research assistants to administer the questionnaires and to help the respondents who could not read and comprehend the questions to ensure that they understood and responded well. The responses were recorded down on their behalf.

Some of the group members could not understand Kiswahili or English and since the researcher was not a native resident of the study area, there was communication barrier between the researcher and the respondents. This was addressed by use a research assistant who was well versed with the native language of the area to translate the information to the researcher and the respondents. Although this worked well, there was likelihood that not all the information was captured well. Some could have been lost.

Definition of concepts

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

LITERATURE REVIEW

This section reviews literature on empowerment and youth empowerment. It is categorized into three subsections giving the different meanings of empowerment, types of empowerment and dimensions of empowerment. The literature focused on what constitutes youth empowerment while the review explored how different scholars have analyzed YEDF and youth empowerment and the gaps in such analysis.

1.8.1 Empowerment

The term empower is a multidimensional concept with different and sometimes contradictory meanings. The meaning of the term empowerment ranges from "bringing people who are outside the decision-making process into it (Rowlands, 1995). Empowerment implies participation and involvement in the decision-making in political and economic structures. This meaning of empowerment assumes that empowerment is an external phenomenon that should somehow be brought into the person who is being empowered so that they can participate fully within the economic and political structures. This meaning also assumes that empowerment is something that is bestowed on by one person upon another. The problem with this perspective is that if it can be bestowed, it can be just as easily be withdrawn. In other words it does not involve structural change in power relations (Rowlands, 1998).

The second perspective of empowerment looks at the processes that lead people to perceive themselves as able and entitled to make decisions. It involves the full range of human abilities and potential. Empowerment implies "undoing negative social constructions so that the people affected come to see themselves as having the capacity and right to act and have influence. According to Jill Bystydzieski empowerment is a prove by which oppressed persons gain some control over their lives by taking part with others in development of activities and structures that allow people increased involvement in matters which affect them directly. In this case people get empowered to govern themselves effectively (Bystydzieki, 1992). Empowerment is a continuum, where, on one end, it leads to individual empowerment and, on the other end, community empowerment. The latter can be referred to as "political empowerment".

A third notion of empowerment bases the definition on the idea of being powerless, defining empowerment as "gaining of power by the vulnerable (Townsend Janet G. et. al, 1999). Accordingly, what the powerless need is "the power to solve their problems (Tasli, K. 2007). In addition to making choices, empowerment means the ability to control material and non-material resources. To Moser, empowerment is the capacity to "increase their own self-reliance and internal strength," which is identified as the right to determine choices in life and to influence the direction of change through the ability to gain control over material and non-material resources (Moser, Caroline, 1989).

To Srilatha Batliwala, power is "control over material assets, intellectual resources and ideology. These material assets can be physical, human or financial in nature and include items such as land, water, labor, intellectual resources, knowledge, information and ideas. Empowerment is the "process of challenging existing power relations and of gaining greater control over the sources of power (Batliwala, Srilatha, 1994). To Kabeer, power is the "ability to make choices and therefore to him, empowerment refers to the expansion in people's ability to make strategic life choices in a context where this ability was previously denied them. As he puts it:

> My understanding of the notion of empowerment is that it is inescapably bound up with the condition of disempowerment and refers to the process by which those who have been denied the ability to make choices acquire such ability. In other words, empowerment entails the process of change (Kabeer, Naila, 2001).

Types of empowerment

Rowlands distinguishes three types of empowerment: personal empowerment, collective empowerment and empowerment in close relationships. Personal empowerment is a personal and unique experience, and involves developing a sense of self and individual confidence and capacity and undoing the effects of internationalized oppression (Rowlands, 1998). According to Rowlands, internalized oppression occurs when "people who are systematically denied power and influence in society internalize the message they receive about what they are supposed to be like, and may come to believe the message to be true." Rowlands points out that there are core indicators of empowerment: self-confidence, self-esteem, dignity and sense of agency (being an individual who can interact with her surroundings and cause things to happen)."

Collective empowerment refers to the collective experiences made during the empowerment process, where individuals work together in order to achieve a more extensive impact than each could have made alone. It is empowerment that can only be achieved as a result of the collective action of a group. Its core elements include sense of collective agency, self-organization and management, and group dignity (Rowlands, 1997). Empowerment in close relationships refers to experiences of the disempowered with their immediate family members. It is about "developing the ability to negotiate and influence the nature of the relationships and decisions made within it. According to Rowlands, this is the hardest empowerment to achieve. This is because empowerment in close relationships demands a certain degree of personal empowerment, and could be seen as an area of change arising from personal empowerment processes (Rowlands, 1998).

Empowerment is dynamic and multi-dimensional and therefore the three processes of empowerment do not take place independent of each other. The three dimensions of empowerment are closely linked and positive changes in one dimension encourage changes in either the same dimension or in another (Tasli, 2007). According to Young, the process of empowerment includes both individual change and collective action. Indeed, as Rowlands contends, personal empowerment is a precondition for collective empowerment since, “without empowerment at a personal level it is very hard for the individual to be active collectively.” Young points out; individual empowerment cannot simply be equated to “individual advancement”. On the contrary, individual empowerment implies “empowerment at a collective level (Young, Kate, 1993).

Empowerment as political

Empowerment has a political dimension as well in which it leads to “social transformation and structural change”. This dimension emphasizes the need for broad and deep changes in socio-economic, political and cultural structures of the society. This can only be achieved collectively (Tasli, 2007). The collective dimension of empowerment has a strong political character, which puts it into the heart of the matter. As Batliwala points out, empowerment cannot take place unless the existing power structures are challenged and transformed. For this to happen, empowerment must therefore become a political force in terms of an organized mass movement (Batliwala, Srilatha, 1994).

Political empowerment takes place within and outside of the formal politics. The problems of empowerment emanate from the limited access that certain groups have to institutional power in terms of key positions in the bureaucracy, representation in legislative bodies, and participation in political parties. Women and the youth are disenfranchised from most resources of institutional power. This can be addressed through reforming of political parties, quotas, and other forms of affirmative action, as well as training to develop (youth’s) political skills, working with (youth’s) sections of political parties and development of (youth’s) political organizations (Oxaal, et. al., 1997). However, the measures which aim at increasing the number of youth in formal politics are not sufficient and need to be supported by their political empowerment outside the formal politics (Tasli, 2007). This calls for organisation of some kind and therefore building coalitions and alliances across groups and classes helps a lot. Even when and where the youth and youth groups lack the necessary skills, experience, or finances, assistance can be sought outside from NGOs and development agencies (Tasli, 2007).

The youth, like women and other marginalized groups, represent different socio-economic and political groups yet the literature treats them as homogeneous groups and suggests universal solutions to their group problems. This treatment of groups as if they were homogeneous ignores other dimensions of the matter such as social, class and ethnic identities. The youth, like women constitute different economic and political groups depending on the particular local context in which they are situated (Mohanty, Chandra T., 1987).

Empowerment and awareness raising

The main instruments of empowerment are organization and networking, political mobilization, and awareness rising. Awareness raising (or conscious rising) aims at developing a critical consciousness so that the youth "move from a position of unquestioning acceptance of social order to a critical perspective on it (Kabeer, Naila, (2001). Awareness raising helps members "discover their strengths" and enables them "gain access to new worlds of knowledge and can begin to make new, informed changes both in their personal and their public lives (Batliwala, Srilatha, 1994).

Empowerment from Below

According to Tasli, youth empowerment can only be done with an alternative development strategy –one from below. This is because, in a world and countries raven with differences of economic interests and political power, we cannot expect political will for systemic change to emerge voluntarily among those in power (DAWN, 1988). In fact, as Hannan points out, the promotion of equality has never been the lack of necessary frameworks and tools, but the lack of political will (Hannan, 2000). The relevant frameworks and instruments have been developed in abundance. However, these frameworks are not used for the purpose they were created and their political implication are neglected while the promotion of equality and empowerment are reduced to technical issues. As a result, the formulated policies, however well done they are, are reduced to empty slogans during their top-bottom implementation (Tasli, 2007).

As an approach from below, empowerment attaches special attention to grassroots organizations, which can be differentiated from national ones in that the former are relatively small and informal organizations formed by those at the local level. National organizations are usually large and formal organizations which are established and run at the national level. In addition, national organizations "generally reflect the concerns of the elite, even when they are designed to meet the needs of the masses (Osirim, Mary Johnson, 2001).

Writing about women organizations, DAWN argues that as long as women movements exist as tiny isolated entities, the significance of women movements is limited to the local context. Although they may bring about some improvements in the lives of their individual members, they fail to support the transformatory goals of the empowerment. That is, they fail to transform existing socio-economic, political and cultural structures that oppress them (Tasli, 2007). Empowerment can only be transformative "when it is linked to permanent shift in social power." This study will examine the extent to which this has taken place as a result of YEDF.

Cooperation and networking also help in youth empowerment since it allows the groups to benefit from exchange of information, knowhow and experience. In addition, in an environment of solidarity, they would not only better protect their achievements but also be able to achieve more significant changes in their members' lives. The groups must also be participatory and democratic in their decision-making, the groups must also have democratic structures and exercise high levels of accountability (Young, Kate, 1993). As DAWN points out, such organizations must be open and democratic. Participation must include active involvement in all stages of the project leading to the group "owning" the project (Oxaal, et al. 1997). This is because for real empowerment to take place the members must move from being passive recipients or beneficiaries to "owners" (Batliwala, 1993). This study will examine the level of co-operation within these groups; the level of participation in group activities of its members who makes decisions.

Resources are also important to the group's empowerment. The resources could either be concrete such as finances and technology, but they could also be abstract resources such as know-how, and skill training in fields such as management, leadership formation and conflict resolution (Young, Kate, (1993). Finally, for empowerment to be achieved, these groups must be part of the wider social movements to avoid such groups or their issues being marginalized. These groups also need collaborators to help them build organizational capacities (Razavi, et. al. 1995). This study will establish the level of funding, collaboration and leadership within the groups sampled.

Empowerment cannot be brought in from outside, rather it arises out of internal dynamics of a group. Empowerment arises when members of the group can "freely analyse, develop and voice their needs and interests, without them being predefined or imposed from above" (Oxaal, et. al., 1997). Outsiders can only act as enablers to overcome barriers and other constraints to their empowerment but cannot empower them. This is because empowerment cannot be given, it must be self-generated (Kabeer, Naila, 1994a).

Empowerment is both an end and a means. Just because not all the conditions of empowerment have been met in a particular society, it does not mean that the youth cannot empower young people to help bring those conditions about. What the enabling conditions affirm, however, is that young people cannot be expected to do the job on their own and unassisted; empowerment is not about shifting responsibilities of other stakeholders (such as the state) onto young people's shoulders. The Commonwealth definition of youth empowerment finds an echo in the World Bank's 2007 World Development Report: "Reducing risk-taking among youth requires that they have the information and the capacity to make and act on decisions."

The Commonwealth Plan of Action on Youth Empowerment (PAYE) identifies a peaceful environment of equality, democracy and peace as an enabling condition of youth empowerment. But this does not mean that one has to passively wait for stability before beginning to listen to, and invest in, young people. On the contrary, we build stability by practising youth empowerment as a matter of urgency (Marian Kpakpah, 2002).

Youth Empowerment

Youth empowerment has been viewed by Gutierrez as a process of increasing interpersonal or political power so that individuals can take action to improve their life situation (Gutierrez 1990.) Vavrus et al conceptualize youth empowerment as an attitudinal, structural and cultural process that enables young people to gain ability and urgency to make decisions and implement change in their own lives and the lives of others (Vavrus and Fletcher, 2006). Youth empowerment is a worldwide movement whose founders were motivated by a common notion of developing the character of young people and giving them the tools to live balanced lives. The movement sought to strengthen the democratic system by involving young people at all levels of government like decision making, implement meritocratic criteria and encourage youth to participate in government and social arena (Smith, 2001).

Youth empowerment takes place in two ways. First, when they are given power to make decisions or to act on behalf of an organization and second, when they are equipped with knowledge such as being taught a skill. In this sense empowerment takes place when the youth is facilitated to rely on themselves rather than others (Tasli 2007).

Many attempts have been made to link youth empowerment to youth enterprise development programmes worldwide. According to OECD (2001), it has been observed that *ImprenditorialitaGiovanile (IG)* a youth development programme in Southern Italy, has managed to create small and youth-led enterprises thereby empowering youths in south Italy. Along the same line, Hatten and Ruhland (2003), noted that youth business centres that were set up to provide business activities in some Latin American countries including Barbados had resulted in lower unemployment rate, increased establishment of new companies, and fewer failures of existing businesses. This study was however done in Kenya which is less developed than Italy and Barbados and it will be of interest to note if the study findings confirm the above observations.

Olize J. et al. (2009) investigated the role of youth empowerment scheme in poverty alleviation and youth empowerment in terms of skills acquisition for self-empowerment in Niger State, Nigeria. The study revealed that that the scheme has succeeded in empowering its beneficiaries by means of vocational skill acquisition hence contributing to change in their socio-economic status. The study was however done in Nigeria, and it would be interesting to see how the data collected from this study done in Kangundo Constituency Kenya, would confirm or disapprove this revelation.

There are several studies undertaken in relation to Youth Enterprise Development Fund in Kenya. However, the objectives addressed in these previous studies are different from this study which constitutes the knowledge gap that this study sought to fill.

Mburu (2008) conducted a study on the viability of YEDF as an empowerment tool for youth entrepreneurs in the informal sector in Ruiru division, Thika district. The study established that 81% of the respondents had some basic training in running the business and felt that they needed more training in business management. The study also established that business performance had improved after the YEDF loans and 88% of the respondents reported that they were making profits while 53% accepted that their livelihood had improved after receiving YEDF loan. The study recommended that for YEDF to be more effective in empowering young entrepreneurs, more emphasis should be put in giving more training in entrepreneurship skills to youth before and after accessing the loans.

The researcher focused on the viability of YEDF as an empowerment tool for the youth and conducted the research only two years after YEDF's existence. This study was done in Kangundo constituency on YEDF beneficiaries who had received YEDF loans during the period 2007-2012. Kangundo constituency is larger than Ruiru division and the period covered was six years after the existence of YEDF. The study focused on how YEDF had empowered the youth in Kangundo constituency.

Lenande (2011), in the study entitled “Effects of government YEDF in Kitui Central District”, argued that to an extent the government has been successful in the provision of finance through YEDF to youth entrepreneurs and also business services. This he asserted, is evidenced on the incentives that YEDF granted. However, he noted that there is no enough provision of lending through subsidiaries and provision of enterprise support infrastructure like stalls to the youth. His study however fell short of commenting on youth empowerment as one of the key parameters for assessing the effects of government YEDF to the youth of Kitui Central District, a gap that this study intended to fill.

Ochola (2011) conducted a study entitled Influence of YEDF on economic empowerment of youth in Bondo District in Kenya. The study specifically investigated the influence of business engagements, marketing support, linkages and access to loans as aspects of YEDF in the economic empowerment of the youths in Bondo District. The researcher concluded that YEDF has not significantly changed the income of the youth and has therefore not significantly empowered the youth in Bondo District economically. Ochola’s study focused only on one dimension of empowerment which is economic empowerment. However, the study done in Kangundo focused on empowerment as a whole.

The researcher’s study case was the youth of Bondo District in Siaya County. This study focused on the youth of Kangundo Constituency, Machakos County during 2007 – 2012.

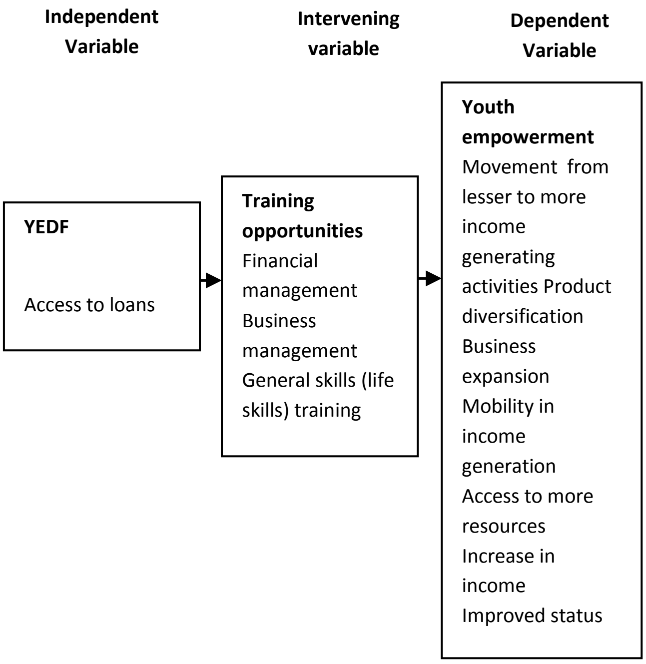
Ochola’s study focused on assessing YEDF objectives like influence of business engagements, marketing support, linkages and access to loans as aspects of YEDF on the economic empowerment of the youths in Bondo District, and failed to show how the lives of the youth changed as far as empowerment is concerned. This study however examined whether the lives of the youth have been improved or not through YEDF’s initiatives. The researcher recommended that more researches on the YEDF and economic empowerment of youth should be done for sustained funding of YEDF. This study responds to Ochola’s research recommendations by focusing on whether YEDF has empowered the youths in Kangundo constituency through employment initiatives and business training.

Conceptual Framework

The study adopted the empowerment approach as its conceptual framework (Young, Kate, 1993). The empowerment approach asserts that once a group has internalized disempowerment and a position of subordination as well as the absence of a critical consciousness within the group, external intervention is necessary (Tasli, 2007). Thus, empowerment must be externally induced by such groups as NGOs and the government (Batliwala, Srilatha, 1994). However, these external agents (what is called change agents) must be trained (Batliwala, Srilatha, 1994) and be in a position to provide other important functions to the group such as skill training, technical training, literacy courses and initiate or participate in projects.

In this study, youth empowerment was measured by using indicators in two basic areas: youth access to economic resources which translates to increase in income, mobility in income generation, improved status like becoming employers, access to more resources, product diversification and business expansion. Another area in which youth empowerment was measured was in youth's access to training opportunities using financial management, business management and general skills (life skills) training.

Figure 1.1 Conceptual Framework



Source: Author

The conceptual framework shows the interrelationship between YEDF provision of youth funds in addition to training and how they relate to empowerment.

Hypothesis

This study sought to test the hypothesis that: provision of YEDF loans has contributed to youth empowerment.

Research Methodology

This section describes the study sites and their selection procedures, identifies primary and secondary sources of data, and provides sampling techniques, sample size, and data collection method andanalys is techniques.

The research took place in Kangundo Constituency. The study targeted funded youth groups and individual youths in Kangundo Constituency between 2007 and 2012. The total number of funded groups in Kangundo was 58 as per the report from the YEDF officer. The researcher obtained the list of the 58 funded youth groups from Kangundo YEDF offices. The average membership per group is 24; therefore the total target population was 1392 youth.

The sample size was derived from the six divisions of the former Kangundo Constituency now Matungulu and Kangundo Constituencies namely Matungulu, Central, Kyanzavi, Kangundo, Kakuyuni and Kivaani. From these divisions, 50% of the groups were selected from each division by use of simple random sampling. This gave a total sample population of 29 groups, selected by the researcher from the list given by the YEDF officer. The Kangundo YEDF officer organized a meeting between the researcher and the 29 randomly sampled groups during a 3 day training workshop for the groups.

During the meeting, two of the leaders namely the chairperson, secretary or treasurer who was available in the sampled groups was purposively selected for the study. This was because they are considered responsible to the management of group affairs. This sampling technique allowed the researcher to use cases that had the required information with respect to the objective of the study. To get other respondents from the groups for this study, the researcher used simple random sampling technique to get two members from each of the sampled groups. The researcher used papers written on "YES" and "NO". Only two papers were marked "YES" per group, the rest had "NO". Those who picked "YES" were given the questionnaire to fill. Further, snowball sampling technique was employed to locate individual youth's that received the funds through YEDF.

The sample size was determined by calculating 50% of the total accessible population which was seen to be representative. Since the accessible population was 58 youth groups and a total of 1392 youth beneficiaries, 50% comprised of 29 groups. In each group, 4 people were selected for the interview and filling of questionnaires thereby making it 116 respondents. However, in some groups it was not possible to get the four people, thus at the end of data collection the study was able to interview 100 respondents only. Two special questionnaires were prepared to be filled by the two YEDF officials from the constituency. Therefore, the researcher distributed a total of 102 questionnaires for data collection. This was the sample size for the study.

Research instruments

The data collection instruments used in this study were questionnaire and interview schedule. Document analysis was also used to collect secondary data, mainly the financial records and other records used by the youth. Two types of questionnaires were prepared, one for the youth respondents and the other for the two YEDF officers. Both questionnaires contained both closed and open-ended questions. The closed-ended questions provided more structured responses to facilitate tangible responses while open-ended questions provided additional information that might not have been captured in the closed ended questions.

A formal visit was made to the YEDF officers being the person responsible for the disbursement and management of the fund. The constituency YEDF officer organized a meeting between the researcher and the 29 randomly sampled groups during a 3 day training workshop for the groups after informing the respondents in advance. On the material day the questionnaire were administered with the help of research assistants for filling.

Additionally, the researcher used face to face interview schedules with sampled group members which contained both structured and open questions that the interviewer filled based on the responses from the respondents.

Two focus group discussions were also conducted consisting of 8 and 9 members respectively. The two focus group discussions were conducted before the actual administration of the questionnaires and face to face interviews to the 100 sampled youth. The 17 youth fund beneficiaries were randomly selected from 4 different youth groups from Kangundo constituency that had also benefited from the funding. The researcher purposively chose the four groups because they had similar characteristics as the target population for the study. The feedback from these preliminary group discussions helped to improve the validity of the research instruments by correcting the questions that were not clear or which were irrelevant. It also enabled the researcher to find out whether the wording of the questionnaire was clear and to estimate the average time needed by the respondent to fill the questionnaire. The discussions were conducted at two separate times for each group under the same conditions. However, the 17 members of the two focused group discussion were not included in the actual sampling population of the study.

The researcher recorded all data obtained through document analysis and personal observations and used it to compare with the responses from the interviews and questionnaire. The responses from the interview were used to supplement the data supplied by the questionnaire.

DataAnalysis

Once the questions had been administered and collected from the respondents, the raw data collected was systematically organised to facilitate analysis. This involved editing, coding and tabulation of data, data reduction, data differentiation and explanation. Completed questionnaires were edited to ensure completeness and consistency. The data collected from the closed-ended items of the questionnaire were assigned numerical values (coded), checked for any errors and finally analysed by use of a computer package, Statistical Package for Social Sciences (SPSS). Responses from open-ended questions were classified and categorised by assigning all the responses numerical values too (coding). Analysis of data was done using SPSS software where descriptive statistics, tabulations and percentages were generated.

INITIATIVES TO ADDRESS YOUTH UNEMPLOYMENT

Introduction

This chapter discusses youth unemployment and the initiatives that address youth unemployment in Kenya. The chapter argues that the unemployment rates in Kenya, especially among the youth have been a rising concern. Thus the government has had to develop various initiatives to empower the youth and reduce unemployment. These initiatives are either policies or programmes in nature trying to address the unemployment problem among the youth.

The chapter argues that these initiatives are classified as youth funds and were organized in two forms of initiatives: First, capacity building and training initiatives provided youth with skills to either enable them get (self) employed. This included youth centres, national youth services and the talent academy. Second, economic development initiatives which were to facilitate the youth in starting their own business by providing them with seed money. This included the Kazi kwa Vijana and Youth Enterprise Development Fund. The chapter is divided into four sections, unemployment in Kenya, youth unemployment, initiatives to address youth unemployment, youth funds with specific focus on youth enterprise development fund.

Unemployment in Kenya

Creation of adequate employment opportunities remain one of the greatest challenges in many other countries all over the world. A 2009 Report by the International Labour Organization (ILO) estimated, for example, that the world unemployment has remained almost constant at an average of 6.1 percent over the eleven-year period between 1998 and 2008. In 2008, the world unemployment stood at 6 percent in 2008 up from 5.7 percent in 2007. According to Davidson, (1998) unemployment occurs when a person who is actively searching for employment is unable to find work. Unemployment is often used as a measure of the health of the economy. The most frequently cited measure of unemployment is the unemployment rate. This is the number of unemployed persons divided by the number of people in the labour force.

The November 2008 IMF forecast suggested that the global unemployment rate would rise from 5.7 per cent in 2007 to 6.1 per cent in 2009, increasing worldwide unemployment by 18 million. If instead the unemployment rate instead rises to 6.5 per cent during 2009, unemployment will increase by 30 million and in the IMF‘s worst case scenario, the world unemployment rate could rise to 7.1 per cent, increasing the global number of unemployed by more than 50 million people. Kenya's employment problem dates to the early decades of political independence. One of the earliest attempts to identify the nature and causes of unemployment in Kenya was made in 1970-74 Development Plan (Republic of Kenya, 1969). In this Plan, the government identified urban and rural unemployment, educated unemployed and underemployment as the key types of unemployment afflicting the country.

The causes of such unemployment were diagnosed as high labour force growth, use of modern capital-intensive technology and attendant increase in labour productivity. High wages and salaries were also identified as a key cause of the country's unemployment. According to the government, the high salaries and wages triggered adoption of labour-saving techniques of production. These causes were linked to inadequate training and consequent lack of appropriate skills, shortage of land and other resources, rapid expansion in school enrolments, skills mis-match, and rural-urban migration.

Another attempt towards understanding the nature and causes of unemployment in Kenya was made in 1983 in the Report of the Presidential Committee on Unemployment (1982/83) and the Sessional Paper No. 2 of 1985 on Unemployment. The Committee, in its report, considered the problem of unemployment as one of lack of access to income earning opportunities, whether in wage or self-employment. Both the Report and the Sessional Paper identified the major causes of unemployment in Kenya as rapid growth of the labour force, low economic growth rate, job selectiveness, seasonality of some of the industries, and skills imbalance. Others were inappropriate technology and failure of development programmes to focus on areas with greater employment potential.

The latest government policy document, The Sector Plan for Labour, Youth and Human Resource Development Sector (2008-2012) contends that unemployment in Kenya is both structural and frictional in nature. According to the Plan, Kenya's unemployment is mainly attributed to the slow growth and weak labour absorptive capacity of the economy, mismatch in skills development and demand, imperfect information flow and inherent rigidities within the country's labour market. With the same breadth, the Kenya government has since attaining political independence in 1963, made various policy pronouncements aimed at addressing the country's employment problem. Within this framework, the country has moved through three distinct employment policy periods. These were in 1963-1979; 1980-1989; and 1990 to 2011.

The unemployment rate in Kenya was last reported at 40 percent in 2011. Historically, from 1999 until 2011, Kenya Unemployment Rate averaged 22.43% reaching an all-time high of 40% in December of 2011 and a record low of 12.7% in December of 2006. The unemployment rate can be defined as the number of people actively looking for a job as a percentage of the labor force (Biko, 2012).

Youth Unemployment

At the beginning of the 21st Century, youth unemployment problem continue to pervade both developed and developing countries. This has led to the youth being exposed to unemployment or else limited to precarious or short term work (White and Kenyon, 2001). Globally, the number of youth unemployed increased to 76 million with the youth-adult employment ratio remaining almost constant at 2.8 (ILO, 2009). According to the Report, the rate of unemployment in Sub-Saharan Africa eased marginally from an eleven year (1998-2008) average of 8.1 percent to 7.9 percent in 2008, with the youth bearing a relatively large burden of the unemployment.

The scenario is not any different in Kenya where the employment challenge has been growing overtime with the youth being the main casualties (Republic of Kenya, 2008b & c). At independence in 1963, the Kenya government identified poverty and unemployment as the twin challenges facing the country. More than forty seven years later, and despite numerous policy efforts, poverty and unemployment continues to afflict many Kenyans. Millions of Kenyans especially youth and women are unemployed, underemployed or are in the swelling ranks of the working poor. According to the Kenya Integrated Household Budget Survey (KIHBS, 2005/06), 12.7 million out of the 14.6 million labour force were reported as employed with the remaining 1.9 million people being openly unemployed. Approximately 67 per cent of the unemployed in the country were the youth (Republic of Kenya, 2008c).

A number of policy interventions have been formulated and variously implemented, since independence, to address the growing employment problem in Kenya. Key among these policies is the growth-oriented development strategy augmented by a high wage and Kenyanization policies adopted at independence (Republic of Kenya, 1964). The government also undertook to engage in direct employment creation, regulate wages, operate employment exchange programmes, improve labour market information systems, and re-orient education and training systems to vocational and technical training areas as a means of promoting employment creation. Other measures also implemented to address the country's employment problem included promotion of growth and development of the informal and *jua kali* sector, adoption of fiscal policies, and short-term measures such as tripartite agreements (Republic of Kenya, 1969; 1973).

In the 1990s and early 2000s, government employment interventions targeted enhancing the acquisition and promotion of efficient use of labour market information, reliance on market forces to mobilize resources for sustained growth, provision of public infrastructure, industrialization, enhancement of private sector investment and participation in the economy, promotion of industrial harmony and productivity, and liberalization of the labour market (Republic of Kenya, 1994a; 1994b; 1997a; 1997b; 1999; 2002). In 2003, the government of the National Rainbow Coalition (NARC) formulated a five-year development strategy (Economic Recovery Strategy for Wealth and Employment Creation, 2003-2007). This strategy put a case for empowerment of the people through creation of employment and other income earning opportunities.

Despite all these interventions, creation of adequate, productive and sustainable employment continues to be the greatest challenge in Kenya. The youth employment challenge has, particularly, been aptly recognized in the country's long-term development blueprint: Vision 2030, the Medium Term Plan (2008-2012), and Labour. Youth and Human Resource Development Sector Plan (2008-2012). Experience shows that the longer people stay out of work, the more their "employability" deteriorates, making it progressively harder for them to gain employment. This is especially worrying for the youth who may get trapped into a lifetime of weak attachment to the labour market alternating between low paid insecure work and open unemployment. Thus, the need to promote youth employment in Kenya is vital.

Initiatives to address youth unemployment

Over the last two decades, youth employment has gained growing prominence and several initiatives have been made to address these challenges both at national and international level. At the international level, these efforts have been spearheaded by the United Nations and the International Labour Organization (ILO). Both organizations have provided a major opportunity to build international consensus and influence the international agenda through comprehensive strategy for employment and social inclusion of young people. As the UN specialized agency with the mandate on employment, the ILO has long been active on youth employment, through it normative action, its technical assistance work, and the promotion of strategic alliances across the UN system. Examples of alliances on youth employment include that with FAO on the promotion of decent employment for youth living in rural areas and UNESCO on the promotion of access to quality technical and vocational education and training.

Youth development programmes have been established in both developing and developed countries to address youth unemployment and empowerment challenges. In Britain, the Prince's Trust Enterprise Programme is for people who have business ideas they want to help explore, are aged18-30, unemployed or working less than 16 hours per week. This programme provides services like advice on employment options, startup loan financing, business skills training, and business planning support, volunteerism and access to free legal services and, if one wants to start a business, access to a wide range of free and discounted products and services (Githinji, 2011).

The review of various international models of youth enterprise promotion programmes has found out that the promotion of youth enterprises should create awareness and understanding of what enterprise is and what it takes to own and manage a business for self-employment and the provision of practical support services for the entrepreneurs (e.g. training advice, access to finance), (White and Kenyon, 2001).

In USA, YES, an international non-profit organization in Massachusetts leads a campaign aimed at nurturing and empowering the youth to lead a global movement that collectively address unemployment problem among the youth by providing them with opportunities to develop their leadership skills, raining in marketable job oriented skills, access to resources and linkages needed to enable them realize their potential as entrepreneurs. This has been achieved through encouraging diverse stakeholder groups to support youth-led country networks to identify, design and implement specific training and development programs for promoting youth employment and entrepreneurship. The Yes network programmes have built youth capacities through training to over 400 youth led projects and programs in over so countries (World Bank, 1997).

In Canada, there is the Youth Business that provides loans and other services to youth enterprises without requirement of collateral. In Nova Scotia, there is the Centre for Entrepreneurship and Development (CED) which has since 1995 worked to promote an entrepreneurial culture among young people.

In Portugal, the *Sistema de Apoiojorens Emresarios* provides grants to new businesses covering 50% of capital needs (Chigunta, 2002). Other relatively successful programs include the *Escuela Taller Programme* in Spain, started in 1994 and financed by the Spanish National Labour Institute and the European Social Fund. The programme targets to reach unemployed youth (18-25 years old) with limited professional skills (Chigunta, 2002).
In India, an example of this programme include the *BharatiyaYuva Shakti Trust (BYST)*. This is a public, non-profit organization that helps young people to establish their own businesses by providing low interest loans, training and mentor support. In Latin American Countries, including Barbados, youth business centres have been set up to provide business development services (BDS) or non-financial services to youth. In Bangladesh, the National Federation of Youth Organizations has helped young women and men to set up viable business ventures (Chigunta, 2002).

In South Africa, the National Youth Development Agency (NYDA), outlines its mandate which includes advancing youth development through guidance and support to initiatives across government spheres and societal sectors embarking on initiatives that seek to advance the economic development of young people and developing and coordinating the implementation the integrated Youth Development Plan and Strategy for the country. The NYDA's activities have enabled the youth to realize their personal goals. NYDA has assisted numerous young people through loan disbursement, business consultancy services provision and engaging the youth under the National Youth Service Programme (Muchibi, 2012).

Umsobomvu Youth Fund (UYF) is a government created development fund agency for skills development and employment creation of youth in S. Africa which has also developed a number of initiatives for the youth. They include micro-loans for young entrepreneurs, the creation of venture-capital fund underwritten by a mainstream bank with the UYF providing guarantees and the development of a voucher programme to access business development services (Githinji, 2011).

Studies undertaken in Botswana, suggests that the youth need to be effectively integrated in the mainstream economy as a means of alleviating unemployment. However, the challenges faced by the youth in trying to break even in their start-ups was found to be lacking due to lack of training to make them match their established competitors. Through the Ministry of Youth, Sports and Culture in Botswana, Youth development fund was initiated to assist young people with entrepreneurship skills, coordination, implementation and evaluation of the National Youth Policy. The programmes initiated ensure that the youths are actively engaged in socio-economic development of the country by venturing into sustainable and growth oriented enterprises in rural areas to create sustainable employment opportunities for them through the development of sustainable projects (Youth Council, 2010).

Private institutions, especially non-profit organizations, also play an important role in training and funding young entrepreneurs. One example of this is Techno Serve's business plan competition: 'Believe, Begin, Become', which is supported by the Google Foundation and now active in Ghana and Swaziland. Since 2002, TechnoServe's competitions have helped launch or expand

165 small and medium-scale enterprises that have generated US$8.2 million in additional revenues and created more than 1,000 new jobs. In the international policy context, the Youth Employment Network (YEN) and the Commonwealth Youth Credit Initiative (CYCI), for instance, help promote youth entrepreneurship in a number of African countries. Partnerships between such international institutions and the private sector have been the creation and development of young entrepreneurs (Youth Council, 2010).

At the national level, a number of initiatives have been attempted. Several policy interventions have been formulated and variously implemented, since independence, to address the growing employment problem in Kenya. Key among those policies is the growth-oriented development strategy augmented by a high wage and Kenyanization policies adopted at independence (Republic of Kenya, 1964). The government undertook to engage in direct employment creation, regulate wages, operate employment exchange programmes, improve labour market information systems, and re-orient education and training systems to vocational and technical training areas as a means of promoting employment creation.

In the 1960s and 1970s, measures implemented to address the county's unemployment problem included adoption of fiscal policies and short-term measures such as tripartite agreements entered into between government, employers and workers, and the motion of growth and development of the informal jua kali sector (Kenya 1969, 1973). The tripartite agreements were entered in 1964, 1970 and 1979. They were aimed at increasing employment levels by at least 10%. This was conditioned on workers and their trade unions and not only observe a wage freeze but also refrain from any industrial action during the agreement period.

In the 1990s and early 2000s, the employment interventions by the government targeted enhancing the acquisition and promotion of efficient use of labour market information, reliance on market forces to mobilize resources for sustained growth, provision of public infrastructure, industrialization, enhancement of private sector investment and participation in the economy, promotion of industrial harmony and productivity and liberalization of the labour market (Republic of Kenya, 1994a; 1994b; 1997a; 1997b; 1999; 2002). In 2003, the government of the National Rainbow Coalition (NARC) formulated a five-year development strategy dubbed *Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC), 2003-2007* (Republic of Kenya, 2003a). This strategy put a case for empowerment of the people through creation of employment and other income earning opportunities.

Despite all these interventions, creation of adequate, productive and sustainable employment opportunities continue to be one of the biggest development challenges in Kenya. The youth problems which include employment and empowerment challenges have particularly been recognized in the country's long term development blueprint, Vision 2030; Sessional Paper No. 4 of 2005; Sessional Paper No. 2 of 1992 of Small Scale and Jua Kali Enterprise, the Medium Term Plan (2008-2012) and Labour, Youth and Human Resource Development Sector Plan (2008-2012). Other initiatives geared towards creating employment opportunities for the Kenyan youth were Kazi kwa Vijana, National Youth Services, Youth Polytechnics, the Youth

Empowerment Centres and the Youth Enterprise Development Fund.

Youth Funds

The government has undertaken various initiatives in addressing youth unemployment in Kenya. These initiatives are organized in two forms: capacity building and training and economic development. The capacity building and training initiatives provided the youth with skills to either enable them get (self) employed and these included the National Youth Service, Talent Youth Academy and Youth Centres.

The National Youth Service (NYS) is also another initiative that the Kenyan government has over the period operated as an avenue for acquisition of practical life and employment skills by the youth. The NYS was established in 1964, and has over the years equipped the youth with life skills through Technical and Vocational Training (TVT). Additionally, it also offered paramilitary training to youth aged 18 and 22 years and is fully recognized as a military reserve for the nation (Republic of Kenya, 2008). Up to the late 1980s, the NYS led a compulsory pre-university programme. This programme targeted successful graduates of the Kenya Advanced Certificate of Education (KACE) for a six months pre-university training. The goal was to cultivate into the freshers the right attitude towards work and imbue a culture of tolerance and nationalism in them. This programme was however, discontinued in the 1990 probably due to its limited impact and sustainability challenges. Since then, NYS has been voluntary in nature with market driven orientation (Omolo 2011).

The NYS has successfully implemented development projects that include construction of roads, airstrips, dams, water canals, and disaster management and relief operations. The competencies developed by the NYS over the years have been harnessed by according it preferential treatment as a contractor in the implementation of development projects especially in remote areas. The Kenyan Government initiated discussions with the Chinese Government in 2009 for a comprehensive modernization program for the NYS. The bilateral arrangement involved purchase of new equipment for the service's training, farming and construction programs. This enabled the NYS to undertake large projects and therefore absorb more young people on a permanent basis. MOYAS increased the annual intake as from 2009 to match the programme and empower more youth to acquire skills that make them more employable or enable them to go into self-employment (MOYAS 2009).

The long term solution to unemployment lies in the equipping of young people with technical and vocational skills. Towards this, the Ministry of Youth Affairs and Sports embarked on an ambitious programme of reviving and equipping Kenya's youth polytechnics. In addition, MOYAS has provided trained instructors to youth polytechnics throughout the country. Besides providing tools and equipment to some youth polytechnics, the ministry has also constructed workshops and dormitories with the support of development partners such as Kenya Italy Debt for Development Program (KIDDP), (MOYAS 2009). This revitalization of Youth Polytechnics facilitates the training of youth in technical, vocational, entrepreneurial and life skills in an effort to equip them with skills to increase their productivity. In addition, the youth also get equipped with creative skills to deal with advances in technology (MOYAS, 2008-2012).

Another initiative is the establishment of the Youth Empowerment Centers. Youth empowerment centre is a multi-sectorial response to the challenges affecting young people which include; poor access to education and training opportunities, high rate of unemployment, vulnerability to Human Immunodeficiency Virus (HIV), infection and substance abuse, exposure to conflicts, increasing prevalence of urban violence, lack of voice in the family, the community and the national arena, poor representation in decision making and limited recreational facilities among others. The centers were to be rehabilitated or established in every constituency in the country. Youth Empowerment Centers are intended to become a one stop-shop for youth friendly information and service provision for the youth that respond to their unique needs in an environment that attracts their interests and sustains their motivation to continue using the services (MOYAS, 2008-2012).

The purpose of such centers is to creatively engage youth with a view to tapping their potential and create opportunities for them. Another purpose of these centers is to minimize the prevalence of drug and substance abuse among the youth. The centers will further be equipped to provide services such as Voluntary Counseling and Testing (VCT) and health; Information Communication and Technology (ICT) facilities; Library and information services; Performance and training facilities in music, dance and performing arts. The centers also provide basic literacy and continuing education opportunities for school leavers in each constituency (MOYAS, 2008-2012).

Other initiatives included the National Youth Talent Academy and Regional Talent Academies that were established across the country to identify, develop and nurture youth talent to enable them earn livelihoods from them. The affirmative action policy for youth was also initiated. This was meant to ensure that at least 30% of government appointments were to be given to the youth. The final initiative undertaken was YEDF which is the concern of this study.

The second form of initiative was economic development which was to facilitate the youth in starting their own business by providing them with seed money. These included the Kazi kwa Vijana and Youth Enterprise Fund. Kazi kwa Vijana (KKV) Programme whose objective was to facilitate income earning opportunities among the youth was launched in March 2009. This programme encompasses many projects each running between 3-6 months. These projects include trees for jobs, rehabilitation of irrigation schemes and the Nairobi River Basin Rehabilitation and Restoration.

Public works programmes similar to the KKV initiative have been used extensively in the developing countries as a social safety net and short-medium term means of unemployment creation. As reported in Martin (2003), one of the ambitious of such programmes is India’s National Employment Assurance Scheme (NEAS). This program seeks to give employment to a maximum of two adults per family, assuring unskilled manual work for 100 days during the agricultural off season, and concentrating on drought-prone, desert, tribal and flood-prone areas.

Another large scale public works programme is operated by the Social Fund for Development (SFD) in Egypt, with projects covering productive infrastructure (irrigation, drainage, protection of agricultural land), economic infrastructure (roads, channels), social infrastructure (public building restoration, potable water provision) and health and education. Non-Governmental Organizations (NGOs) are involved in managing and the private sector in implementing the programme's construction and maintenance activities. A minimum of 25% of a project's budget has to be spent on labour, and at least half of the workers should be locally recruited. Salaries are no higher than in local labour markets (Omollo, 2011).

Preliminary review of Kenya's KKV, which is a fairly recent initiative, show that it was not as effective as anticipated. A review of the KKV programme against some of the identified features of effective public works programme based on international experiences showed some gaps. A youth employment inventory (YEI) of 289 countries undertaken by Betcherman et, al, (2007) and Puerto (2007), for example, highlights some of the important features of an effective public works programme. According to the inventory, an effective public works programme should: offer/pay a sufficient wage rate, target the poorest households especially when employment cannot be provided to all who require jobs; help create assets that benefit the poor; and create economic opportunities for locals such as to supply non-wage inputs.

Others are that such programmes should: have work schedules that are harmonized with the survival requirements and coping strategies of the poorest households; be located close to where the poorest live to maximize their participation; and have an exit strategy to allow long term employment opportunities to enable the poorest to lift themselves out of poverty. In Kenya, most of the KKV activities lasted up to 3 months and given the short term nature of KKV projects, they offered only a temporary appropriate solution and so without addressing the long term development needs of the youth (Omolo 2011).

Trees for Jobs component of Kazi kwa Vijana Programme was entrenched as one of the flagship projects for long term implementation under Vision 2030 of the Ministry of Youth Affairs and Sports (MOYAS). The way Kazi kwa Vijana Programme was structured did not effectively target the youth from the poorest households, it merely employed the principle of "first come first served" to enlist beneficiaries. Additionally, it also required an effective exit strategy to protect its beneficiaries that had attained the "cut-off-age" from shifting back to unemployment. In this regard, skill training was a priority intervention that needed to be integrated in the KKV Programme (Omolo 2011).

Youth Enterprise Development Funds

The study selected Youth Enterprise Development Fund (YEDF) as its focus due to its success in providing start-up capital for business among the youth. Youth enterprise development fund was established in 8th December 2006 to address the problem of youth unemployment and empowerment. YEDF was established by the Government of Kenya in June 2006 through legal notice No. 167, and then transformed into a state corporation in May 2007 through a legal notice number 63. The purpose of the fund, which is one of the flagships for Vision 2030, under the Social Pillar, was to respond to youth empowerment challenges. This was to be done through employment creation, provision of entrepreneurship training and providing them with financial resources to ensure that they are engaged in meaningful business activities. This would also increase the economic opportunities and participation in nation building (YEDF, 2011).

The fund is mandated to: provide loans for on-lending to youth enterprises, attract and facilitate investment in micro, small and medium enterprises oriented commercial infrastructure that will be beneficial to youth enterprises, support youth oriented micro, small and medium enterprises to develop linkages with large enterprises. It facilitates marketing of products and services of youth enterprises both in the domestic and the international markets, provides business development services to youth enterprises and facilitates employment of youth in the international labour market.

The funds' objectives include: provide funding and business development services to youth owned or youth focused enterprises, providing incentives to commercial banks through appropriate risk mitigation instruments to enable them increase lending and financial services to youth enterprises, providing loans to existing micro-finance institutions, registered non-governmental organizations involved in micro financing, and savings and credit cooperative organizations for on-lending to youth enterprises. It also attracts to facilitate investment in micro, small and medium enterprises oriented commercial infrastructure such as businesses or industrial parks, stalls, markets or business incubators that will be beneficial to youth enterprises and to carry out any other activities relevant to its principal mandate.

Funding

The fund receives 100 percent financial support from the Government of Kenya through annual budgetary allocation. The target beneficiaries to Youth Enterprise Development Fund (YEDF) are Kenyan youth aged between 15-34 years, which may be organized in registered self-help groups (SHG) or as individuals or companies owned by youth. When the fund was established, the word "youth" was not specifically defined in the former constitution of Kenya and the fund services and products were offered to persons aged between 18-35 years. However with the promulgation of the current Constitution the word youth has been defined to mean all individuals in the Republic of Kenya who have attained the age of 18 years but have not attained the age of 35 years. The Fund's services and products are therefore aimed exclusively to the persons in this (Policy on YEDF, 2012).

Before the promulgation of current constitution, Kenyans who were either under 18 years or 35 years and above may have been members of the SHG's provided that 70% of the members were youth who held all leadership positions. There are 3 ways in which one can access the funding for business. These are through the Constituency Youth Enterprise Scheme (C-YES), the Easy Youth Enterprise Scheme (E-YES) and lastly, through the Financial Intermediaries (banks, Sacco's, micro-finance institutions).

The first component is the Constituency Youth Enterprise Scheme (C-YES) that funds enterprises of youth groups in all constituencies. The Divisional Youth Enterprise Development Fund Committees (Divisional YEDFC) have been formed to effectively identify and recommend viable youth group enterprises for loans. The group can only be legible for C-YES funding if members of the group are aged between 18 to 35 years, in case of a mixed group, at least 70% of the members must be aged 18 to 35 years and leadership should be 100% youth. The group must also be registered with the department of social services or registrar of societies at least 3 months before applying for the loan and should be physically operating within the constituency. The group should also be undertaking or proposing to carry out business-oriented activity and operating an active bank account.

The C-YES was introduced to cater for youths especially those at the lowest levels who have no experience in business and in dealing with financial institutions. Since decisions about the C-YES are made at the grassroots, it was envisaged that this component and information about it will reach the youth at the lowest level. C-YES targets youth in group because some youth cannot meet requirements of financial intermediaries. C-YES has no security and requires group guarantee youth loan from each other. The group also acts as incubation for individuals who are later able to stand on their own. Additionally, the group model also encourages co-operative work among the youth.

The second component is the Easy Youth Enterprise Scheme (E-YES). E-YES is a constituency based loan intended to finance individually owned enterprises at the group level. It is an enhancement of the current C-YES, graduating the group members to bigger individual loans while supporting individual youth who are in existing businesses. This product targets all youth entrepreneurs especially those who have excelled under the C-YES model. The fund charges a management fee of 8% on these loans. The loan must be guaranteed by at least 75% members of a duly registered group of at least 10 members who must have been registered at least 3 months prior to the loan application. Group membership must be at least 70% youth between 18 to 35 years and the leadership 100% youth. Applicants must be appraised and recommended by the group members and the fund's vetting committee. The applicant must have an account, and must also undergo entrepreneurship training before loan application. Collateral may be required depending on the amount and type of the loan. Group member guarantee the loan.

In response to the unique needs of the youth across country and to empower them further, the fund introduced a third component of accessing the funds. The third component is through financial intermediaries. These are stream Micro Finance Institutions, Sacco's and selected banks that offer youth focused products. The loan targets all forms of youth owned enterprises, whether individual, companies, groups, cooperatives or otherwise operated within the district. The loan attracts an interest of 8% per annum at a flat rate. Very flexible collateral is required, in most cases, this is a group guarantee, or chattels of household items. The loan amount is dependent on business proposed and the lending terms of financial intermediaries. Financial Intermediary must seek approval from the Fund for loan amounts exceeding Kenya Shillings One Million.

The Fund's Performance Since 2006 to 2012

Since its inception, the Fund has made great strides towards achieving its mandate notwithstanding the existing bottleneck of lack of a comprehensive legal framework. Some of the fund's achievements as at 30th June 2012 are:

Kshs. 676,581,303.90 to 15,502.00 disbursed to youth groups, Kshs. 73,153,000.00 to 3134 disbursed to individual enterprises and Kshs. 5,809,755,914 to 34 disbursed to financial intermediaries for on-lending to youth (YEDF, 2012).

In market support and market linkages as its mandate, the fund has developed Youth Owned Enterprises Directory both online and in hard copies. It has also carried out sub-sectorial study on “youth market access inhibiting factors and opportunities”. This is being used to inform measures to be taken to optimally link the youth in the markets. It has also launched youth registration for 10% Government procurement opportunities in conjunction with Ministry of Finance (YEDF, 2012).

In commercial infrastructural development, the fund has negotiated and signed memoranda of understanding with three local authorities for establishment of commercial infrastructure projects under private-public partnership with the aim of aiding more than 700 young entrepreneurs’ access business trading spaces. It has received and approved more than Kshs 15 million to private commercial infrastructure partners for construction of more than 70 youth friendly trading spaces within the municipalities under private –public partnership. It has also facilitated more than 30 youth entrepreneurs businesses under Kenyatta University Business incubation centre access mentorship, networks, business space and contacts (YEDF, 2012).

In business development services/entrepreneurship training mandate, the Fund has a mandatory pre-financing training programme to enhance sustainability of youth enterprises. To date the Fund has provided entrepreneurship training to over 56,000 youth. It has also partnered with the Ministry of Cooperatives Development to assist youth form savings and credit societies (Sacco’s). So far the Fund has facilitated the formation of 24 youth Sacco’s. Besides being marketing vehicles for youth enterprises, these Saccos will also be used as financial intermediaries through which the Fund can reach members with credit facilities. The fund has also trained 5,992 youth in 65 constituencies on how to access procurement from the public sector. It has supported two business plan competitions in which over 10,000 youth entrepreneurs have been trained and winners awarded. Some of the participants of the competitions have started very viable enterprises (YEDF, 2012).

In its mandate of facilitating employment of the youth in the international labour market, the fund has facilitated over 8,000 youth to take up jobs abroad. In addition to establishing a legal framework to guide the Youth labour migration process through a Cabinet Memorandum that was presented to Cabinet by the Minister for Youth Affairs & Sports and the Minister for Labour and approved in 2009. The fund has also developed a pre-departure training Curriculum and trained 6,000 youth before leaving to take up jobs abroad in partnership with International Organization for Migration and disbursed Ksh.50.5 million to youth as migration loans as well as partnering with 10 private Employment Agencies to facilitate youth access jobs abroad.

Despite these key achievements, the fund has faced challenges in the course of implementing its mandate some of which are the following: Insufficient policy and legislative frameworks to support growth of youth enterprises and Fund’s sustainability in conformity with the scale and complexity of the youth unemployment problem. Another challenge experienced is the capital investment in providing non-credit services to the youth entrepreneurs which is huge vis-a-viz the actual loans disbursed. These services include business development services, market support, operational overheads, and public sensitization and education. But the public focus is largely on the loans disbursed, not so much the quality of these loans.

Inadequate disbursement and repayment infrastructures in some parts of the country particularly remote areas pose a major challenge to disbursement and loan repayment. Lack of financial intermediaries and loan repayment avenues in some areas disadvantages the youth in those areas. Insufficient funds to cater for high demand and expectations of the youth is also a key challenge faced by the fund (YEDF, 2012). These challenges are due to lack of a comprehensive legal framework which the National Youth Enterprise Authority Bill, 2012 sought to address.

Loan Products

The fund has developed a wide range of products to meet the diverse needs of young business people. The fund offers group and individual loans. Group loans have no interest, only a management fee of 5% (one off). The groups must be registered by relevant government body and must have at least 10 members. The group membership must be at least 70% youth (18-34 years) and must be 100% youth led. The fund provides the following loan to groups and individuals at the constituency level.

(i) C-YES Rausha Loans

This loan is a constituency-based loan that targets new group projects. It is a startup loan. In this loan, a maximum amount of Ksh, 50,000-100,000 is given to the beneficiaries. The loan has no interest but a management fee of 5% (one off). The beneficiaries have a 3 months grace period and the repayment period is 12 months, payable within 4 months (quarterly). For this loan, the group is required to fill an application form which is available at any youth fund office, must have a valid registration certificate and certified membership list and produce copies of identity cards of group members. The group must also have minutes authorizing the loan application. The loan amount is recommended based on the business proposal as seen in the application form, and appraisal of group's ability to manage the funds.

(ii) C-YES Inua Loan

This is a constituency based loan intended to finance running group projects and is for expansion purposes only. In this product, the beneficiaries get a first loan maximum amount of Ksh 100,000 payable in 12 months, second loan of maximum amount Ksh. 200,000 payable in 18 months and a third loan maximum amount of Ksh. 400,000 payable in 24 months. Thought the loan has no interest, a management fee of 5% is charged.

In order to qualify for this loan, the group must have borrowed and repaid Rausha loan and if not, then must either have existing and well running business enterprise(s) run by the group or have a good credit history with Youth Fund or other lending institutions/organizations. The group should also fill an application form (available at any Youth Fund office), have a valid registration certificate and membership list, produce copies of identity cards of group members, provide the minutes authorizing the loan application, a copy of a current business license or proof of existence as may be agreed, a copy of a 3 months bank statement and recent business records. Some of the securities placed for this loan may include chattels (pledge of personal and business assets), stocks and charge over or simple deposit of ownership documents of assets directly financed by YEDF e.g. logbooks.

However, this will depend on a type of business activity that the group engages in.

(iii) C-YES Special loan

This loan targets youth carrying out special business projects whose proceeds are generated on periodical or predetermined irregular periods. It targets special business projects across various economic sectors like agricultural production-horticulture, livestock trading or fattening or other seasonal/periodical businesses where the clients cannot be able to repay the loans on a monthly basis. For this, Ksh. 50,000 is the maximum amount for startups and is payable within 1 year. The maximum amount for business expansion is Ksh. 100,000 payable in 12 months, Ksh. 200,000 payable in 18 months and the third, Ksh. 400,000 payable in 24 months. The grace period for this loan is determined by the nature of the business. It also attracts no interest, though a management fee of 5% is charged.

Qualification criteria for this loan include filling an application form (available at any Youth Fund office), having a valid registration certificate, production of copies of identity cards of group members, group minutes authorizing the loan application and copies of supply contracts (where applicable). The group project will also have to be visited by an authorized officer. The loan will have longer grace periods and periodical (quarterly, half year or bullet) repayments will be applied depending on project maturation. Horticultural project loans are based on the nature of the business and the business needs of the borrowers.

Individual Loans at the Constituency Level

The fund offers the following individual youth loans at the constituency level:

(iv) E-YES Smart Loan

This is a constituency loan targeting individuals who are members of enterprises belonging to a group which has repaid its group loan. It targets youth intending to start or expand own businesses. For a group to access this loan, the group must have paid the C-YES Rausha or C-YES Inua loan. For one to qualify for this loan, he/she should fill an application form which is available at any Youth Fund office, produce group registration certificate and group minutes authorizing and nominating the individual to apply for the loan, copies of identity cards of applicant and guarantors (group members). The group must have also have repaid Rausha or Inua loans. The applicant must be running or planning to start an individual enterprise. The group must have demonstrated discipline and organization, and members must not exceed 16.

Graduation principle applies, that is, Ksh. 25,000 first loan to a member payable in 9 months, Ksh. 50,000 payable in 12 months, Ksh. 100,000 payable in 18 months and Ksh. 200,000 payable in 24 months for startup business. For existing businesses, the graduation principle still applies, that is Ksh. 50,000 first loan payable in 9 months, Ksh. 100,000 payable in 12 months. Apart from the stated regulations, 25% of the group membership is allowed for any round of financing. A group nominates beneficiaries at every level and record in group minutes. The group also sign an undertaking to guarantee loans advanced to its members.

(v) E-YES Swift Loan

This loan is for individual members of new youth groups which may have not received Rausha, Inua or Special. The amounts available for application are Ksh. 25,000, Ksh. 50,000 and Ksh. 100,000. The loan has no interest but a management fee of 8% is charged. To

qualify, one has to fill an application form which is available at any Youth Fund office, produce the group registration certificate and group minutes authorizing and nominating the individual to apply for the loan, copies of identity cards of applicant and guarantors (group members) and 70% of the members must have individual businesses while the remaining 30% must have plans to start.
In addition, the individual applicant must provide a copy of a current business license or proof of existence of the business, a copy of current business records and a certified copy of bank statement (3 months).

(vi) Business Expansion Loan (VUKA)
The fund recently launched the Vuka loan product that targets youth in existing businesses. The loan is advanced to youth who have existing businesses. Applicants may apply as individuals, partnership or limited companies. This loan also aims at preparing youth for exit to the commercial banking sector. Hence, the Vuka loan finances businesses expansions only, not start-ups. The applicant may use the loan for working capital or to purchase income generating assets.

The loan offers a minimum loan amount of Ksh. 100,000 and a maximum amount of Ksh. 2,000,000. It attracts an interest of 8% per annum. A loan application fee of 1% of the loan amount is charged upon approval of the loan. This is netted off the loan amount at disbursement and is intended to take care of pre-disbursement processes including training. In terms of repayment, the Graduation principle applies, that is,: Up to Ksh. 300,000 is repaid for maximum of 3 years; Up to Ksh. 1 million repaid for a maximum of 5 years and above Ksh. 1 million repaid for a maximum of 6 years. The loan is paid on a monthly basis through cash deposit into the fund’s account as advised in writing.

To qualify, the applicant must be between 18 to 34 years old. In case of partnerships, 70% of the partners should be 18 to 34 years while for limited companies, 70% of the directors should be 18 to 34 years. One should also fill an application form which is available at any Youth Fund office and attach identification documents like ID copy/Passport, 2 recent passport size photos and pin certificate for individuals, certificate of incorporation, Memorandum and Articles of Association, company PIN certificate, and 2 passport size photos for all the directors in case of a limited company and partnership deed, 2 passport size photos for each partner and business PIN certificate. Evidence of resolution to borrower by the board (for companies)/Partners (for partnerships), current (recent) six months bank/M-PESA statement and business registration/license/permit should also be provided.

The borrower is also expected to provide security for the loan and a copy of title/relevant proposed security document. The borrower bears all costs such as insurance, valuation, stamp duty, registration of charge/chattel and legal fees. Loan security is also an issue that has been addressed by the Vuka Loan. Ksh. 100,000 loans are secured by flexible security such as chattels, stock, business assets and/or guarantee. All loans above Ksh. 100,000 are fully secured by tangible assets such as financed capital, assets/machines, and car logbooks, landed property, lien on treasury bills and bonds, underdeveloped property or any other forms of securities that may be considered.

The security discounting margins applicable include chattels (business and household goods will be discounted at 50% and where stock is used as security, it is discounted at

20%), car log books (newly registered vehicles 0-5 years is discounted at 80% and used vehicles up to 8 years discounted at 70%), lien on treasury bonds/bills is discounted at 80% and land property (city urban like Mombasa/Nairobi and its environs discounted at 90%, urban towns like Nakuru, Eldoret, Kisumu, Nyeri, Thika and Malindi discounted at 80%, rural urban discounted at 50% and undeveloped property discounted at 50%).

Other Loan Facilities and Products

(I) Loans through Financial Intermediaries

Due to capacity limitation of the fund, YEDF has partnered with several financial intermediaries to provide loans to youth to a maximum of Ksh. 1,000,000. Any amounts beyond this must receive approval and reference letter from the fund for accountability purposes. The reason for this partnership is that the most of the financial intermediaries have branches all over the country and YEDF is yet to achieve this capacity level.

(ii) Sector Specific Financing

In an effort to meet diverse needs of young people, the Fund has introduced loans for youth keen on doing business in specific sectors of the economy. In this kind of financing, the Fund provides credit to youth interested in doing businesses in specific sectors of the economy. To enhance their success rate, the Fund has partnered with experienced players in such fields who provide the needed continuous technical support to the youth. Some of the identified sectors include green-house farming and poultry business.

(iii) Agri-Vijana Loan Product

This is one of the current sector-specific loans. It targets young people keen on undertaking green-house farming. Applicants may apply as groups or individuals, salaried or in self-employment. The fund has partnered with Amiran Kenya Ltd who has been engaged to supply the double Amiran Farmers Kits (AFK). The kits are tailor made to meet young farmers' specific needs. The cost of an Amiran Farmers Kit: Ksh. 385,344. A management fee of 8% is also charged, together with a processing fee of 2%. The applicant is also expected to make an own contribution amounting to 10% of the cost of the AFK. A grace period of 4 months is given, and may be adjusted in case a group is dealing with crops that take much longer to mature and the loan attracts no interest.

To qualify for the loan, one must have access to land, minimum of quarter an acre, which must be supported by documents of ownership and in absence of documents, a written consent from the owner allowing the group/individual to use the said land for a minimum of 3 years. Access to reliable and constant source of water and knowledge or experience in agriculture is an added advantage. Group/individual must be able to raise the 10% of the investment outlay

(iv) Incubator loan product

This product enables young people to acquire egg hatching incubators on credit. Young Kenyans may apply as individuals or in groups, salaried or in self-employment. The loan attracts no interest, is friendly and has negotiable repayment period and monthly instalments. It also offers a 3 year warranty for spare parts and 2 years on labour. Marketing and linkages facilitation for the products is assured and delivery to the nearest town and training on handling of the incubator is offered at no extra cost. Linkage to livestock extension officers/veterinarians is also offered.

The loan amount is 208,530, payable in monthly installment for a period of 36 months. A grace period of 3 months is offered before repayment. The incubator costs Ksh. 198,600, and a management fee of 5% (9,930) is paid up front. To qualify, the group/individual must have electricity and power backup in case of power outages and be able to show evidence of ability to raise 5% of the cost of the hatchery, to be paid up front. An individual borrower must be 18-34 years.

(v) The Credit Guarantee Scheme

The Youth Enterprise Development Fund in collaboration with the National Economic and Social Council stakeholders has developed financial support programs targeting Small and Medium Enterprises owned by youth. The program's products are designed to support youth entrepreneurs who have good business ideas/plan ideas that require financing. The products are accessible to youth who are focused, of good conduct and are willing to undertake to manage their business under the mentorship of experienced entrepreneurs to be able to repay the loan.

Some intermediaries have been identified to provide financial support to businesses that require financial services beyond the thresholds offered by the Youth Enterprise Development Fund. The intermediaries have also undertaken to consider start-ups especially those with innovative ideas and meet minimum requirements. In these arrangement start-ups that cannot access collateral is considered on the basis of credit vetting and compliance. The access and repayment terms are flexible and these include: competitive interest rates and longer time loans among others. Loan products include: Working capital finance; Asset financing; Trade and commercial bills including invoices, LPOs/LSOs financing, performance bonds, bind bonds and cheque discounting; Letters of credit; Transaction liabilities and Execution of contracts.

In order to encourage the Financial Intermediaries to loan to the youth, the Fund is partnering with financial institutions to facilitate easy access to credit under a risk sharing arrangement. This initiative is geared towards unlocking capital in the private sector. Currently, the Fund is partnering with Indo Africa Finance and Rafiki Deposit Taking Microfinance. The Fund has partnered with Financial Institutions countrywide to make it easier for youth to access loans, as individuals or as groups. The Financial Intermediaries include banks, Non-Governmental Organizations (NGOs), Savings and Credit Cooperatives (SACCOs) and Micro Finance Institutions (MFIs). It is worthy to note that the purpose of partnering with FIs is to create service touch point for the fund and leverage on the existing fund structures at the regional and constituency level (YEDF, 2012).

The loan targets all forms of youth owned enterprises whether individual, companies, groups, cooperatives or otherwise; is accessible to any youth owned enterprise operating within the district; The loan is managed by Financial Intermediaries; and attracts interest rate of 8% per annum; Very flexible (soft), if any, collateral required; The loan amount is dependent on the nature of business proposed and the lending terms of the Financial Intermediary. However, the financial Intermediary seeks approval for loan amount exceeding Ksh. 500,000 (YEDF, 2012).

YEDF AS A TOOL FOR EMPOWERMENT

Introduction

This chapter presents findings and discussions on the contribution of Youth Enterprise

Development Fund (YEDF) loans on empowerment of the youth in Kangundo Constituency. It assesses this by considering the activities that the youth were engaged in before and after receiving the YEDF loans. The activities were ranked from the ones that had the least average income profitability per month to those that had the most average income per month. The chapter argues that provision of the loans to the youth has improved their economic status. This it does by providing the means that has enabled them undergo either inter sector improvement, intra sector improvement or by diversifying to two or more sectors. Further the chapter goes on to show that in whichever kind of improvement experienced, training has been an integral factor that determines the extent of this improvement.

The chapter is divided into seven sections. Section one discusses the overall activities the youths were involved in before and after receiving YEDF loans. Section two up to six follows as occupation and training among the youth, specific income generating activities (unemployed, tree planting/vegetable planting, animal rearing, petty traders and untrained teachers) and their trends of improvement. These sections analyses the effects of YEDF loans on the recipients in terms of improvements in their employment status by assessing the income generating activities engaged in. This is done by comparing the status of recipients before receiving the funds and their status after in relation to activities engaged in and income earned monthly. Finally, section seven summarizes the findings presented in the chapter.

3.2 Occupation and Training among the Youth

This section discusses the activities the youth in Kangundo Constituency were engaged in before receiving Youth Empowerment Development Fund (YEDF). YEDF disburses funds in three main ways, the first component was Constituency Youth Enterprise Scheme (C-YES) that funds enterprises of youth groups in all constituencies and gives Kshs 50,000 as seed money. The second component is the Easy Youth Enterprise Scheme (E-YES). E-YES is a constituency based loan intended to finance individually owned enterprises at the group level. It is an enhancement of the current C-YES, graduating the group members to bigger individual loans while supporting individual youth who are in existing businesses and gives Kshs 50,000 to 100,000 as expansion capital.

The third component is through financial intermediaries. These are stream Micro Finance Institutions, Sacco's and selected banks that offer youth focused products. The loan targets all forms of youth owned enterprises, whether individual, companies, groups, cooperatives or otherwise operated within the district and it ranges from Kshs 200,000 to 500,000. These are the main ways that youth in Kangundo Constituency received YEDF loans with the majority having received the first two forms of loans.

According to the findings, 91% of the respondents had received the C-Yes loan as a group while 9% had received the E-Yes loan as individuals. These were the two forms of loans that Kangundo Constituency youth received. Using these loans the youth were able to engage in various income generating activities. The study used these income generating activities and the average income that the activities generated per month to group the respondents into 5 broad categories. These categories were; the unemployed (20%) whose average monthly income was below Ksh 3,000.00, tree and vegetable planters (32%) with an average monthly income of Ksh.2,000.00-6,000.00, animal keepers (17%) had an average of Ksh.4,000.00-10,000.00 per month, untrained teachers (3%) with an average income of Ksh. 10,000.00-12,000.00 per month while (petty) traders (28%) had an average of Ksh.12,000.00-20,000.00 per month as demonstrated in table 1.

Table 3.1: Occupation

Occupation	Unemployed	Tree/Vegetable Planting	Animal Rearing	Untrained Teachers	Petty Traders
Monthly income	Less than Ksh.3,000	Ksh. 2,000-6,000	Ksh. 4,000-10,000	Ksh. 9,001-12,000	(Kshs. 12,000 - 20,000

Source: Study data, 2013

Majority of the unemployed were younger youth (between the ages of 18-25) who did not have a constant source of income, depended on erratic casual jobs to make a living, and had primary education and below. For example, of the unemployed, none had post-high school education while the majority had not completed primary school. The majority of them also lacked formal training and had no professional skills that would have facilitated them get a job. From the findings, the provision of YEDF funds seems to have led to improvement in the activities engaged in and incomes of the recipients generated. This was mainly experienced in three areas. First, was in the area of unemployment which many of the previously unemployed youths categorized themselves as employed. There were also improvements within the same sector while the rest showed improvements that forced them to either switch sectors or diversified to engage in more than one sector.

According to the findings, those respondents who remained in the same sector and expanded in that sector were categorized in the intra-sector; those who remained in the same sector and expanded to other sectors as diversified while those who changed from one sector to another as intra-sector. These changes between sectors were used to measure empowerment of the youth by YEDF.

The table below shows the activities that youth in Kangundo were engaged in before receiving YEDF and the new engagements after receiving YEDF funds.

Table 3.2: The percentages of activities before and after receiving YEDF loan

Activity	Unemployed (Less than Ksh. 3,000.00)	Tree/Vegetable Planting Ksh. (2,000 - 6,000.00)	Animal Rearing Ksh. (4,000 - 10,000)	Untrained Teachers Ksh. (9,001. 12,000.00)	Petty Traders Ksh. (12,000 - 20,000.00)
Before YEDF	20	32	17	3	28
After YEDF	4	20	31	3	42

Source: Study data, 2013

As table 3.1 demonstrates, unemployment rate reduced from 20% to 4%, indicating an improvement rate of 80%. There was also a marked reduction in those that were engaged in tree/ vegetable planting (which was the lowest status occupation) from 32% to 20% while most improvement was witnesses in the highest paid category (petty traders) from 28% to 42%.

After receiving YEDF loans only 4% of the respondents remained unemployed as 42% of them started engaging in petty trading as compared to the previous 28% who were engaged in the same activity. This showed that there was a general trend of improvement among the youths as they engaged in more income generating activities than the ones they were in before receiving YEDF loans. In Kangundo Constituency 73% of the youths had received training either before or after receiving the loans. This was considered ideal for establishing whether first, trained youths engaged in more income generating activities than untrained ones second, among those who were trained, whether those who received financial and business management training were engaged in more profitable activities than those who received general skills training.

This section also highlights that training was a key factor in contributing to the kind of income generating activities they engaged in and their trends of improvement. The study sought to examine the extent to which training as an aspect of YEDF contributes to empowerment of the youth. The following subsections discuss whether training played a role in the income generating activities undertaken by the youth. Table 3.3 below shows the number of youth trained and the kind of skills trained on.

Table 3.3: Demographics of Training among the Youth.

Skills trained	Percentage
Financial management	15
Business management	38
Practical skills	20
None	38

Source: Studydata, 2013

The table above shows that 38% of the respondents had received training on business management, 20% on practical skills, and 15% on financial management while 27% did not receive any training. This accounted for the total 73% who had been trained. The sections that follow will show that this 73% who had received training were more advantaged in making better decisions that improved their lives.

3.3 Unemployment

As table 3.2 above shows, there was a tremendous drop of the number of unemployed youth. This number reduced from 20% to 4% before and after YEDF respectively. This accounted for 80% improvement in the unemployment rate among Kangundo youths. The highest rate of improvement was experienced among the people who were unemployed before receiving YEDF. 55% of the previously unemployed became petty traders which was considered the highest income generating activity, 30% were involved in tree or vegetable planting, while 15% begun animal rearing.

Table 3.4: from unemployed to other income generating activities

Activity	Percentage
Tree/Vegetable	30
Animal rearing	15
Petty traders	55

Source: Study data, 2013

The fact that most of the earlier on unemployed moved to petty trading wasn't coincidental. The respondents reported that the reason they were unemployed was due to the fact that they did not have enough money to start their own businesses. After receiving YEDF loans, the youths had adequate capital to start a business. Most youths also became petty traders because of the quick returns earned by engaging in petty trading. As one of the respondents reported;

> The fact that I was unemployed wasn't my fault. I have never had more than 5,000 shillings at a time that I was required to decide what to do with it. I wasn't going to take an activity like pig rearing that I have to wait for almost six months for them to mature for me to start getting profit. That also goes to things like tree planting which will take a while before I can get profits. I needed an activity that if I start today tomorrow I will have positive returns. That is why I went and bought dry cereals at a cheaper price from farmers and sold them at a much higher profit in the market.

The above position was held by most of the respondents who were earlier unemployed and later became petty traders. Another factor that might explain why the unemployed moved to the highest income generating category was related to training. Majority (60% respondents) of those previously unemployed stated that they were trained before they received YEDF funds.

In Kangundo constituency a number of organizations have been involved in different forms of training (business and financial management, specific skills). In Kangundo, majority of those who were unemployed before receiving YEDF seemed to have received the highest number of trainings (some of them being trained three of four times by different organizations). This might be because since they were unemployed they would have had adequate time to attend these trainings the knowledge of which might have helped them put the YEDF money into the best use. This was well captured by a respondent who said:

> I attended all kinds the trainings being offered to the youth in an effort to find a way to fend for myself. When Equity (Bank) came, I was there, when Amiran came, I was there, when the Youth Officers came I was there and I listened to all they had to say so that I will do well when I got the loan.

About 55% of those who were previously unemployed and started engaging in petty trading had been trained in business and financial management by various organizations. These organizations included, Equity Bank, KCB and YEDF. This explained why most of the youths had the skills to be able to engage in petty trading.

Another factor that might explain why the unemployed moved to the highest income generating category was related to their age bracket. Most of the unemployed youths were below 25 years. Most of these youths were gaining responsibilities for the first time and were willing to take risks in order to make a decent living. According to one of the respondents:

> I married recently, and my wife is expecting our first child. I have not had a job for a long time and I did not want it to be born without me being able to support them. When I got

> the loan, I had to take a risk and start selling fruits in the market so as to support my family.

Unlike the older respondents who weren't willing to take risks in new businesses, respondents below the age of 25 were willing to take these risks in order to first, be able to meet new responsibilities and second, they wanted to make quick money and petty trading provided both ends.

30% of the unemployed youth who moved to tree/vegetable planting after receiving YEDF loan reported that this was the only activity that they would engage in as a group and still make profit taking into consideration that YEDF gave a loan of 50,000 shillings to all new group applicants. According to one respondent:

> We were given 50,000 shillings for 15 people. That wasn't enough money to engage in anything big as a group since we did not want to divide the money as most groups were doing. That is why we started planting trees and selling tree seedlings. At least this enabled us stay as a group and we are saving from the little we get so that we can expand to other activities that generate more income.

83% of the 30% respondents, who were previously unemployed and had moved to tree planting, had been trained. An important observation that was made was the form of training that they received. 60% of these respondents had received tree planting skills which were mainly taught by the Ministry of Forestry. In comparison, it emerged that the youth trained on general business and financial management engaged in high income generating activities than the youths who had been trained in one specific skill.

Animal rearing received only 15% of the earlier on unemployed youths. Most youths said that animals in Kangundo Constituency did not do so well because of the not so favorable climate which is dry most months of the year. Since they were unemployed, they were not willing to take chances on an activity that was probably going to fail depending on the availability of water, land and grazing grass. The respondents said although the activity was very profitable, it was for the groups that were well established and that had enough money saved to supplement when the animals weren't producing enough milk for sale. The 15% who started animal keeping therefore only concentrated on poultry keeping which wasn't as profitable as dairy farming. However, according to the respondents, poultry keeping was more sustainable and predictable as long as you had clients to buy the chicken.

> We were given 50,000 shillings as a group. We couldn't do much with that amount especially when it comes to animal keeping which was our initial plan. Because for 50,000 only we could not buy the cow (jersey or Friesian), buy the feeds and construct the cow shed with the amount. That is why we bought 200 chicks that cost

> 30,000 shillings which were put in one of the member's poultry house for breeding. Hence poultry keeping being our best options in the odds we were in.

3.4 Tree/vegetable planting

Tree/vegetable planting was ranked lowest in the income generating activities. In this category, people engaged in a number of activities including: tree planting (nurseries) and vegetable planting. These activities earned a monthly average income of between Kshs. 2,000-6,000 shillings.

The percentage of respondents who were involved in tree/vegetable planting reduced from 32% of the respondents to 20% of the respondents. Taking into consideration that all the respondents moved to higher income generating activities, it was a 37.5% improvement in the sector. However, a considerable number of the respondents still remained in the sector. This does not mean that they did not improve their lives but they experienced what is called intra-sector improvement.

Table 3.5: Tree planting to other income generating activities

Activity	Percentage (%)
Remained in tree/veg planting	34
Animal rearing	32
Petty traders	34
Total	100

Source: Study data, 2013

34% of the respondents previously in tree/vegetable planting still continued practising the activity, 32% moved to animal rearing, 34% moved to petty trading. An important observation was that most of the respondents remained in the sector. Out of the 20 respondents who were practicing Tree/vegetable planting after YEDF 11 of them had been in the sector before receiving the funds. This means that half of the respondents in this sector did not move. However, this does not mean that the respondents had no improvement after receiving the funds. According to the respondents, most of them who still remained in the sector but expanded their businesses, others who remained in the sector diversified to take on other activities from different sectors but kept engaging on their earlier activities. According to the respondents, what they really needed was capital to expand the businesses they already had established, and YEDF provided this opportunity.

> I have already established my niche in business and I supply to many hotels in the Kangundo and Tala. The only reason I wanted the loan was to expand my business to meet customer demand and also increase income. So when the opportunity of getting the money through my group came I took the money and expanded the business.

Another factor that might have contributed to most of the respondents in tree/vegetable planting remaining in the sector is that most of them had been trained in this skill.

The Ministry of Forestry, Agriculture and Amiran Kenya were the organizations that were cited as being the frontrunners in this kind of training. They trained the youths in agricultural skills (especially vegetable planting, disease / pest control, fertilizer use, tree planting). These were the skills that most of the respondents used to start their businesses before YEDF. So when YEDF awarded them the loans they did not have to move to other activities that they didn't have the necessary skills but rather expanded in the activity they had more skills. According to a Key informant:

> Most of the youths need skills in whatever they are engaged in. in Kangundo, most of the youths haven't been really trained but a few skills in agriculture have been taught that they can positively use. That is why you see most of them not wanting to take risks in new activities that they don't understand or have proof on how it can work. For example, you don't expect a youth in Kangundo to move from planting trees in a nursery an art he knows well to start greenhouse business which he doesn't understand so well.

Those who engaged in vegetable planting remained in the same sector especially because of the ready market for their produce. The proximity of Kangundo to Nairobi ensured a constant demand and ready market for vegetables that motivated those in the sector to want to stay in the business and expand it to meet the demand. The number who remained in tree/vegetable planting can also be explained with the respondents diversifying to other activities. Although the respondents still remained in the same sector they took on other activities from other sectors so as to supplement their income.

A number of reasons can explain this scenario. First, the respondents were not ready to take a leap of faith in a totally new kind of activity; therefore they still retained their initial activity as they ventured into another. This was a way of cushioning themselves against total loss in case the new venture did not succeed. In general, it was observed that although tree/vegetable planting was an activity that did not generate so much monthly income, those who were established in the field felt it was good enough and so no there was no need to move to other activities. According to one respondent who had diversified:

> I know the tree planting business well. Although it does not generate a lot of income I know the trends well. That is why I cannot completely move from the business and start something new. When I got YEDF loans, I started keeping poultry to get more money. When I get to know the poultry market better that is when I will stop tree planting since it doesn't have good money and getting water is a problem. But until then I will engage in both.

Second, most groups that were in tree/vegetable planting were in existence before accessing the loans as compared to other groups that were formed specifically to access loans. This means they already had money saved from their activities. When they got the YEDF funds, they didn't have to leave their normal activity to start another one but just diversified and added another income generating activity to their group. According to one respondent;

> As a group we had saved 25,000 shillings from our vegetable planting and the access to YEDF loans enabled us to start a dairy project which we requested one of our members to keep for us. The YEDF loan together with our savings we purchased a Jersey cow that cost 40,000 shillings, feeds and emergency savings for the veterinary.

Intra sector improvement wasn't the only kind of improvement experienced among the respondents who before YEDF were practicing tree/vegetable planting. 32% of the respondents who engaged in tree/vegetable planting moved to animal rearing. Animal rearing in this category was mainly bee keeping, dairy farming and poultry keeping. However, interesting to note was that all these respondents started keeping poultry and not dairy farming or bee keeping. According to one of the respondents:

> I could not sustain myself and my family on the vegetables I was planting; however with us getting 50,000 as 10 people I didn't have enough money to start anything big. I took the money and started buying chicken at a lower price from homes and selling them at a much higher price in the market. At least this gives me more money than vegetable.

Another factor that could explain why all the respondents who moved to animal rearing took up poultry keeping can be explained with training. Majority of them were trained in this skill. This might have deterred them from moving to activities that needed specific skill like bee keeping and dairy farming. According to one respondent:

> In this area, bee keeping is very profitable, however it needs special training. I could not start keeping the bees without being taught how to handle them as I wouldn't want to be killed. However with no people teaching the youth in this area how to handle that kind of business I had to settle for keeping chicken.

The final 34% of tree/vegetable planting youths moved to petty trading. These youths started small businesses after being given money from YEDF. Interesting, most of the youths who were previously in tree/vegetable planting moved to trading in *"mikonzo*". These are the immature trees needed for construction. According to one of the respondents:

> Before I received YEDF loans I used to plant tree seedlings for sale. However this wasn't bringing in as much money as I needed. When I received the

YEDF loans I didn't want to be doing that anymore, that is why I started trading in the trees. An added advantage was that I knew the tree business well and therefore I have been able to succeed in it."

The move to petty trading by some of the respondents in tree planting can also be attributed to the financial and business trainings they received from YEDF and other financial agencies. 77% of those who were previously in tree planting and moved to petty trading had received training either in financial or business management. Another factor that might have contributed to this change of activity was the age. According to the respondents, petty trading was generating more income which they needed to meet the increasing demand in their lives such as supporting families. 55% of the respondents were aged between 26 to 30 years.

It was also noted that most of these respondents that went to petty trading were members of groups that been in existence before either formally (registered by Ministry of Gender and Social services) or informally (as merry go rounds/*chama/ zangule*). This pre-organization of the groups gave them an upper hand in terms financial stability from their savings and also strengthened the relationship between members. This financial stability was a major contributing factor to why some of the respondents began their own business through their savings and YEDF loan. They therefore had enough capital for their businesses.

It is through proceeds from the vegetable project we had started with YEDF funds together with some additional money from the groups account, that I was able to start my barber shop.

Animal Rearing

Animal keeping was ranked as the second highest income earner among the youth that received YEDF loans in Kangundo Constituency. In this category respondents engaged in activities in the following sectors bee keeping, poultry keeping and dairy farming. Respondents in this category earned between 4,000.00-10,000.00 shillings per month.

According to the respondents, animal keeping in Kangundo constituency is a very volatile business. This is because it depends on a not so steady market, changing weather patterns and a lot of commitment needed in the business. Therefore, those who undertook the activity had to be very dedicated since it needed commitment and risk. Form the findings, it was discovered that 82% of the respondents initially in animal rearing remained in the sector although 43% of these diversified to include other businesses.

Table 3.6: Animal rearing to other activities

Activity	**Percentage**
Remained in animal rearing	82
Petty trading	12
Became unemployed	6

Source: Study data, 2013

Animal keeping was among the two sectors that had the highest rate of intra sector improvement. Most respondents claimed that they had invested too much money and time in their activities to start something new. According to one of the respondents:

> I have spent years keeping dairy cows and selling the milk. Every coin I received I put it into the business. So when we were lucky enough to get the loan I thought of nothing other than to expand my business. Since this has been providing me with enough income I don't have to move to other sectors that I don't know. The YEDF loan was a big help in ensuring that I am able to expand my business to be more income generating

The above position was held by most of the respondents who stayed in animal rearing. Apart from it being an activity that generated good income, it emerged that most of the respondents who improved in this sector were people with a higher level of education. 80% of the respondent who and had intra sector improvement in animal keeping had at least secondary school education and above and had an average age of 26-30. This indicated that most of the respondents who practiced this activity were slightly older and mature youths who were assumed to be more responsible and with more responsibilities in life. According to some respondents this is why most of them didn't want to move to other activities that may or may not succeed and with families to take care of a new activity was too risky to venture into. However, this did not mean that they did not want to improve their lives. This is explained by the large number of respondents in these activities who diversified to other sectors apart from maintaining animal keeping. According to one respondent:

> I have been trading in goats for a long time. I buy goats from farmers all over Kangundo and Tala and sell them to butcheries in the town. This earned me a decent living for a while. When I got the opportunity to get YEDF loans I really didn't want to stop selling the goats. So I just continued with my business but I wanted to increase the amount I get per month. That is why I advised the group we start butchery as a group. The group took my advice and we started butchery as a group that I am the sole supplier of goats to it. This has increased my monthly income a lot.

Interesting to note too was that animal keepers especially those engaged in bee keeping were all trained. This was an activity that requires special skills and expertise. The respondents said that it had taken them years of training and learning the art of bee keeping for commercial purposes that they weren't ready to walk away from the activity. More so taking into consideration that not many people had been trained in Kangundo to undertake the activity, therefore the training was a skill that they wouldn't misuse.

12% of the respondents who were previously in animal rearing moved to petty trading. Petty trading was the best income generating activity. Then it was expected that most people would move there. However, this wasn't the case as most animal keepers still remained animal keepers. However, a point to note was that although some animal keepers moved to petty trading, they started trading in a sector related to animal keeping. According to one respondent:

> I have kept chicken for so many years and I knew it was a profitable business. All I didn't have was enough money to start trading in the business in the market and not just keep them in my home. When we got the loan, we were able to buy a stall in the market from where we trade in chicken. As I was the one who had experience in chicken keeping, I was appointed to be in charge of the stall and so I stop keeping the chicken and now just trade in the chicken instead.

The respondents who had been previously engaged in animal rearing also maintained this position as they engaged in petty trading related to their past activities. The main explanation given to this was the experience in the sector and the training they had received in the previous sector. For example, one respondent said he had been trained in bee keeping earlier on. After receiving the YEDF funds, he had an opportunity to increase the income he was earning. So instead of selling his honey to brokers sold the hives to a neighbour and since he has the art, the neighbour sells him the honey and he supplies it to shops all over Tala to Nairobi.

This section would be incomplete without the 6% who said after receiving YEDF they became unemployed. According the respondent, YEDF had helped in empowering them; however they had not been equipped with sufficient skills to sustain the new activities they undertook. Most of them moved to activities that they had no experience in and further more were not trained in. This helps to highlight the importance of training in the sustainability of activities undertaken by the youth after receiving YEDF loans. According to one respondent:

> Before we were given the loan, I was engaged in keeping chicken. It was a good business and it gave me good money. After receiving the funds I wanted something to give me more money. I sold all my chicken and with the 5,000 shillings I got from the group, I started a small hotel in Tala. For some time it did well but eventually it collapsed. My biggest problem was engaging in a business that I wasn't familiar with. Further, I hadn't received any skills on how to run a good business so I ended up spending all the capital in the business.

From the narrative it was observed that YEDF had indeed improved the lives of the youths.

However, some lacked important skills to enable them sustain the activities they wanted to engage in. In addition to lack of skill, sector shift was a recipe for non-sustainability of an activity.

Petty trading

Petty trading was the activity ranked as the most income generating among the youth in Kangundo Constituency. The youths who were ranked in this category earned between 4,000.00- 20,000.00 shillings per month while engaging in activities that included, kiosk operators, green grocers, fruit vendors, cereal sellers, M-pesa agents, milk vendors, egg sellers, bodaboda operators, salonists and barbers. Before receiving YEDF 28% of the youth were engaged in petty trading, this number increased to 42% after receiving the loans. This accounted for a 50% increase in the respondents who claimed to be engaged in petty trading after receiving YEDF funds.

The table below shows what the youths were engaged in after receiving the YEDF funds. 71% of the youths remained in petty trading after receiving the YEDF funds, 11% moved to tree planting 11% became unemployed while 7% moved to animal rearing.

Table 3.7: Petty traders' trends

Activity	Percentage (%)
Remained in petty trading	71
Animal rearing	7
Tree planting	11
Unemployed	11

Source: Study data, 2013

The fact that most respondents still remained in petty trading was not coincidental. Petty trading was the most income generating activity in Kangundo and therefore aspired most of the respondents. According to some respondents remaining in petty trading did not mean they had not improved their livelihoods. First, the respondents said that YEDF had been a huge aid in helping them expand their businesses. According to one respondent:

> Before receiving YEDF I operated a small kiosk in the neighbourhood. This was a good business; however YEDF gave me an opportunity to expand the kiosk so as to generate more income. After receiving YEDF funds I bought more stock to the kiosk almost making it into a general store. This has been a great in my life as now I am able to achieve many things that I couldn't have earlier own like taking my kids to private school.

Expanding the current business was the one of the paths used by petty traders in an attempt to improve their lives. Second, the most frequent path attempted by petty traders to improve their lives was diversification to other sector generating activities to supplement their income. Out of the 71% who remained in the same sector, 55% of them diversified into other income generating activities like tree planting, animal rearing and starting another business. This means either they took up additional activities to supplement their businesses or they started a more income generating activity. According to one of the respondents:

> After I received YEDF I did not want to expand in the egg selling business because of the increase in competition in the business. Therefore after receiving YEDF loans I decided to venture into poultry keeping. This ensures I also supply the eggs that I sell so as to maximize in my profits. If it weren't for YEDF I could not have diversified so as and in return increase my average income.

In general, most petty traders added animal rearing or tree planting to their activities so as to supplement their income. Apart from retaining their initial business and taking up new activities, some petty traders diversified by starting a new kind of business altogether. This was true especially for youths who were previously involved in petty trade that did not generate as much as they needed or wasn't giving them the status they wanted. According to one respondent:

> I am a kiosk owner. YEDF enabled me increase my stock and start poultry keeping at home. The poultry keeping was a way for me to earn extra money to pay school fees for my daughter. I bought 50 chicks (layers) for breeding and within three months I started selling eggs in my shop and also supplying other kiosks.

Many factors can explain why most petty traders were able to maintain their activities. Important being the levels of training, 80% of petty traders had received training either before or after receiving YEDF loans. Those who had been trained before were the larger percentage. Of the ones who had been trained before receiving YEDF, most had received financial and business management training. This kind of training was mainly given by development partners like Equity Bank and KCB. This would explain why petty traders remained in their usual activities and further expanded the activities.

In addition to training, a key observation was made that would further explain why petty traders were able to maintain, expand and diversify in their businesses. This was alternative sources of capital. 60% of those engaged in petty trading said they had received additional income from other sources. These included, merry-go-rounds, lending Saccos, banks and even individual (especially loan sharks). The additional income was used to further expand their businesses. There was a huge difference from other activities (tree/vegetable planting and animal rearing) which rarely attracted additional income from other sources. This gave petty traders the edge to be more stable in the businesses they undertook. In connection to them receiving additional income, respondents practicing petty trading were also people who had been in groups for quite a long time. YEDF has been in existence since 2007. This makes it almost 6 years old. Most groups are also 6 years in existence as they were formed specifically to access the YEDF funds. However, among petty traders, their groups had been in existence for a longer time than 6 years. 70% of petty traders said their groups had been in existence for over 10 years. According to one respondent:

> Our groups name is *Osavinya* Youth Group; we started in the year 2000 as a merry go round, we used to contribute 50 shillings weekly to a group account. The savings were used to loan members in time of emergencies with a 10% interest rate and at the end of the year we share the savings amongst ourselves. This gave us the stability needed when it came to applying for the YEDF funds

This was a sharp contrast to other respondents who had not been in their groups for a long time. Furthermore, after receiving YEDF funds these respondents said they divided the money and each started individual endeavours that ended up failing in most cases.

Apart from the respondents who either remained and expanded or diversified to include other income generating activities, 7% of the respondents started rearing animals. Although animal rearing is ranked lower that petty trading in terms of average income generated per month, these respondents said they had not gone down the income ladder as they were generating almost the same income as they did in their earlier activity. However a more fundamental observation made was that all the respondents who started animal rearing after receiving YEDF funds had been earlier on employed by others and now were self-employed. According to one respondent:

> Before I received this loan I was working as a trader in cereals. However, this wasn't my business as I had been employed by somebody else. When I received the loan I started my own business and now I keep chicken and goats for sell. It may not be as big as the earlier activity but at least I am my own boss. This gives me flexibility to engage in other activities which really saves me time.

The above statement highlights a very important observation made in the field. This was that improvement wasn't only in the average income the youths got. Improvement was also experienced if the respondent also improved in status especially from being employed by other people to being self-employed. YEDF's provision for an avenue for the youths to attain self-employment through starting own businesses was a huge improvement accorded to the youth through YEDF funds. The above notwithstanding an important underlying factor that would have accounted for the movement of the respondents from petty trading to animal keeping was training. 50% of those who moved from petty trading to animal rearing had been trained. More specifically these respondents had received training on specific skills that had, according to one respondent, been a great influence in making the shift from petty trading to animal rearing. In their own words:

> You see I didn't want to be selling vegetables anymore, but then I did not have sufficient skills to engage in anything competitive, so when we

> received training before being given the loans I took the opportunity so as to learn how to engage in profitable dairy farming. When we were taught I saw it was a good venture and so stopped what I was doing and started dairy farming.

This illustrates that training was a major factor in contributing to the kind of activities the respondents engaged in after receiving the loans.

11% of petty traders started tree/ vegetable planting after receiving YEDF funds. In the income generating ladder, this was considered a regression in their status. According to the respondents tree planting and vegetable planting was a more sustainable endeavour than petty trading. This was especially true to those petty traders, who were engaged in small businesses like selling sweets on the streets, In general, the activities they were engaged in although high in the income generating ladder did not generate much income. This motivated them to move to tree planting which even though was lower in the ladder was generating more income than the earlier activities engaged in.

All the above notwithstanding, there was some respondents who said they became unemployed after receiving YEDF. This accounted for 11% of the respondents. Our argument is that YEDF funds improved the lives of the Youth in Kangundo and in essence therefore empowering them. However, this group cannot be overlooked as they did not improve after receiving YEDF. This was an interesting group to observe as it highlighted the fault-lines in YEDF's attempt to empower the youth in Kangundo Constituency. According to one respondent:

> Before receiving the loan, I was a street vendor selling assorted goods by the road side. After I received the loan I opened up a small stall for my goods. However, this did not work out because of the high competition from established kiosks in the area. The money wasn't enough for me to be able to compete with other traders in the field.

The statement above underscores a very important aspect of the funds. Whether 50,000 shillings for the group was sufficient money to enable the youths engage in activities that were sustainable in the long run especially taking into consideration that they were limited to specific activities because of the amount of money given.

Untrained Teachers

From table one it can be observed that before receiving YEDF 3% of the respondents were untrained teachers (PTA teachers). After receiving YEDF the number still remained the same. In this category the earnings were from Kshs. 10,000.00-12,000.00. The fact that none of the untrained teachers moved to other sectors wasn't coincidental, this is because teaching was an established professional that generated decent income and therefore not one that respondents were willing to forego. However, this does not mean that there was no improvement among the respondents in this category. All the respondents in this category diversified by taking up new activities to supplement the income received from teaching. Important to note was the kind of activities undertaken after receiving the loans. All untrained teachers took up tree planting as an additional activity. According to them, tree planting was less time consuming as compared to other activities like petty trading. This gave them enough time to engage in their normal activity (teaching) and take care of the trees in the evening or during the weekends. According to one of them, "by engaging in tree planting I have been able to continue with my normal duties as a teacher and at the same time earn extra from the new venture."

3.8 Conclusion

Providing youths with YEDF loans has provided them with a platform for improvement by increasing their income. Youths have the option and means for getting seed money so that they can engage in income generating activities. This has reduced the levels of unemployment among the youth and has also improved the lives of those who were engaged in activities that did not generate as much income before. However, sustainable empowerment of the youth is undermined by the stagnation of the activities youths have taken up because of the insufficient amount provided. The aforementioned notwithstanding, YEDF loans have empowered the youths.

YOUTH EMPOWERMENT

Introduction

This chapter presents discussions on the extent to which loans provided by Youth Enterprise Development Fund (YEDF) have empowered the youth in Kangundo Constituency. The chapter argues that empowerment took place in two main forms: group empowerment and empowerment that occurred at the individual level. Group empowerment occurred when individual shared their knowledge, skills and experience for the success of the groups while individual empowerment occurred when there was an improvement of their lives (as individuals) due to YEDF.

4.2 Group Empowerment

Youth Enterprise Development Fund was established in an attempt to financially empower the youth for them to be self-reliant. The youths were encouraged to take loans in groups of 10 to 15 members and repay after or within 12 months. After the group has repaid the initial loan of Kshs 50,000, individuals from the group become eligible for an individual loan of up to Kshs 100,000. However, this loan is to be awarded to individuals and not in groups. Table 4.1, shows the repayment trends among the respondents, with 93% having paid the first initial group loan and 7% not yet repaid. The findings of repayment trends among groups showed a success rate indicating that group empowerment occurred.

Table 4.1: Repayment Trends

Period of Repayment (Months)	Percentage of Respondents (%)
5	13
6-8	12
9-11	17
12	51
Not yet paid	7
Total	100

Source: Study data, 2013

Interesting to note was that most respondents did not want to take the individual loans YEDF was providing, but rather suggested that they be given the loans still in groups. The respondents said that in groups there was enhanced participation by all stakeholders which played a huge role in achievement of individuals' and group goals. Collective business engagement, marketing support and business linkages all contributed to the respondents saying they preferred engaging in groups than as individual entities. In general three main factors may have contributed to empowerment happening more in groups as compared to individual empowerment.

Social Network: Before receiving YEDF youths were required to be in groups. In the groups they were part of a supportive "Social network" The supportive resources may have included emotional e.g. nurturance and encouragement especially when ones endeavours weren't doing so well, tangible e.g. Financial assistance when one needed extra income for personal use like a funeral or wedding. The group was always willing to go an extra mile to support the member, provide information when they was a new venture that one member knew, it would be shared to the group for all to share and benefit. Through Social support the youths had the perception that one had assistance available, they actually received assistance and all this was available through the group.

Social Capital: The groups enabled the members to work together for common purposes (social capital). Through cooperation among the members, each member contributed at least something different and unique to the group that was essential in their endeavours. For example, most respondents' educational level was below secondary school, this would mean that most had difficulties in reading and understanding the concepts however, there were group members who were literate and they helped the others when they were being trained. This ensured that knowledge was transferred to everybody in the group.

Incubation period: Most important of all, was that groups acted as safe havens for group members to develop themselves in a controlled environment with limited changes (incubation period). This may have been because of the collective business engagement that the groups were involved in, marketing support from other members and business linkages established through the groups' endeavours ensured that success was almost assured in a group other than as an individual hence making empowerment in groups more than as individuals.

Individual Empowerment

Individual empowerment occurred in two forms economic and social empowerment. Each of these forms of empowerment had various indicators that were identified to measure empowerment. This section discussed each of these forms of individual empowerment and the indicators that were used to identify them.

Table 4.2: Indicators of Individual empowerment

Individual Empowerment	Economic Empowerment	Increase in income
		Mobility from lesser to more income generating activities
		Becoming employers
		Access to more resources

		Control over resources
		Diversification of Product
		Expansion
		Inter-sector migration:
	Social Empowerment	Change in attitudes/Status
		Ability To take up more family responsibilities

Source: Study data, 2013

Economic Empowerment: YEDF was specifically created to economically empower the youths by providing seed money to jump start their businesses. This is the improvement of individuals economic status and it is considered in terms of increase in income which can be achieved through, movement from a lesser to more income generating activity, product diversification and being able to access addition resources (ability to borrow loans).

Increased income: According to the findings, 95% of the respondents had an increase in income from the activities they engaged in after receiving YEDF. The increase of income is considered as any increment of earnings from the activities engaged in. The findings of the study established a positive trend is that YEDF enabled the youth to engage in more income generating activities by providing them with start up capital (seed money). Also for groups that had been in existence before YEDF as *vyama, zangule* or merry go round and had well organized structures used the YEDF loan as additional capital to their previous savings to invest and expand their income generating activities enabling them create employment. These groups were involved in income generating activities such as tree planting, animal rearing which if done in large scale requires skilled and huge labour.

Mobility to lesser to more income generating activities: The move from a lesser to more income generating activity was also used as an indicator to economic empowerment. The findings confirm that there was a movement of the respondents from lesser to more income generating activities after receiving YEDF. As Table 3.1 in chapter 3 shows, before YEDF there were 20% unemployed while after YEDF the number reduced to 4%. This movement of the unemployed can be traced to tree planting, animal rearing and petty traders as indicated in table 3.2. This trend can be used to establish the economic empowerment YEDF is giving the youth in Kangundo Constituency.

Becoming Employers: Apart from YEDF contributing to the change of attitude among the youth as an indicator of social empowerment, YEDF also empowered the youth to be responsible and become employers. This was especially the case in respondents who were engaged in more than one activity. Among those who diversified most of them said that they were not able to engage in the two activities as the same time. This meant that they had to employ another person to handle the other activity and in the process creating employment for one or more people. This gave the youths more responsibility as employers and therefore empowering them. Additionally, with employees the respondents were able to manage their time more and be involved in other gainful activities.

Access to more resources: YEDF was meant to provide seed money so that the youths would be able to start engaging in income generating activities. This is why the government gave

50,000 shillings. This money was meant to act as a start-up fund to enable the youths to better their lives. After YEDF most respondents said they were able to start small businesses with the money they had received. After that, they had collateral to be able to access more money and loans from other institutions. According to one respondent:

> Before I received the loan I had nothing to my name. After receiving the loan I started selling phone accessories, although it was something small. The advantage was that I was able now to borrow from a local Sacco to expand my business. If it were not for the initial amount I had received I couldn't be here at all.

This illustrates the position held by most respondents who said that YEDF had availed a platform for them to be able to access resources from other financial institutions and therefore empowering them. The engagement of income generating activities by the youths gave them an ability to access more resources from other financial institutions such as banks and micro-finances. This ability to access resources occurred when the individuals got active bank accounts with financial stability that enabled them to borrow loans. The consistencies of earnings from these individuals become the collateral. Also for groups that had been in existence before YEDF as *vyama, zangule* or merry go round, and were well organized, they used the YEDF loan as additional capital to their previous savings as security to their members in acquiring personal loans from the group itself. The group acted as lenders to its members thus earning from the interest of the loan.

Control over income: Apart from YEDF being able to enable the youths generate more income, it also provided avenues for the youth to have control over their income. This was true especially since it was a requirement for the youth groups to have a bank account. Through the bank account the youth were able to control the savings and withdrawals from the account and in the process being able to control their income.

Once the group had a bank account which was a major prerequisite for qualifying for a loan, development partners took the opportunity to train the youths on different bank facilities accessible to the youth especially the low income earners. According to the respondents this made it easier for them to be able to save the little money they had and be able to track the savings and be able therefore to control the spending. This to a large extent empowered them and made them have control over their income and hence youth empowerment.

Product diversification: Diversification was the one way of increasing income generated in an attempt to financially empower the youth of Kangundo. Out of the 100 respondents interviewed for the study, 17 of them diversified and added new kind of activities to the activities they were engaged in before receiving YEDF. Interesting to note was that diversification was experienced in two activities, petty trading and animal rearing. This could be due to the fact that the two activities were the ones with most income generating potential in Kangundo and therefore respondents in Kangundo preferred having additional activities to the ones they were already engaged in to supplement their income.

Expansion: YEDF also empowered youths in that it gave them an opportunity to be able to expand their businesses. This was especially true for respondents who had lacked sufficient income to expand their activities earlier on. 33 out of the 100 respondents interviewed said they had been able to expand their businesses after receiving YEDF. Expansion of business meant increase in income generated. This empowered them further.

Social Empowerment

Social empowerment was seen in the change in attitudes/status. Apart from YEDF being a financial enabler, it played a significant role in social empowerment of the youths. After receiving YEDF, most respondents' attitude was changed from those of "beggars" of welfare to those of determinants of their welfare. This change of attitude was mainly due the responsibility the loans brought with them, most important being repayment and time constraints attached to the repayment. This ensured that the youths were pro-active to ensure that they met the conditions set for the loan and be credit worthy for further loan facilities. This in essence empowered them as they became active in personal development. Some of the youths changed in status by being self-employed and not employees as before while others became employers.

Social empowerment was also seen in the ability to take up more family responsibilities**:** The youth were able to make small and large purchases for themselves and families which included food, taking their children to better schools and even buying plots with the profits generated from their income activities. In addition, they also became involved in making major decisions in the family.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary

Youth Enterprise Development Fund transformed the policy framework in the management of youth unemployment. This was an attempt to provide ample environment for youth empowerment. It is argued that YEDF would provide capital to young people leading to establishment of their own businesses that would translate to empowerment for the youths. This necessitated disbursement of loans to various constituencies in the country. As at the time of data collection, there were more than 159,000 youth groups that have received loans representing loans of over 5.9 billion shillings. This translated in the creation of over 300,000 jobs over 5 years and training of over 200,000 youths (YEDF 2012).

YEDF loans have managed, albeit at a slow pace, to overcome societal deficiencies by way of, reducing levels of youth unemployment, attracting and facilitating investment in micro, small and medium enterprises, facilitating marketing of products and services of youth enterprises, provide loans for on-lending to youth enterprises, training of youths among others. However, inadequate financing and poor capacity in the entity limits YEDF achieving all its objectives. C-YES is by far the best performing YEDF product in Kangundo Constituency with regard to recording a positive trend to the identified indicators of empowerment.

The sector has opened business opportunity for youths at the constituency level.Tree/vegetable planting, animal rearing and petty trading are the main activities for Kangundo youth. Due to the fact that there is no interest charged on C-YES and the few conditions attached, YEDF has improved the livelihoods of youths in Kangundo and therefore empowering them. However, due to the limited funds given, the sustainability of activities engaged in isn't guaranteed and are in limited sectors. This in the long run may lead to regression in the livelihoods of the youths. Nevertheless, the continuous disbursement of the loans and training undertaken has led to the empowerment of the youth in Kangundo Constituency.

Conclusions

In theory, it is argued that youth funds foster and promote entrepreneurship especially in micro, small and medium enterprises which translate to creation of jobs and skill development leading to empowerment among the youth. This is highlighted by the number of jobs YEDF has facilitated since its inception and more importantly the training it has undertaken in various parts of the country. However, there has been reservation whether youths can be empowered through youth development funds. This thought is premised on the fact that, the money offered by YEDF is ideally just seed money to start-up businesses and therefore employment created through the funds isn't sustainable unless the businesses pick up and the youths get additional funding. However, the long period of accessing and conditions attached to subsequent loans that are individual, paint a bleak future in youth fund therefore, compromising continuous and sustainable empowerment of the youth. This is what informed the study's first objective, to examine the contribution of YEDF on youth empowerment.

At the onset of awarding YEDF loans to the youth, the government was mandated to train the youths in order to impact valuable skills in preparation for the loans they had received in a bid to make the loans more effective to the youth. Training consequently further improves the levels of skills that the youth possess which can further make empowerment more sustainable. Training of the youths by the government and other development partners formed the intervening variable of the study.

This study found that YEDF has introduced maximum advantages in an attempt to make the lives of youths better in line with empowerment. Another finding was that YEDF has reduced the number of the unemployed youths in Kangundo Constituency. Youth had taken up a number of activities with the money given, creating jobs and therefore empowering themselves. These findings confirmed the study's hypothesis that provision of YEDF loans leads to empowerment of the youth.

The continued empowerment of the youth is further validated the increase of the youth trained. Upon the inception of YEDF in Kangundo Constituency, the study found the government to have conducted numerous training exercises in an attempt to instil required skills for sustainable individual development among the youth. In the same breadth, development partners also conducted training to instil more skills to the youths. The levels of improvement experienced in Kangundo are therefore due to provision of the factors required for success. Training offered has exposed the youths to options that can be undertaken in order to be self-reliant and improve their lives. This has greatly contributed to efforts of empowering the youth. Continuous training which the youth need for to further improvement in their livelihood, confirmed the literature review: a study conducted in Nigeria revealed that empowerment of youth through vocational training contributed to positive change in their socio-economic status (Olize J. et al, 2009).

Findings from this study revealed that provision of funds to the youth in an attempt to empower them is worthwhile. The study concluded therefore that, YEDF has improved the lives of the youth in significant levels and therefore empowering them. In the same scope, the improvement of the youth has not translated sustainability of the activities undertaken because of the inadequate amount of money given.

Recommendations

Provision of YEDF loans in Kenya is still an ongoing process which has had varied impact on many youths. The envisaged effectiveness and improvement among the youth is far from being achieved. A number of gains and challenges have been identified. To strengthen the process and further continuously empower the youths, the following recommendations were made in view of the study findings.

1. The study recommends for increase in the amount of money given to the youth so that the youths can venture into diverse activities that require more money and sustain their activities. These measures would greatly reduce possibilities of failure in their businesses due to lack of money.
2. Success of the youths is experienced more in groups than as individuals. It is recommended that there should be continued efforts to give loans to groups as requested by the youth and not to individuals as the government requires. The government and the youth should work together so as to find the most effective product per situation. Those who want to receive additional loans as groups after the initial amount should be allowed to do so and those who want to receive individual loans after the initial amount as individuals should also be considered.
3. Further training for the youths is conducted for sustainability of their businesses and continuous improvement in their lives to further empower them.

Suggestions for further areas of research

The study recommended the following topics for further research.

1. To examine the viability of YEDF as a tool for tackling youth unemployment in Kenya.
2. A comparative study between group funding and individual funding method of financing youth businesses by YEDF.
3. Factors influencing uptake of Youth Enterprise Development Fund loans.

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