

**CHALLENGES AND OPPORTUNITIES OF YOUTH
ENTERPRISE DEVELOPMENT FUND IN EMPLOYMENT
CREATION IN KISUMU WEST SUB-COUNTY**

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ABSTRACT

This paper establishes the challenges and opportunities of youth enterprise development fund on employment creation for youths in Kisumu West district. The study adopted a descriptive survey design. A sample of 30 youth groups was selected out of 45 groups in the district through random sampling technique. Three hundred and eighty four (384) youths have been sampled by the study that was also picked randomly to ensure that everybody had a chance to be selected for the study. Stratified random sampling was used to select clusters which include youth groups, youths and government officers. The study found out that YEDF led to growth of business enterprises, creation of employment, improved livelihood, efficiency in financial management through checks and balances. In addition, YEDF was found to face challenges such as inadequate funding, lengthy disbursement procedures, and inability of youths to pay back loans among others. The study recommended that the disbursement process be shortened, funding be increased and more awareness be created to sensitize youths on the importance of the fund.

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INTRODUCTION

Having a job provides a person not only with a source of income but also a basis for dignity and self-respect. To be leaders in the context of their families and in the broader community, young Africans need to find a decent job. However, young people have a hard time in African job markets; with inadequate education and skills and few opportunities, most young Africans face a future of low-wage employment, unemployment and underemployment. An increasing youth population adds to the pool of job seekers every year, worsening the situation (KEEF, 2000). Young Latin American women also face particular barriers in the labour market, much of which is attributable to cultural attitudes towards them. The expansion of employment opportunities is far below the growth in the youth population because of a lack of appropriate technologies and investment (Henderson and Robertson, 1999). For example, Africa's continued dependence on rain-fed agriculture causes much underemployment among rural youth for most part of the year. With little access to land, these youth lack educational, economic and cultural opportunities. As a result, young people consciously decide to move to the towns in the hope of greater chances for employment, as well as a more exciting life, causing massive urban drift. This is attributable to the lack of a comprehensive policy to provide a blue print for youth development in most developing countries (UNDP, 1999). Beyond this, it can be further attributed to the lack of a clear coordination mechanism for the myriad of actors in youth development, a poor macro-level monitoring and evaluation mechanism and the fact that youth is a transitional stage and hence issues affecting one generation may necessarily affect subsequent generations, as well as macro-level factors in governance and economic management. Most citizens and organizations have focused on demanding accountability from Government with regard to the use of public resources. Yet, there is no systematic indication of how much has been ploughed in to youth development over the years to address these problems and by which actors (KEEF, 2000). In Kenya for instance, there are numerous questions raised with regard to the number of new jobs created based on the Ministry's Marshall Plan of 740,000 between 2009 and 2012; the number of new businesses established with support from funding of the Youth Enterprise Development Fund; the demonstrable benefits to youth by the creation of the Ministry of Youth Affairs on key socio-political aspects in youth development – how much of the 2009/2010 budget for instance was allocated for youth development programmes; among others (GOK, 2002). Also important is to provide public information on any loans taken by the Government towards youth

development as well as other sources of funding to youth development in Kenya on a large scale that compliments the efforts of Government. In the first quarter of 2010, it is known that the United States Government committed approximately US\$45 million towards youth development programmes primarily around governance and economic empowerment. This is in addition to funds for reproductive health and HIV/AIDS programmes that similarly target youth; the World Bank has committed approximately US\$50 million dollars largely for economic livelihood initiatives. This is in addition to other ongoing programmes under the Community Driven Development initiatives in where for instance there is US\$ 1 million earmarked for youth in Western Kenya. There are several other actors including UN agencies, the Government of Japan and other non-state actors such as foundations, trusts and NGOs that support youth development efforts in Kenya (KEEF, 2011). Many young people do not take advantage of the financial and technical resources available for youth development sometimes for the simple reason that they are not aware of the vast and diverse resources available to address their needs. But whose role is it to monitor the impact of the investments in youth development programming? There is no single source of information on funding for youth development programmes, the sectors they support or the impact of the funding or programmes (Collins and Moore, 1970). How then can progress be measured on whether the various interventions that address the myriad of problems facing young people are indeed responsive and contribute towards overall poverty reduction among youth in Kenya? With the National Youth Policy in place, do all youth development programmes make reference and address the issues therein? Who ensures that this happens? What are the measures of success with regard to the high areas of investment in recent years including the focus on creating new jobs through promotion of youth enterprise; increase support for youth friendly reproductive health services; increased civic education and participation in governance and social accountability; high cost of education, poor returns on investment in education and high dropout rates – have these reduced the rates of poverty among youth? It is estimated that there are approximately 16,500 community based youth groups in Kenya. There are thousands other youth organizations registered as trusts, foundations or non-governmental organizations that work across the country. Have the investors in youth development sufficiently reached young people across most parts of the country or are there areas that remain underserved? Who enforces coverage to ensure a balance in youth development programmes? The reason we are likely not to witness any significant reduction in poverty levels is because of

weak institutional and research capacities. When proposing youth related interventions, where should our point of entry be? The government should not just jump into implementing programmes without identifying needs and gaps. The entry point of every youth programme is anchored on certain priorities of young people largely determined by the predominant thinking at the time or research to identify needs and gaps. The main concern is that these trendy trends result in near neglect of other aspects for youth development - both in terms of geographical coverage and sector based support as well as non macro level reflection of the impact/benefits of the financial and technical investments in youth development. In the same way that Governments and Development agencies conduct research and develop policy there should be a high premium in monitoring implementation efforts to address the research gaps and recommendations and issues identified in the policy documents. Only in doing so, will there be any measure of progress by state and non-state actors (www.Yipe.org). There was a time for promotion of community service and in Kenya for instance this was demonstrated in the immediate post independence period with the creation of the Department of Social Services and registration of groups as well as the expansive work of such organization as the YMCA, YWCA, St Johns and Red Cross with young people. In recent years, there is focus on reproductive health (HIV/AIDS in particular), governance and enterprise. Support to youth groups was to increase their participation in reform efforts through civic education programmes with support from local NGOs funded by international agencies. The current drift is towards enterprise and employment. But what is the measure of success? Which practices are deemed to have worked? How and where does one gather this information? Should we not mandate the Ministry of Youth Affairs in Kenya or the National Youth Council, once it is established to collate this information?

RESULTS

OPPORTUNITIES AND CHALLENGES

Table 4.12: Response of the youth on effect of YEDF on life

If yes, state reasons n= 204	f	%
▪ Created employment	34	16.7

▪ Empowers youth	24	11.8
▪ Members take loans from the group to employ themselves	21	10.3
▪ Encouraged development of small businesses and promoted business expansion	19	9.3
▪ Reducing poverty due to self employment	18	8.8
▪ Creation of many business opportunities for many youths	16	7.8
▪ Reduced crimes has led youth to get involved in projects	14	6.9
▪ Reduce risk of idleness due to self employment	12	5.9
▪ Reduced food shortage	8	3.9
▪ Youth plan their future	7	3.4

The introduction of the fund has therefore led to improved livelihoods and increased turnover in sales. The study further noted that YEDF had benefited the community in a number of ways including: providing funding and business development services to youth and youth owned enterprises. This has created temporary or employment to some of the youths which in-turn has improved the income generating capacity of the groups; the fund has supported micro, small and medium enterprises to develop linkages with large enterprises thus widening markets of products and services. This has improved the sales and provided the platform for networking and marketing; Some groups have benefited through greenhouse kit (*Agri Vijana*) loan which has improved the horticulture farming thus increasing the supply of horticultural products like tomatoes etc.; Many youths have been trained in entrepreneurship and agribusiness; The fund has facilitated employment of young people on the international labour market through the structured labour export scheme through its Youth Employment Scheme Abroad programme. Finally the study realized that there were some specific projects that created opportunities for the employment of the youth. These job creating projects were as shown in Table 4.12 and 4.13 according to the youth and youth group leaders respectively.

Table 4.13 Response of the youth on Projects which Created Opportunities for Employment

<u>Projects which Created Opportunities for Employment n= 204</u>	<u>F</u>	<u>%</u>
▪ Poultry Farming	61	29.9
▪ Mixed Farming	54	26.5
▪ Tree Planting	41	20.1
▪ Fishing	23	11.3
▪ Tent For Hire	23	11.3
▪ Boda Boda	21	10.3
▪ Kinyozi	19	9.3
▪ Horticulture	18	8.8
▪ Brick Making	16	7.8
▪ Motorcycles	15	7.4
▪ Kiosks Trading	13	6.4
▪ Table Banking	13	6.4
▪ Mobile Phone Charging	11	5.4
▪ Saloon	10	4.9
▪ Tailoring	10	4.9
▪ Bee Keeping	9	4.4
▪ Goat Rearing	7	3.4
▪ Cybercafé	6	2.9

- Welding

6

2.9

The results in table 4.12 shows that the leading projects which created opportunities for employment were poultry farming 61(29.9%), followed by mixed farming 54(26.5%), tree planting 41(20.1%), fishing 23(11.3%), tent for hire 23(11.3%), *boda boda* 21(10.3%), *kinyozi* 19(9.3%) and horticulture 18(8.8%). While according to the youth group leaders, as indicated in Table 4.13 the leading projects which created opportunities for employment were; motorcycle business 11(47.8%), followed by poultry farming 9(39.1%), small scale farming 8(34.8%) *kinyozi* 6(26.1%), car and phone charging battery 6(26.1%) and donkeys have created jobs for five boys 4(17.4%).

Table 4.14: Projects which Created Opportunities for Employment according to youth group leaders

<u>Projects which Created Opportunities for Employment</u> <u>n= 24</u>	<u>Frequenc</u> <u>y</u>	<u>Percentag</u> <u>e</u>
▪ Motorcycle business	11	47.8
▪ Poultry farming	9	39.1
▪ Small scale farming	8	34.8
▪ Kinyozi	6	26.1
▪ Car and phone charging battery	6	26.1
▪ Donkeys have created jobs for five boys.	4	17.4
▪ Brick making and construction	3	13.0
▪ Fishing	3	13.0
▪ Horticulture	3	13.0

▪ Bee keeping	2	8.7
▪ Selling cereals	2	8.7
▪ Rearing of dairy goats by members	2	8.7

Study findings revealed that YEDF had effect on employment creation and income generation in a number of ways including; many youth and youth groups received loans from the fund which has enabled them start income generating projects and provide temporary and casual employment and through issues of *agrivijana* loan (greenhouse kits) have enabled groups to carry out horticultural farming. This has engaged casual employees in the farms and sales of the products. The introduction of the fund has therefore led to improved livelihoods and increased turnover in sales.

Effectiveness of institutional financing strategy for youth enterprise development fund in employment creation in Kisumu West Sub-county

The third research question was: Is using institutional financing an effective strategy of youth enterprise development fund in employment creation in Kisumu West Sub-county? In order to answer this question the youth were asked to respond to the question; Are you aware of the procedures of getting youth enterprise development fund? Consequently, 175 (85.82%) indicated that they were aware of the procedures of getting youth enterprise development fund while 23(11.32%) of them were not aware yet the 6(2.92%) did not respond to this question. Among the youth who indicated that they were not aware of the procedures of getting youth enterprise development fund, they went further to give the following reasons in Table 4.14 that lead to their lack of knowledge on the same. The government should device a way of informing the youth in this sub-county on the availability of YEDF and procedures of acquiring it.

Table 4.15: Youths’ reasons for lack of awareness of procedures of getting youth enterprise development fund n= 204

Youths’ reasons for lack of awareness	f	%
▪ Because they don’t let us know	8	3.9

▪ Am still new in the youth group	7	3.4
▪ Haven't applied	3	1.5
▪ This is because I just found myself being employed through another person	3	1.5
▪ Non response	2	1.0

According to Table 4.14, the youths' reasons for lack of awareness of procedures of getting youth enterprise development fund were; because they don't let us know 8 (3.9%), some still new in the youth group 7(3.4%), others had not applied 3 (1.5%).

In this study the youth opinion on criteria for awarding loans to groups was investigated and results shown in Table 4.15.

Table 4.16: Youth comment on criteria for awarding loans to groups (n= 204)

Youth comment on criteria for awarding loans to groups n= 204	Frequency	Percentage
▪ Amount is less, it should be increased	52	25.5
▪ Procedures and rules are too difficult reduce legal formalities	32	15.7
▪ Banks interest rates are too high	26	12.7
▪ Should be accessible to all youths to create employment	24	11.8
▪ Criteria minimizes theft cases	13	6.4
▪ Money given to the group should be shared equally	12	5.9
▪ Amount given should be based on projects proposals	11	5.4
▪ Application takes long	10	4.9
▪ Loan awarding to the groups should be signed before being issued	6	2.9

Table 4.15 reveals that leading comments on criteria for awarding loans to groups were that; the amount is less, it should be increased 52(25.5%), procedures and rules are too difficult, reduce legal formalities 32(15.7%), banks interest rates are too high 26 (12.7%) and should be accessible to all youths to create employment 24 (11.8%).

Majority 121(59.32%) of the youth liked the approach of the youth enterprise fund targeting mainly, cooperative societies and groups not individuals while 70(34.32%) did not like the approach.

Table 4.17: Youths' reasons why they don't like the approach of the youth enterprise fund targeting mainly, cooperative societies n= 204

Reasons	Frequency	Percentage
▪ Loan recovery is difficult in the event a project collapses since no particular individual can be approached	32	15.7
▪ Groups and co-operatives are made up of many members which overlooks specialization	24	11.8
▪ The sustainability of the projects is in doubt since there is no sense of ownership	9	4.4
▪ Non response	5	2.5
Total	70	34.3

Loan recovery is difficult in the event a project collapses since no particular individual can be approached 32(15.7%), groups and co-operatives are made up of many members which overlooks specialization 24(11.8%) and the sustainability of the projects is in doubt since there is no sense of ownership 9(4.4%). Similarly majority of the youth 145(71.12%) were of the opinion that banks do have the capacity to distribute the loans being the main conduits identified by government to issue loans from the YEDF. However, 48(23.52%) of the youth were opposed to this view. The many youth leaders 16(69.62%) were of the opinion that banks do have the

capacity to distribute the loans. The youths who were opposed to the view whether banks do have the capacity to distribute the loans had the following reasons as shown in Table 4.17.

Table 4.18: Youths’ reasons for opposing banks to have the capacity to distribute the loans

Reasons	Frequency	Percentage
▪ Banks charge high interest rates	16	7.8
▪ Many procedures in banks	12	5.9
▪ Banks are not ready to follow their rules.	8	3.9
▪ It’s because banks are not under enterprises	6	2.9
▪ Banks are after profits and not development of youth, unlike YEDF	3	1.5
▪ Banks look at business and development, YEDF look at development and sustainability	3	1.5
Total	48	23.5

According to Table 4.17 the youth had the following reasons for opposing banks to have the capacity to distribute the loans in order of significance; First; banks charge high interest rates 16(7.8%), Many procedures in banks 12(5.9%), Banks are not ready to follow their rules 8(3.9%), It’s because banks are not under enterprises 6(2.9%). Similar views were shared by the youth leaders as 12(52.24%) of them cited high interest rates, 11(47.8%) blamed them for only being interested in making profit, another 7 (30.4%) mentioned that bank process is long, while the other 5(21.74%) said that the rules in banking are very stiff. It is obvious from these findings that there are many legal procedures that act as a hindrance to acquiring loans more so since the fund is disbursed through banks and cooperatives who subject youths to an even stricter credit worthiness assessment that lock many youths out. The government should reduce the legal hurdles to make the funds accessible to needy youths. Most of the institutions which agreed to offer YEDF loans to individual youths have received a lot of complaints from youths who have termed the conditions to be so hard on them. Even though there are few success stories from youths who have benefited from the fund, the study found the disbursement system to be

ineffective. The study also sought to find out from Government officers during interviews whether YEDF had created any trickle down effect in development through employment creation. Their responses were as follows; By training youths in entrepreneurship skills and behaviour change through enterprise development programme has enabled the Kenyan youth acquire skills in business management and hence better ways of planning and expanding their businesses; Through market linkages programme many youths have been linked to market and large businesses which have provided market to such enterprises.

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