



**FACTORS INFLUENSING THE UPTAKE OF DEVOLVED FUNDS IN  
KENYA: A COMPARATIVE STUDY OF YOUTH ENTERPRISE  
DEVELOPMENT FUNDS [YEDEF] AND WOMEN ENTERPRISE  
DEVELOPMENT FUND [WEDF] IN KALOLENI CONSTITUENCY-  
KILIFI COUNTY-KENYA**

**Kent Makhapila Simiyu**

Student M.a in Project Planning and Management

**Dr Moses. m. otieno**

Lectuer

University of Nairobi

DF-Devolved funds.

PRA-Participatory rural appraisal.

IEC-Information education communication.

GEM-Global employment monitoring.

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## ABSTRACT

This was a comparative study of youth enterprise development funds [YEDF] and women enterprise development fund [WEDF] in Kaloleni Constituency-Kilifi County-Kenya. Devolution or decentralization has been one common requisite for addressing a wide range of issues such as economic inefficiencies, macroeconomic instability, governance deficiencies, and poor delivery of public services (Akai and Sakata, 2002). According to Bossert and Beauvais (2002), decentralization is pursued for a variety of reasons: technical, political, and financial. In Kenya, several efforts have been made to reduce unnecessary layers of government to make service provision to the populace more effective. Currently, there are various institutionalized devolved funds which include YEDF and WEDF (Ogolo, 2009). Although the YEDF and WEDF takes a relatively small amount of national resources its impact can be significant if the funds are efficiently utilized. While the fund was a good initiative, comprehensive research lacks on how much it has achieved in job creation. Despite the impressive performance within only one year of its operation the Fund has faced various challenges which included are that many young people lack entrepreneurial skills, lack of credible financial intermediaries in some areas of Kenya, fear of taking loans, inadequate information on investment opportunities and bureaucratic legal requirements for business registration among others. According to Alemayehu (2009), YEDF has faced other problems of government interference impacting negatively on its purpose. The aforementioned challenges are depicted to be the cause of inefficiency on realizing the intended mission of the YEDF and WEDF in creating employment. The study objectives were to establish whether lack of entrepreneurship skills, fear of taking loans, inadequate information on investment opportunities and bureaucratic legal requirements for business registration has led to poor uptake of YEDF and WEDF in Kaloleni Constituency. The study used a descriptive survey research design where the target population of this study consisted of the officials of the 33 groups who have benefited from YEDF/WEDF. Stratified sampling technique was used to select the sample where the sample of 24 groups funded by YEDF/WEDF was selected. From each of the YEDF/WEDF funded groups the study selected and administered the questionnaire to three officials thus the study had a sample size of 72 respondents. A structured questionnaire and interview guide was used to collect the data. Data was analysed using descriptive statistics. From the findings, the study concluded that women and youth groups had acquired entrepreneurship skills to manage the funds for maximum benefits. However, the skills gained were not adequate for utilization of YEDF and WEDF. The funds were not easily accessible owing bureaucratic procedures involved in the application. The legal requirements for business registration were highly prohibitive to the youths and women. Youths and women groups feared of taking the funds owing to corruption, lack of transparency. The youths and women were not updated with information on investment opportunities. The lack of entrepreneurship skills, fear of taking loans, inadequate information on investment opportunities and bureaucratic legal requirements for business registration has a significant relationship with uptake of YEDF and WEDF.

The study recommends that the government should increase the amount of YEDF and WEDF; address the bottlenecks hindering the uptake of YEDF and WEDF; and offer continuous training to the beneficiaries on entrepreneurship.

**Key Words:** YEDF and WEDF, Development Funds , women Enterprise

## CHAPTER ONE

### INTRODUCTION

#### *1.1 Background of the Study*

Devolution or decentralization has been one common requisite for addressing a wide range of issues such as economic inefficiencies, macroeconomic instability, governance deficiencies, and poor delivery of public services (Akai and Sakata, 2002). According to Bossert and Beauvais (2002), decentralization is pursued for a variety of reasons: technical, political, and financial. On the technical side, it is a means to improve administrative and service delivery effectiveness. Politically, decentralization usually seeks to increase local participation and autonomy, redistribute power, and reduce ethnic and/or regional tensions. On the financial side, decentralization is invoked as a means of increasing cost efficiency, giving local units greater control over resources and revenues, and sharpening accountability.

Decentralization has played major roles in the history of many societies. In Latin America, the process of decentralization took place in three stages: firstly, these countries began by implementing deconcentration; secondly in the 1980s, the countries decentralization was enhanced through devolution of power. Thirdly, in 1990s, decentralization was enhanced by a wave of democratization (Olowu, 2001). In Europe, local authorities have been considered as major centre of authority. However, two different visions of the role of local authorities influenced European countries' forms of decentralization. According to the Anglo-Saxon system, that influenced Northern Europe (Great-Britain, Norway, Denmark), decentralization is service-oriented and local authorities are in charge of implementing central government policies. French system which is the other version, which also applies in Belgium, Luxembourg, and Italy, power, is highly decentralized and local authorities are under the state. For Anglo-Saxons, decentralization is a political process that consists of transferring power and resources from the central government to local authorities or private corporations. As such, actors of decentralization include local institutions, communities, Non-governmental organizations (NGOs), associations and private firms.

In Africa, colonialism has had a profound and lasting impact on the development process. While pre-colonial period in Africa was characterised by kings or traditional leaders representing basically all authority, during the colonial and immediate post-colonial periods, governance was structured and practiced in a highly centralized manner. The colonial styles of the British and French, for example, created fundamentally different systems of ethnic stratification, which left contrasting legacies for post-colonial governance whereby development was skewed towards regional origins of those in power. Specifically, the indirect, decentralized rule of the British in countries like Nigeria fostered decentralized governance while the legacy of the centralized French style approximated a centralized system. This was followed by military dictatorship in several African countries whereby governance was personalized and in search for inclusive, involving, and participatory governance, decentralization was considered in many countries in Africa, especially since the mid 1980s (Blanton, Mason and Athow, 2001).

Uganda for example has experienced decentralization both as a system and process of devolution of power from the central to local authorities. Historically, three main phases of decentralization can be distinguished (Emorut, 2006). In the first phase (1955 to 1964) a strong local administration system was created in the context of a weak center. The second phase (1964 to 1985) featured a recentralization of power and severe weakening of local administration. The third phase (1987 to date) has been characterized by significant devolution of power to local authorities through programs to strengthen local government systems (Bagaka, 2008).

In Kenya, several efforts have been made to reduce unnecessary layers of government to make service provision to the populace more effective. After independence, administrative structures were established with centrally appointed administrators, inherited from the colonial regime resulting in mistrust between Central Government and the people who needed decentralized system (Bagaka, 2008). Soon after independence, the first attempt towards decentralization was in 1964 with the establishment of the neo federal (Majimbo) constitution which created regions to which local authority were supposed to be responsible. However, the new constitution was never implemented (Republic of Kenya, 1995). Another attempt towards decentralization was made in 1969 with the establishment of National Rural Development, meant to address needs of people in the rural areas (Occasional Paper No. 8, 1982). However, this program did not meet the intended objective. As a result, between 1983 and 1984, District Focus Strategy for Rural Development (DFSRD) was launched with a focus to strengthen co-ordination of development activities including planning and implementation of projects in rural areas by making districts the central units for rural development. While the strategy has been implemented, it has, however, failed to meet its intended objectives; namely, planning for regional balance and rural-urban linkages; improving administration of district planning and project implementation, and rationalising finance and budget management systems (Okungu, 2008).

Currently, there are various institutionalized devolved funds. Funds within the constituencies are Constituency Bursary Fund (CBF) meant for needy students, Constituency HIV/AIDS Fund to support the living conditions of those infected by the HIV virus and Constituencies Development Fund (CDF) meant for promoting development within the constituency. Those funds given outside the constituency include Local Authority Transfer Fund (LATIF) to improve service delivery, financial management and reduce the outstanding debt of local authorities, Free Primary Education Fund (FPE) and Free Secondary Education Fund (FSE) meant to reduced educational access or disparity, Roads Maintenance Levy Fund (RAMLEF), Rural Electrification Levy Fund (REPLF) and Water Service Trust Fund (WSTF) to improve infrastructure in rural areas. Women Enterprise Fund (WEF), Youth Enterprise Development Fund (YEDF) and National Development Fund for Persons with Disability and Poverty Eradication Loan Fund (PELF) were meant to support business initiative by women, the youth and disabled persons respectively (Ogolo, 2009).

### **1.1.1 Women and Youth Funds**

Women constitute 52% of the total Kenyan population while the youth represent 30 percent of Kenya's population and their unemployment is twice the country's average. Almost one third of Kenyans are between 15 and 29 years, and the total reached almost 11 million people in 2006 (compared to 8.5 million in 1999). According to the KPIA this age cohort is now at a historical high (in absolute and relative terms) Youth and women in Kenya face serious challenges, including high rates of unemployment and underemployment. The overall unemployment rate for youth is double the adult average, at about 21 percent. Statistics on joblessness suggest that the magnitude of the unemployment problem is larger for youth and women with 38 percent of who are neither in school nor work (aggregating the rates of reported unemployment and inactivity). In addition, the Country Social Analysis found that youth's unemployment, especially among males, is a major contributor to frustration and tension, in particular in urban areas. Clearly, unemployment among the women youth has now become a matter of serious policy concern in the country. Evidence from previous analytical work shows that lack of action on the challenges that affect youth will escalate both the social and economic costs of development in Kenya (Tombo, 2008).

The GoK developed a "Marshal Plan" for youth unemployment in 2007, emphasizing the importance of a coordinated and multi-sectoral approach to addressing the problem of youth unemployment and youth idleness, Ministry of youth affairs,2009.[www.yedf.go.ke](http://www.yedf.go.ke). The GoK continues to support the Youth Enterprise Development Fund (YEDF), established in 2006, and Women Enterprise Fund (WEF) established in 2007 in providing young and women with access to finance for self employment activities and entrepreneurial skills development. Kenya's own Vision 2030 strives to: reduce the number of people living in poverty and guarantee equality of opportunities; increase the opportunities for youth, women and disadvantaged groups; and improve delivery of social services (including water, education etc) among others. The National Youth Policy, launched in 2006, further seeks to guide and mainstream youth related interventions in the country (Ministry of Youth Affairs, 2009).

### **1.1.2 Youth Enterprise Development Fund**

The Youth Enterprise Development Fund (YEDF) was conceived in June 2006 by the government as a strategic move towards arresting unemployment which is virtually a youth problem. The loan targets all forms of youth owned enterprises whether owned individually, as a company, in groups, in cooperatives or any other legal forms of business ownership; Seventy five percent (75%) of those unemployed are the youth. The government set aside Kenya shillings One billion (Ksh. 1 billion) in the 2006/07 budget to fast-track this noble and timely initiative (Ministry of Youth Affairs 2010). The Fund was gazetted on 8th December 2006 to provide the necessary legal framework to govern its use and operations. The Fund facilitates youth employment through enterprise development and structured labour export.

The objectives of the YEDF are; provide loans to existing micro-finance institutions (MFIs), registered non-governmental organizations (NGOs ) involved in micro financing, and savings

and credit co-operative organizations (SACCOs) for on-lending to youth enterprises; attract and facilitate investment in micro, small and medium enterprises oriented commercial infrastructure such as business or industrial parks, markets or business incubators that will be beneficial to youth enterprises; support youth oriented micro, small and medium enterprises to develop linkages with large enterprises; facilitate marketing of products and services of youth enterprises in both domestic and international markets; and facilitate employment of youth in the international labour market (YEDF guide,2009). Minimum conditions for accessing the Fund include; one must fall in the age bracket of 18 to 35 years and Kenyan, one must have the intention of investing the Fund in a business venture, the Fund is a loan and must therefore be repaid and any form of legally registered organization or firm operating in Kenya.

YEDF and WEDF is coined as the financial service rendered to the deprived group of the people and small entrepreneurs to help them in developing self-employment opportunities and various income generating activities.

### **1.1.3 Women enterprise development fund**

Women Enterprise Fund (WEF) was conceived by the Government of Kenya in 2006 and officially launched in 2007. The principal objective of the fund is economic empowerment of women. Women Enterprise Fund loans reach the target beneficiaries through our partner financial intermediaries and directly through Constituency Women Enterprise Scheme (C-WES). It is managed by the ministry of gender, children and social development (Women Enterprise Fund (WEF) 2010).

The fund will enable the government realize the 3rd Millennium Development Goal (MDG) on “gender equality and empowerment of women”. In recognition of the critical role women play in socio-economic development, the WEF has been identified as a flagship project under the social pillar in the Vision 2030. It is expected that the fund will play a catalytic role in mainstreaming women in the formal financial services sector (WEF 2010).

Although women constitute 52% of the total Kenyan population, majority of them have been excluded from the formal financial services – for example, few have bank accounts, can access loans, money transfer services, etc. The rural women are more disadvantaged than their urban counterparts. The fund is designed to address the perennial challenges women face in their desire to venture in income generating activities (enterprise development) (Women Enterprise Fund WEF 2010).

### ***1.2 Statement of the Problem***

Although the YEDF and WEDF takes a relatively small amount of national resources 2.5% of government’s ordinary revenue collected every year, its impact can be significant if the funds are efficiently utilized. The policy has put emphasis on certain strategic areas starting with employment creation. The priority groups are youth and women with disability, street youth,



youth infected with HIV/Aids, female youth, unemployed youth, and in- and-out-of-school youth. However, the jury is still out to determine how much the policy has achieved so far.

While the fund was a good initiative, comprehensive research lacks on how much it has achieved in job creation or it is just a fad and a political gimmick aimed at enriching a few youth and forming an institutional ground on which the key players embezzle funds. Despite the impressive performance within only one year of its operation the Fund has faced various problems in its attempt to mitigate unemployment in the country. The challenges included are that many young people lack entrepreneurial skills, lack of credible Financial Intermediaries in some areas of Kenya, fear of taking loans, inadequate information on investment opportunities and bureaucratic legal requirements for business registration among others.

According to Alemayehu (2009), YEDF has faced other problems of government interference impacting negatively on its purpose. These problems are compounded by allegations of misappropriation of the funds resulting in minimal impact in job creation.

The afore-mentioned challenges are depicted to be the cause of inefficiency on realizing the intended mission of the YEDF and WEDF in creating employment. This is evident from the increasing number of unemployed youths and women in the country day after day. The unemployment problem has continued to cause disillusionment among the youth despite the introduction of the YEDF. This has partially been caused by the young people and women being unable to access capital due to bureaucratic legal requirements for business registration among others. Further obstacles include lack of business expertise (Alemayehu 2009). Even though the devolved funds has faced many the challenges of misappropriation and government interference impacting negatively on its purpose, no study has been done on its effectiveness in mitigating unemployment. Thus there is a research gap on the factors influencing the uptake of devolved funds in Kenya. This study sought to bridge the knowledge gap by analyzing the factors influencing the uptake of devolved funds.

### ***1.3 Objectives of the study***

The study was guided by the following objectives:

- i. To establish whether lack of entrepreneurship skills has led to poor uptake of YEDF and WEDF in Kaloleni Constituency.
- ii. To determine whether fear of taking loans has led to poor uptake YEDF and WEDF in Kaloleni Constituency.
- iii. To determine whether inadequate information on investment opportunities has led to low uptake of YEDF and WEDF in Kaloleni Constituency.
- iv. To determine whether bureaucratic legal requirements for business registration have led low uptake YEDF and WEDF in Kaloleni Constituency.



## ***1.4 Research Questions***

The study sought to answer the following research questions;

- i. How does lack of entrepreneurship skills influence uptake of YEDF and WEDF in Kaloleni Constituency?
- ii. How does the fear of taking loans affect the uptake of YEDF and WEDF in Kaloleni Constituency?
- iii. How does inadequate information on investment opportunities influence the uptake of YEDF and WEDF in Kaloleni Constituency?
- iv. How does bureaucratic legal requirements for business registration affect uptake of YEDF and WEDF in Kaloleni Constituency?

### **1.4.1 Research Hypothesis**

Ho<sub>1</sub>. There is no statistically significant relationship between lack of entrepreneurship skills and poor uptake of YEDF and WEDF in Kaloleni Constituency.

Ho<sub>2</sub>. There is no statistically significant relationship between fear of taking loans and poor uptake of YEDF and WEDF in Kaloleni Constituency.

Ho<sub>3</sub>. There is no statistically significant relationship between inadequate information on investment opportunities and poor uptake of YEDF and WEDF in Kaloleni Constituency.

Ho<sub>4</sub>. There is no statistically significant relationship between bureaucratic legal requirements for business registration and poor uptake of YEDF and WEDF.

## ***1.5 Significance of the study***

The government through the ministry [department of youth development] of youth affairs and sports and ministry of gender, children and social development would gain insights in effective implementation and management of devolved funds disbursement to the targeted beneficiaries. From the research recommendations, the government officials would also derive important suggestions to incorporate while formulating the policies on devolved funds. This study would contribute valuable information on factors influencing the uptake of devolved funds in Kenya. The study would increase the body of knowledge on solving the bottlenecks in the uptake of devolved funds in Kenya by the youths and women and therefore it would be a useful point of reference for further studies to other scholars.

## ***1.6 Delimitation of the Study***

This study was confined to the factors influencing the uptake of devolved funds in Kenya. The study explored the various factors influencing the uptake of devolved funds in Kenya with special reference to lack of entrepreneurship skills, fear of taking loans, inadequate information on investment and bureaucratic legal requirements for business registration. Kaloleni

Constituency formed the geographical scope of the study; therefore any generalization of the results would be confined to the constituency.

### ***1.7 Limitation of the study***

The study faced various limitations that included;

- i. The study could not control the respondents' attitude which could have an affect the quality of information given.
- ii. The study could further be limited by the high level of insecurity in some areas of the Kaloleni Constituency which might hinder the smooth flow of the data collection.

### ***1.8 Definition of Significant Terms***

**Entrepreneurship:** is a process through which individuals identify opportunities, allocate resources, and create value. This creation of value is often through the identification of unmet needs or through the identification of opportunities for change with the aim of making profit (Lundstrom, 2005).

**Devolved funds:** this is the budgetary allocations from the government to specific targeted beneficiaries with the aim of uplifting their economic status effectively meet the local need of community empowerment (Akai and Sakata, 2002). In this study the devolved funds involved will be YEDF and WEDF.

**Training:** refers to strengthening the skills, competencies and abilities of people and communities in developing societies so they can overcome the causes of their exclusion and suffering (UNDP, 2006). According to this study training is the continuous capacity building to make the beneficiaries remain up to date in the Business opportunities available in the Kenyan market for the young entrepreneurs.

**Bureaucratic Legal Requirements:** Refers to laws, rules, and regulations that must be followed to start and run a business. Almost every aspect of your business is under some form of legal ruling. Specific forms, licenses and other documentation must be filed with state and local government offices in order to begin.

**Loan:** Is a financial transaction in which one party (the lender) agrees to give another party (the borrower) a certain amount of money with the expectation of total repayment. The specific terms of a loan are often spelled out in the form of a promissory note or other contract.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### ***2.1 Introduction***

This chapter was structured to cover the factors influencing the uptake of devolved funds by the youths and women in Kenya. The factors reviewed include lack of entrepreneurship skills, fear of taking loans, inadequate information on investment opportunities and bureaucratic legal requirements for business registration. The chapter also gives the theoretical and conceptual frameworks on which the study is based.

#### ***2.2 Influence of Lack of Entrepreneurship Skills on Poor Uptake of YEDF and WEDF***

Entrepreneurship training and provision of appropriate business development services are keys to the YEDF and WEDF achievement of its mandate. Besides ensuring that the youth have adequate entrepreneurship skills, it also assets them in identifying and tapping into business opportunities that are readily available in the market, while embracing modern business management techniques. The fund has made tremendous progress in this area, by training over 150,000 youth on entrepreneurship. Some of the trainings have conducted in partnership with other financial intermediaries. On the other hand, over 500 Ministry of Youth Affairs field based officers have undergone entrepreneurship training course to enable them equip young people at the grassroots with relevant skills acting as trainer of trainers. In line with entrepreneurship trainings, the fund supported a business plan competition in which over 6,000 youth entrepreneurs were trained and winners awarded. In year 2009 the fund supported another business plan competition which thousands were trained and winners awarded. Some of the beneficiaries of the business plan competitions have started viable enterprises which have employed hundreds of youth. The Fund has partnered with Public Procurement Oversight Authority (PPOA) to sensitize over youth in public procurement processes. This aimed at creating awareness among youth on what they need to do in order to benefit from government procurement.

#### ***2.3 Influence of Fear of Taking Loans on Poor Uptake YEDF and WEDF***

According to Tombo, (2008) the money given to the youths by the financial institution is difficult to access since they had stringent measures that most of the youths do not meet. The presence of such stringent measures and failure by the youth and women to meet such conditions of make them disinterested in seeking the funds. There is need for the ministry to look into ways of increasing uptake of the fund. Access to formal finance is poor because of the high risk of default among the youths and women due to inadequate financial facilities. Most of them rarely meet the conditions set by financial institutions, which see youths and women as a risk because of poor guarantees and lack of information about their ability to repay loans. There are many reasons that make youths and women to fear taking loans including credit form of YEDF and WEDF. Some of the main reasons include high interest rates, collateral requirement, and delays

in processing, lenders demanding group borrowing rather than individual borrowing, lack of transparency where conditions and requirements are not shown in advance, corruption.

Loan security is one of the important aspects of credit. Most lending to small-scale enterprises is security based, without any regard for potential cash flow. However, organizations lending to them have yet to devise alternative forms of collateral. These would include: group credit guarantees, where organizations lend to individuals using groups as guarantors, and personal guarantors, where individuals are given loans based on a guarantor's pledge. Loan guarantee schemes are increasingly being implemented as a means of encouraging financial institutions to increase their lending to the risky sectors and those without the traditional formal security. Often, women do possess collateral in the form of movable property such as stock, machinery, and book debts. However, these types of assets are not usually considered credible types of collateral. Women also face discriminatory treatment by bank officials who prefer dealing with husbands and do not take women seriously.

Even though the governing principle of the development funds (DF) is to encourage community participation, an institutional framework for community involvement is missing. The overall characteristic of the DFs therefore is that:

(i) local councils as well as parliament retain control of resources; and (ii) local communities lack awareness about the objective, rules and procedures governing their access to DFs, and their roles and mandates. Appropriate community participation tools and approaches such as Participatory Rural Appraisal (PRA) have not been adequately utilized for entrenching community participation and the use of Information, Education Communication (IEC) to channel information to the general public is minimal.

Microfinance evolved as the result of an economic development approach that aims to provide support to low-income groups operating small-scale income generation projects and businesses by overcoming one of the main obstacles faced by poor people around the world, namely insufficient access to credit and other banking services offered through mainstream established banking systems. The formal financial system has traditionally viewed the poor youths and women as "un-bankable", due to their perceived lack of collateral, small loan sizes, and low potential for repayment. Without access to formal financial services, the youths and women must often resort to borrowing from moneylenders at exorbitant interest rates; or participate in local rotating savings and credit circles, which require deposits, and provide inflexible loan amounts at rigid time intervals. In addition, the issue of collateral is particularly sensitive when considering the promotion of gender equality in Kenya. Given that women and youth are less likely to possess assets that they are able to present as collateral (and that even when they do, their freedom to dispose of these is severely curtailed by cultural and social norms), collateral can become a barrier rendering youths' and women's access to financial services even more difficult than for men. The restrictive products from the devolved funds restrict the loan uptake by the women and youth; which includes the short repayment period which limits the return on

investment. These also makes the women and youths desist from taking loans despite the lenders being willing to offer the loan.

Despite the availability of many loan schemes through banks and microfinance institutions, youth still face difficulties in accessing capital. The main obstacles are related to collateral in obtaining bank financing. In contrast to some other countries, “angel investors” are lacking. Many youth are also unwilling to borrow for socio-cultural reasons—a life free of debt is highly valued and brings social status. Few safety nets exist for young business starters, such as security funds existing in other countries. In addition, the loan sizes available through MFIs to youth are often too small to finance a start-up business. (Aspen, 2008)

#### ***2.4 Effect of Inadequate Information on Investment Opportunities on Low Uptake of YEDF and WEDF***

Entrepreneurship training that leads to increased business creation and expansion is considered a viable employment strategy for youth and women globally. Advocates for youth entrepreneurship training see a multitude of benefits, although others have been more cautious (Harper 1998). Current estimates indicate that relatively few women and youth in the country take advantage of the training and financial resources available for enterprise development; even smaller numbers start or expand enterprises after being trained. Entrepreneurship training directed at starting a micro- or small enterprise has been primarily targeted toward low- and middle-income rural and small town youth, whether they are driven by necessity or opportunity.

Apart from generally negative attitudes among youth toward self employment and business, recurring issues, the quality of entrepreneurship training programs (lack of practice orientation and cultural grounding), the absence of a dynamic enterprise culture, and the lack of a regulatory and governance framework supporting entrepreneurship in the country. So far attempts that have focused on short-term technical interventions and economic incentives to increase entrepreneurship, such as training and institutional support to access finance, marketing links, and advice, have met with only limited success. The main reasons are shortcomings in the programs themselves and the problem of practical access to financial and marketing support, although in theory, there is sufficient institutional support available after training. However, the failure to pursue long-term strategies to create an enabling socio-cultural and regulatory environment to support entrepreneurship has been a serious gap in developing economies. This especially affects youth, because their perceptions of, and decision making about, training and careers are largely influenced by their families and peers (Goel 2006).

Information is lacking on chambers of commerce and other institutions that promote enterprise development among youth, and more business counseling is needed, especially in rural areas, to help young entrepreneurs identify markets, as well as to manage day-to-day business (Aspen, 2008).

Most people in Kenya are generally behind news or simply, lack interest on the government’s new initiatives of spearheading development through the bottom-up approach of engaged

governance. This is mainly due to failure on the part of the government in rising above board in building public confidence on the new institutions of development. Despite the shortcomings that plague devolved democratic structures of development in Kenya, both the critics and the sympathisers of the government cannot ignore one fact; the bottom-up approach of development is a shared responsibility between the government and the citizens and its success or failure lies in the hands of all players in policy making including the citizenry. Since the inception of this approach of development in the country, more gains have been seen at the grass roots in terms of employment opportunities, schools enrolments and increased construction of local infrastructures than at any other time in the history of Kenya, but in order to make these initiatives last the test of time, serious checks and balances must be put in place to ensure that this holistic development approach of engaged governance is watertight from abuse and easy manipulation by people with less regard for the wider society (Bagaka, 2008). In addition, young entrepreneurs, especially those in poor countries, are concentrated in low value local markets. Such youth also lack access to information on product and input markets. Thus, promoting the viability of such enterprises will require facilitating the access of youth to information on product and input markets and linking them to global value chains. This will require encouraging young to explore existing global initiatives aimed at promoting trade between developed and developing economies (Goel 2006).

### ***2.5 Influence of Bureaucratic Legal Requirements for Business Registration on Low Uptake YEDF and WEDF***

Cross country studies especially those conducted by Global Employment Monitoring (GEM) have emphasized the need to empower youth entrepreneurs. This is because of their large numbers and also the challenges they face due to the limited employment opportunities. The need to invest in human capital by developing countries has been emphasized by many scholars. In Kenya for instance, a lot of interventions have been put in place in order to empower youths. One of the programs is Youth Enterprise Development Fund (YEDF) initiated by the government of Kenya under the Ministry of Youth and Sports.

Increase in young unemployment is a key challenge faced by governments throughout the world. Many of these young unemployed have entrepreneurial mind set and have the intention of owing a small enterprise but might face some obstacles such as government regulations, inadequate skills, knowledge and lack of recognition by the organizations and most of all the bureaucratic legal requirements to initiate an enterprise. There has been relatively less support provided by the governments to young entrepreneurs in order to combat these obstacles. In fact, the government has been a major barrier on the way for the small entrepreneurs. There exist many bureaucratic processes that give a competitive edge to major investors at the expense of young entrepreneurs. Despite its vital role, currently the MSE sector in Kenya is under pressure, beset with numerous constraints. Among these constraint and worse for the fledgling youth entrepreneurs has been that of raising capital.



The devolved funds focus on enterprise development as a key strategy that aims to increase economic opportunities for and participation by Kenyan women and Youths in nation building. The mandate of the fund has been to increase the access to capital by women and young entrepreneurs but also provide business development services, facilitate linkages in supply chains, create market opportunities locally and abroad for products and services of the youth enterprises and to facilitate creation of commercial infrastructure to support growth of youth business.

The World Bank's report argues that "there are specific legal, regulatory, and administrative barriers that women entrepreneurs face that are either not encountered at all by their male counterparts or have a disproportionate effect on women. Because women tend to be "time-poor" (combining family duties with running their businesses) and have limited access to financial resources, they may be less likely to register their businesses."

Commercial banks and other formal institutions fail to cater for the credit needs of smallholders, however, mainly due to their lending terms and conditions. It is generally the rules and regulations of the formal financial institutions that have created the myth that the poor are not bankable, and since they can't afford the required collateral and other bureaucratic legal requirements, they are considered uncreditworthy (Adera, 1995). Hence despite efforts to overcome the widespread lack of financial services, especially among smallholders in developing countries, and the expansion of credit in the rural areas of these countries, the majority still have only limited access to bank services to support their private initiatives (Braverman and Guasch, 1986). In Kenya, despite emphasis on increasing the availability of credit to small and microenterprises (SMEs), access to credit by such enterprises remains one of the major constraints they face.

## ***2.6 Theoretical Review***

The theoretical review of this study is concerned with theories rather than their practical applications of the study. The study adopts the social capital theory, public choice theory and human capital theory.

### **2.6.1 Human Capital Theory**

Based on the work of Schultz (1971), Sakamota and Powers (1995), Psacharopoulos and Woodhall (1997), the theoretical framework that has been responsible for the adoption of education and development policies has been coined as human capital theory. The provision of formal education is viewed as a productive investment in human capital (Olaniyan and Okemakinde, 2008). Among economists, there is a general consensus that human capital plays a substantial role in achieving higher economic growth and increased labor productivity for a country. The human capital approach arose from an acknowledgment that an individual, firm or nation's decision to invest in human capital is similar to any other investment. This investment involve initial cost like tuition fees and foregone earnings while at school which the individual, firm or nation hopes to obtain a return in the future through increased earnings and productivity.



New growth theories have also identified the paths through which economic growth occurs and how the government and the private sector investments can stimulate the flow of these various capitals – namely physical capital, human capital, technological know-how and knowledge capital. According to the new growth theories, the spillover effect of education is at the heart self-sustaining growth for economies (Blundell et al., 1999).

The human capital can exert a sustained and positive effect on the long-term growth of the economy (Rebelo, 1991). For instance, Barro (1991) and Barro and Lee (1994) in their seminal work indicated the importance of human capital as a major determinant of economic growth and productivity in a global environment. Valadkhani (2003) also found that long-term policies aimed at accelerating the various types of investment in human capital would invariably improve labor productivity.

Studies in Australia for example had established that higher productivity translates directly into higher per capita income and for Kenya, this means that Kenyans as a whole would benefit from higher standards of health care, education, and public welfare. In their recent study, Chou (2003, p. 397) found that 42 percent of Australian growth between 1960 and 2000 is attributable to the rise in educational attainment. As such, in the Kenyan context, it becomes critical to monitor the cost and affordability of education through time to all groups of its population as the graduate workforce could expect higher earning capacity and income prospects in the future and contribute to the sustainable development of Kenya. Even in the USA, the world's richest economy, education is the number two priority for national agenda according to a survey done by Hart and Teeter (2003).

### **2.6.2 Public choice theory**

Public choice seeks to understand and predict the behaviour of politicians and bureaucrats in the polity by utilising analytical techniques developed from economics, based on the postulate of rational choice. In other words, public choice is an application of neoclassical economic tools (self interest and utility maximisation) to explain political behaviour. In public choice, individuals, interest groups, bureaucrats, and politicians are assumed to seek their own self interest as in the market place. Decisions made depend on the costs and benefits of an action taken whereby each group attempts to maximise their own net benefits. Benefits can take the form of monetary or non-monetary rewards and can includes ideologies, goals, and cultural values. The seeking of self interest by bureaucrats and politicians, and collective action by the various interest groups in turn result in the adoption of a particular stance in the specification of institutions and property rights. Excellent discussions of public choice theory can be found in Libecap (1989), Mueller (1989), and Rowley (1995).

### **2.6.3 Social Capital Theory**

Alongside political, financial and human capital, social capital has been proposed as equally important in terms of society and its general wellbeing. According to Wilson (1997:745) the social capital literature (for example, research by Putnam (1993a, 1993b) and Fukuyama (1995)), puts forward that "the lack of, or decline in, social capital lies behind the psychological, spiritual and economic malaise in communities throughout the world". Social capital has been described as "not just the sum of the institutions which underpin a society -- it is the glue that holds them together" (World Bank Group 1999).

The term "social capital" is used to refer to the outcomes from the network of relationships between people in a community that help that community to operate effectively (Robinson 1997). These relationships are often centred on voluntary associations such as community groups, sports clubs and work-based associations, and are based on trust and reciprocity between the individuals concerned. A point noted in the social capital literature is that:

Social capital develops from the core building blocks of the personal capacity for trust, tolerance, value of life, and proactivity. Connections are formed, first within the family and neighbourhood, and later within wider communities (Bullen and Onyx 1998)

Social capital theorists describe a spiral upwards and downwards for the generation and degeneration respectively of social capital. For the upward spiral to operate, Coleman (1994) asserts that a threshold needs to be reached for the generation of social capital to be self-sustaining. Beyond this threshold, voluntary and spontaneous social organisation occurs. When stocks of social capital are below the threshold, the substitution of formal organisation is required to provide a kick-start to this process.

Youth fund is a policy instrument that is intended to act as such a kick start in communities that have diminished levels of social capital, but which have the potential to reverse into an upward spiral should the appropriate environment be created.

The economic prosperity and functioning of a nation depend on its physical and human capital stock. Whereas the former has traditionally been the focus of economic research, factors affecting the enhancement of human skills and talent are increasingly figuring in the research of social and behavioural sciences. In general terms, human capital represents the investment people make in themselves that enhance their economic productivity.

The theoretical framework most responsible for the wholesome adoption of education and development policies has come to be known as human capital theory. Based upon the work of Schultz (1971), Sakamoto and Powers (1995), Psacharopoulos and Woodhall (1997), human capital theory rests on the assumption that formal education is highly instrumental and even necessary to improve the production capacity of a population. In short, the human capital theorists argue that an educated population is a productive population.

Human capital theory emphasizes how education increases the productivity and efficiency of workers by increasing the level of cognitive stock of economically productive human capability

which is a product of innate abilities and investment in human beings. The provision of formal education is seen as a productive investment in human capital, which the proponents of the theory have considered as equally or even more equally worthwhile than that of physical capital. According to Babalola (2003), the rationality behind investment in human capital is based on three arguments: that the new generation must be given the appropriate parts of the knowledge which has already been accumulated by previous generations; that new generation should be taught how existing knowledge should be used to develop new products, to introduce new processes and production methods and social services; and that people must be encouraged to develop entirely new ideas, products, processes and methods through creative approaches.

According to Fagerlind and Saha, (1997) human capital theory provides a basic justification for large public expenditure on education both in developing and developed nations. The theory was consistent with the ideologies of democracy and liberal progression found in most Western societies. Its appeal was based upon the presumed economic return of investment in education both at the macro and micro levels. Efforts to promote investment in human capital were seen to result in rapid economic growth for society. For individuals, such investment was seen to provide returns in the form of individual economic success and achievement. Most economists agree that it is human resources of nation, not its capital nor its material resources that ultimately determine the character and pace of its economic and social development.

Psacharopoulos and Woodhall (1997) assert that: Human resources constitute the ultimate basis of wealth of nations. Capital and natural resources are passive factors of production, human beings are the active agencies who accumulate capital, exploit natural resources, build social, economic and political organization, and carry forward national development

## 2.7 Conceptual Framework

### Independent Variables

### Dependent Variables

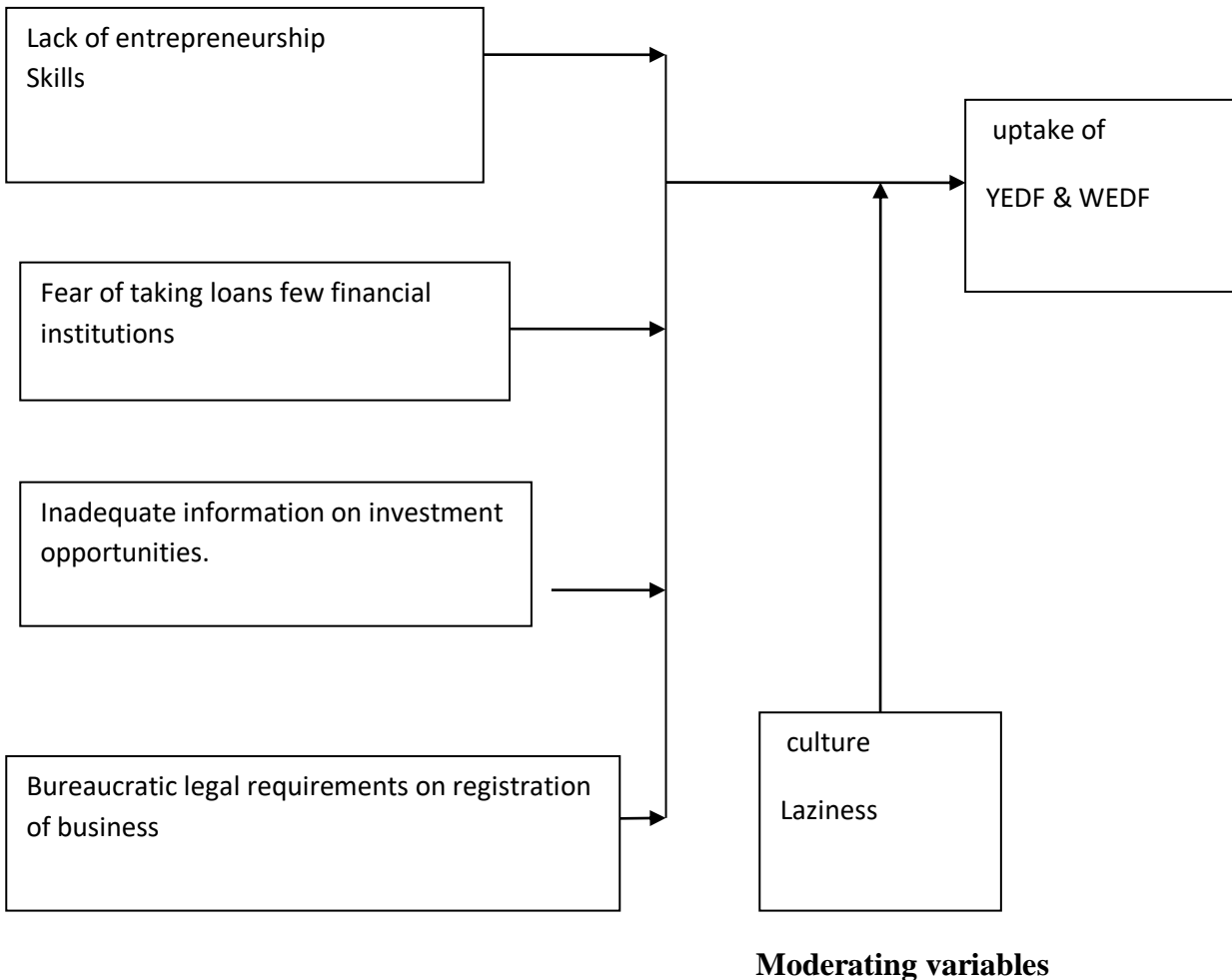


Figure 2.1 Conceptual Framework

### Explanation

The dependent variable in this study was poor uptake of YEDF & WEDF. This poor uptake of YEDF & WEDF is influenced by several factors that would constitute the independent variables. Based on the literature review, the factors likely to influence poor uptake of YEDF & WEDF included lack of entrepreneurship skills, fear of taking loans, inadequate information on investment opportunities, bureaucratic legal requirements on registration of business enterprises. Each of the independent variables was measured using its specific indicators as shown in the operationalization table below.

The intervening variables, which according to Kothari (2004) are independent variables that are not related to the purpose of the study but can have an effect on the dependent variable, included youth groups funded, lack of investment culture and availability of funds. The intervening

variables would be controlled through randomization to ensure that it does not influence the dependent variable.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### ***3.1 Introduction***

This chapter presents the study area, research design and methodology. Included in this chapter is also target population, sample size, sampling procedure and techniques. A research instrument, criteria for selection and training of enumerators, validation of research instrument is also explained in this chapter. Data collection procedure, processing, analysis and presentation as well as ethical consideration and dissemination strategy are also elaborated in this chapter.

#### ***3.2 Research Design***

The study used a descriptive survey research design. Descriptive research is a scientific method of investigation which involves collection and analyzing of both quantitative and qualitative data. Mugenda and Mugenda, (2008) state that the descriptive design is a method, which enables the researcher to summarize and organize data in an effective and meaningful way.

#### ***3.3 Target Population***

According to Kothari (2004), a population is a well defined or set of people, services, elements, events, group of things or households that are being investigated. Mugenda, (2008), explain that the target population should have some observable characteristics, to which the researcher intends to generalize the results of the study. This definition assumes that the population is not homogeneous. The study area's (Kaloleni Constituency) general population stands at 72,450 people. The number of families is 15,042 persons. There are 83 funded groups with YEDF having 43 WEDF 40 groups. The target population of this study consisted of the officials of the 33 groups who have benefited from YEDF/WEDF.

#### ***3.4 Sampling Procedure and sample size***

Stratified sampling technique was used to select the sample. This is because the technique produces estimates of overall population parameters with great precision (Shuttleworth, 2009). The study grouped the population into five locations that constitute Kaloleni Constituency. From each stratum the study used simple random sampling to select 8 groups. This constitutes 72.7% of the total number of groups funded by YEDF/WEDF. The study focused on a sample of 24 groups funded by YEDF/WEDF. From each of the YEDF/WEDF funded groups the study selected and administered the questionnaire to three officials thus the study had a sample size of 72 respondents. This is in conformity with Mugenda and Mugenda (2008) who postulated that at least 10% of the target population is appropriate to be used as a sample of the study.

### ***3.5 Data collection instruments***

A structured questionnaire was developed by the researcher, containing both open and close ended items for collection of primary data. A focus group discussion was also used by officials from the two ministries involved were invited to give their views and opinions.

#### ***3.5.1 Validity and reliability***

Validity indicates the degree to which an instrument measures what it is supposed to measure; the accuracy, soundness and effectiveness with which an instrument measures what it is intended to measure (Kothari, 2004) or the degree to which results obtained from the analysis of the data actually represent the phenomena under study (Mugenda & Mugenda, 2008).

Reliability is a measure of the degree to which a research instrument yields consistent results after repeated trials (Nsubuga, 2000). Validity of the questionnaire was established by peers and a panel of experts from the University. The research instrument was availed to the experts and peers, who established its content and constructed validity to ensure that the items are adequately representative of the subject area to be studied. This research study carried out a pilot study among 5 YEDF/WEDF funded groups in the County where 15 group officials participated. The pilot study was conducted among the groups that did not participate in the main study.

The reliability of the instrument was estimated using Cronbach's Alpha Coefficient which is a measure of internal coefficient. A reliability of at least 0.70 was accepted. Adjustments were made accordingly incase a low co-efficient was obtained in order to improve on the instrument.

#### ***3.5.3 Data Collection procedure***

Prior to data collection the researcher visited the area in order to get familiar with the YEDF/WEDF funded group officials. Data was collected through a self- administered questionnaire for the group officials and an interview guide for the key informants.

The researcher obtained approval from University department to conduct the study. The researcher explained the purpose of the study and offered guidance to the respondents on the way to fill in the questionnaire before administering the questionnaire. For those respondents with difficulties in reading and filling in, the researcher interviewed them and filled in the information in the questionnaire.

#### ***3.5.4 Data Analysis method***

Data analysis is the whole process which starts immediately after data collection and ends at the point of interpretation and processing data (Kothari, 2004). Therefore, editing, coding, classifying and tabulating are the processing steps to be used to process the collected data for a better and efficient analysis. The statistical package for social sciences (SPSS) was used; whereby frequencies, percentages, mean and standard deviations, generated from the various data categories were computed and shown in different graphs and tables. Data was analysed using descriptive statistics.

### 3.5.5 Operationalization Table

Figure 3.2 Operationalization Framework

<b>Indicators of Independent Variables</b>	<b>Independent Variables</b>	<b>Dependent Variables</b>	<b>Tools of Analysis</b>
<ul style="list-style-type: none"> <li>• Lack of training facilities</li> <li>• Relevance of the training</li> </ul>	Lack of entrepreneurship skills	Poor uptake of YEDF & WEDF	Norminal Ordinal
<ul style="list-style-type: none"> <li>• Stringent loan conditions (collaterals)</li> <li>• Lack of information</li> <li>• High interest rates</li> <li>• Delays and lack of transparency in loan processing</li> <li>• Cultural and social reasons</li> </ul>	Fear of taking loans	Poor uptake of YEDF & WEDF	Norminal Ordinal
<ul style="list-style-type: none"> <li>• Negative attitude</li> <li>• Lack of institutions</li> <li>• Lack of access to information on products and markets</li> </ul>	Inadequate information on investment opportunities	Poor uptake of YEDF & WEDF	Norminal Ordinal
<ul style="list-style-type: none"> <li>• Unfavorable government regulations</li> <li>• Bureaucratic processes</li> </ul>	Bureaucratic legal requirements on registration of business enterprises	Poor uptake of YEDF & WEDF	Norminal Ordinal



## CHAPTER FOUR:

### DATA ANALYSIS, PRESENTATION AND INTERPRETATION

#### 4.1 Introduction

This chapter presents the data that was found on a comparative study of Youth Enterprise Development Funds [YEDF] and Women Enterprise Development Fund [WEDF] in Kaloleni Constituency-Kilifi County-Kenya.. The study made use of frequencies (absolute and relative) on single response questions. On multiple response questions, the study used Likert scale in collecting and analyzing the data whereby a scale of 5 points were used in computing the means and standard deviations. These were then presented in tables, graphs and charts as appropriate with explanations being given in prose.

#### 4.2 Response rate

The research was conducted on sample size of 72 respondents out of which 70 respondents completed and returned the questionnaires duly filled in making a response rate of 97.2%. Mugenda and Mugenda (1999) stated that a response rate of 50% and above is a good for statistical reporting

#### 4.3 General information about respondents

The study initially sought to inquire information on various aspects of respondents' background, i.e. the respondent's gender, age, academic background, and whether they had ever applied for the devolved funds. This information aimed at testing the appropriateness of the respondent in answering the questions regarding the uptake of Youth Enterprise Development Funds [YEDF] and Women Enterprise Development Fund [WEDF] in Kaloleni Constituency-Kilifi County-Kenya.

##### 4.3.1 Youth distribution by gender

The study sought to establish the respondent's gender distribution. The findings are as stipulated in table 4.3.1.

**Table 4.1 Youth distribution by gender**

	Youth		women	
	Frequency	Percent	Frequency	Percent
Male	25	71.4%	0	0
Female	10	28.6%	35	100
<b>Total</b>	<b>35</b>	<b>100.0</b>	<b>35</b>	<b>100</b>

From the findings, 71.4% of the youths in the youth groups under YEDF were male while 28.6% were females. This depicts that there was gender disparity in the recruitment of member in the youth groups. On the women group, all the respondents were female as the groups were purely women based.

#### 4.3.2 Respondents' distribution by Age

The study also sought to establish the age distribution of the respondents as shown in Table 4.3.2.

**Table 4.1 Respondents' distribution by Age**

	Youth		women	
	Frequency	Percent	Frequency	Percent
20-35 years	35	100.0	20	57.1%
36-45 years	0	0	12	34.3%
Above 45 years	0	0	3	8.6%
<b>Total</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>100.0</b>

According to the findings, all the youths (100%) were aged 20-35 years. This depicts that the groups operated within the guidelines of the ministry of the youth while enrolling its members. On the other hand, the majority of the members of the women groups were aged 20-35 years while 34.3% were aged 36-45 years while 8.6% were aged above 45 years. This depicts that the respondents from the women group were youthful and energetic and that they had a great potential to work and earn a living.

#### 4.3.4 Highest level of education

The study also sought to establish the highest level education attained by the respondents.

**Table 4.3 Highest level of education**

	Youth		women	
	Frequency	Percent	Frequency	Percent
Secondary School certificate	31	88.6%	28	80.0%
Diploma	3	8.6%	7	20.0%
Graduate	1	2.9%	0	0
<b>Total</b>	<b>35</b>	<b>100</b>	<b>35</b>	<b>100.0</b>

Table 4.3.3 indicates that majority of the youths (88.6%) had attained secondary school level of education while 8.6% were diploma holders. In addition, the majority of the women from the women groups had secondary school level of education while 20.0% were diploma holders. This illustrates that majority of the respondents from both set of respondents had attained secondary level of education and thus they had good academic background to run their businesses and other projects with the cash from YEDF AND WEDF.

#### 4.3.4 Applying for/benefited from the YEDF/WEDF

The research sought to establish whether the respondents had ever applied for and benefited from the YEDF/WEDF.

**Table 4.2 Applying for/benefited from the YEDF/WEDF**

	Youth		women	
	Frequency	Percent	Frequency	Percent
Yes	33	94.3%	32	91.4%
No	2	5.7%	3	8.6%
<b>Total</b>	<b>35</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>

Table 4.3.4 shows that majority of the respondents from the youth groups (94.3%) had applied for and benefited from the YEDF. In addition majority of the respondents from the women groups (91.4%) attested that they had applied for and benefited from the WEDF. This illustrates that majority of the respondents from women and youth groups had benefited from the devolved funds and thus gave credible information on the uptake of YEDF and WEDF.

#### *4.4 Influence of Lack of Entrepreneurship Skills on Poor Uptake of YEDF/WEDF*

The first objective of the study was to establish the influence of lack of entrepreneurship skills on poor uptake of YEDF/WEDF.

##### **4.4.1 Engaging in a business activity**

The respondents were supposed to indicate whether they engaged in a business activity.

**Table 4.5 Engaging in a business activity**

	Youth		women	
	Frequency	Percent	Frequency	Percent
Yes	33	94.3%	34	97.1%
No	2	5.7%	1	2.9%
<b>Total</b>	<b>35</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>

From the findings, 94.3% of the respondents from the youth group posited that they engaged in a business activity. On the other hand 97.1% of the women in the women groups attested that they engaged in a business activity. This depicts that the majority of the youth groups and women groups utilized the cash grants they received from YEDF and WEDF respectively in income generating activities. This further point to the critical value of the entrepreneurship skills to them in running their businesses. Thus without adequate entrepreneurship skills, their businesses were likely to suffer from mismanagement and result to failure of the businesses.

#### 4.4.2 Training on entrepreneurship

The study sought to establish whether the respondent had attended any training on how to run any form of business (entrepreneurship). The findings are as stipulated in table 4.6.

**Table 4.6 Training on entrepreneurship**

	Youth		women	
	Frequency	Percent	Frequency	Percent
Yes	28	80.0%	26	74.3%
No	7	20.0%	9	25.7%
<b>Total</b>	<b>35</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>

According to the findings, the majority of the members of the youth groups (80%) indicated that they had attended training on how to run a business (entrepreneurship). On the other hand, the majority of the women (74.3%) also indicated that they had attended training on how to run a business (entrepreneurship). The findings shows that the members of the women groups ad youth groups had acquired entrepreneurship skills to facilitate the running of their businesses and also manage their financial resources to accrue full benefits from the devolved funds through YEDF and WEDF.

#### 4.4.3 Assistance from Youth and women Affairs field based officers on entrepreneurship

The research sought to establish whether the respondents had received assistance from youth and women affairs field based officers on entrepreneurship.

**Table 4.3 Assistance from Youth and women Affairs field based officers on entrepreneurship**

	Youth		women	
	Frequency	Percent	Frequency	Percent
Yes	29	82.9%	26	74.3%
No	6	17.1%	9	25.7%
<b>Total</b>	<b>35</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>

Table shows that the majority of members of the youth groups (82.9%) attested that they had received assistance from youth and women affairs field based officers on entrepreneurship. The majority of the members in women groups (74.3%) also indicated that they had received assistance from youth and women affairs field based officers on entrepreneurship. This depicts that the youths and women could gain further assistance on running of their enterprises from the field officers employed by the government. Even though the respondents received assistance from the field officers, the fact that most of the businesses initiated through the devolved funds were not successful, depicts that the field based officers were not fully effective in training the youths and women on utilization of the financial resources from YEDF and WEDF.

#### 4.4.4 Statements on influence of entrepreneurship skills on poor uptake of YEDF and WEDF

The study sought to establish the influence of lack of entrepreneurship skills on poor uptake of YEDF and WEDF. The responses were rated on a five point Likert scale indicating to what extent respondents agree to the statements, where: 1- To a very low extent, 2- To a low extent, 3- To a moderate extent, 4- To a great extent and 5- To a very great extent. The mean and standard deviations were generated from SPSS and are as illustrated in table 4.8.

**Table 4.4 Statements on influence of entrepreneurship skills on poor uptake of YEDF and WEDF**

	Youth		women	
	Mean	Std. Dev	Mean	Std. Dev
Entrepreneurship training and provision of appropriate business development services are keys to the YEDF and WEDF achievement of its mandate	2.3714	1.45695	2.6857	1.45059
Entrepreneurship skills enable youths and women in identifying and tapping into business opportunities that are readily available in the market, while embracing modern business management techniques	4.4571	0.81684	4.6000	0.65079
The government have employed Youth and women Affairs field based officers who assist us on entrepreneurship	3.2571	1.80429	3.0000	1.71499

From the findings, the majority of the respondents from the youth groups attested that they agreed to a great extent that entrepreneurship skills enable youths and women in identifying and tapping into business opportunities that are readily available in the market, while embracing modern business management techniques (M=4.4571). They also agreed to a moderate extent that the government have employed Youth and women Affairs field based officers who assist us on entrepreneurship (M=3.2571). However they agreed to a low extent that entrepreneurship training and provision of appropriate business development services are keys to the YEDF and WEDF achievement of its mandate (M=2.3714).

On their part, the majority of the participants from the women groups agreed to a great extent that entrepreneurship skills enable youths and women in identifying and tapping into business opportunities that are readily available in the market, while embracing modern business management techniques (M=4.600). They also agreed to a moderate extent that the government have employed Youth and women Affairs field based officers who assist us on entrepreneurship (M=3.0000). However, the majority of the women agreed to a low extent that entrepreneurship

training and provision of appropriate business development services are keys to the YEDF and WEDF achievement of its mandate (M=2.6857).

#### **4.5 Influence of Fear of Taking Loans on Poor Uptake YEDF/WEDF**

The second objective of the study was to establish the influence of fear of taking loans on poor uptake of YEDF/WEDF.

##### **4.5.1 Presence of conditions that prevent respondents from applying for YEDF/WEDF**

The study sought to establish whether there were conditions that prevented respondents from applying for YEDF/WEDF

**Table 4.5 Presence of conditions that prevent respondents from applying for YEDF/WEDF**

	Youth		women	
	Frequency	Percent	Frequency	Percent
Yes	18	51.4%	17	48.6%
No	17	48.6%	18	51.4%
<b>Total</b>	<b>35</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>

From the findings, majority of the respondents from the youth group (51.4%) attested that they faced conditions that prevented respondents from applying for YEDF while 48.6% attested that there were no conditions that prevented respondents from applying for YEDF. This further depicts that the YEDF was not fully accessible to the youths owing to some of the set conditions that hindered some of the youths from applying for the funds. The majority (51.4%) of the respondents from the women groups posited that there were no conditions that prevented respondents from applying for WEDF while 48.5% attested that they faced conditions that prevented respondents from applying for WEDF. This depicts that more women than youth could access funds as the majority of women cited that there were no condition that hindered them from applying for the devolved funds.

##### **4.5.2 Perception by financial institutions on youth/women as a risk**

The study sought to establish whether the perception by financial institutions that views youth/women as a risk discourage uptake of YEDF/WEDF by youths and women.

**Table 4.6 Perception by financial institutions on youth/women as a risk**

	Youth		women	
	Frequency	Percent	Frequency	Percent
Yes	13	37.1%	16	45.7%
No	22	62.9%	19	54.3%
<b>Total</b>	<b>35</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>

According to the results, the majority of the respondents from youth groups (62.9%) posited that the perception by financial institutions that views youth as a risk never discouraged their uptake

of YEDF while 37.1% posited that the perception by financial institutions that views youth as a risk discouraged their uptake of YEDF. This depicts that the financial institutions through which the YEDF and WEDF was channeled viewed the youths as high risk persons to lend money to and this further limited youth access to the YEDF. On the other hand, the majority of the respondents from the women groups (54.3%) attested that the perception by financial institutions that views youth as a risk never discouraged their uptake of WEDF. The findings are contrary to those of the youths as majority of the women were never prohibited from accessing WEDF despite being viewed by the banks as high risk persons to lend money to.

#### 4.5.3 YEDF/WEDF loan as not being enough to help respondents start/run the business

The study sought to establish whether the loan amount given through YEDF/WEDF enough to help respondents start/run the business.

**Table 4.7 YEDF/WEDF being enough to help respondents start/run the business**

	Youth		women	
	Frequency	Percent	Frequency	Percent
Yes	11	31.4%	13	37.1%
No	24	68.6%	22	62.9%
<b>Total</b>	<b>35</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>

From the findings, majority of the respondents from the youth group (68.6%) indicated that the loan amount given through YEDF was not enough to help them start and run the business. The majority of the respondents from the women groups (62.9%) also indicated that loan amount given through WEDF was not enough to help them start and run the business. Both the youth groups and women groups unanimously pointed out that they cash grant given to them was inadequate to run a viable entrepreneurship thus the government needed to review the amount of cash given through YEDF and WEDF and increase it to enhance the success of the businesses initiated through YEDF and WEDF.

#### 4.5.4 Reasons have led many youths/women fear of taking YEDF/WEDF

The study sought to establish the three main reasons have led many youths/women fear of taking YEDF/WEDF

**Table 4.8 Reasons have led many youths/women fear of taking YEDF/WEDF**

	Youth		women	
	Frequency	Percent	Frequency	Percent
High interest rates	2	5.7%	35	100%
Collateral requirement	2	5.7%	2	5.7%
Delays in processing	17	48.6%	19	54.3%
Lenders demanding group borrowing rather than individual borrowing	17	48.6%	15	42.9%



	Youth		women	
	Frequency	Percent	Frequency	Percent
High interest rates	2	5.7%	35	100%
Collateral requirement	2	5.7%	2	5.7%
Delays in processing	17	48.6%	19	54.3%
Lack of transparency where conditions and requirements are not shown in advance	21	60.0%	24	68.6%
Corruption	24	68.6%	26	74.3%

From the findings, the main reasons that led many youths fear of taking YEDF were corruption 68.6%, lack of transparency where conditions and requirements are not shown in advance (60%), lenders demanding group borrowing rather than individual borrowing (48.6%) and delays in processing (48.6%) respectively. On the other hand, the main reasons that led many women fear of taking WEDF were corruption (74.3%), lack of transparency where conditions and requirements are not shown in advance (68.6%), delays in processing (54.3%) and lenders demanding group borrowing rather than individual borrowing (42.9%) respectively. This illustrates that corruption and lack of transparency where conditions and requirements are not shown in advance were the most significant reason that prevented the respondents from accessing the devolved funds.

#### 4.5.5 Statements on influence of fear of taking loans on poor uptake YEDF and WEDF

The study sought to establish the influence of fear of taking loans on poor uptake YEDF and WEDF. The responses were rated on a five point Likert scale indicating to what extent respondents agree to the statements, where: 1- To a very low extent, 2- To a low extent, 3- To a moderate extent, 4- To a great extent and 5-To a very great extent. The mean and standard deviations were generated from SPSS and are as illustrated in table.

**Table 4.9 Statements on influence of fear of taking loans on poor uptake YEDF and WEDF**

	Youth		women	
	Mean	Std. Dev	Mean	Std. Dev
YEDF and WEDF is difficult to access since they had stringent measures that most of the youths and women do not meet	1.885	.7960	1.8571	.84515
Most of youths/women rarely meet the conditions set by financial institutions, which see youths/women as a risk because of poor guarantees and lack of information about their ability to repay loans.	3.371	1.352	3.4857	1.42192
Women also face discriminatory treatment by bank officials who prefer dealing with husbands and do not take women seriously	2.457	1.578	2.3714	1.39507

YEDF/WEDF is easier to access than credit from conventional banks	2.942 9	1.282 07	2.4571	1.09391
The formal financial system has traditionally viewed the poor youths and women as “un-bankable”, due to their perceived lack of collateral, small loan sizes, and low potential for repayment	3.514 3	1.067 47	3.2286	.91026
Women and youth are less likely to possess assets that they are able to present as collateral	3.657 1	1.109 92	3.1143	1.30094
The restrictive products from the devolved funds restrict the loan uptake by the women and youth; which includes the short repayment period	3.228 6	1.285 34	2.9143	1.29186

According to the results, the majority of the youths agreed to a moderate extent that women and youth are less likely to possess assets that they are able to present as collateral (M=3.6571), the formal financial system has traditionally viewed the poor youths and women as “un-bankable”, due to their perceived lack of collateral, small loan sizes, and low potential for repayment (M=3.5143), most of youths/women rarely meet the conditions set by financial institutions, which see youths/women as a risk because of poor guarantees and lack of information about their ability to repay loans (M=3.3714), and that the restrictive products from the devolved funds restrict the loan uptake by the women and youth; which includes the short repayment period (M=3.2286) respectively.

#### ***4.6 Effects of Inadequate Information on Investment Opportunities on Low Uptake of YEDF/WEDF***

The third objective of the study was to examine the effects of inadequate information on investment opportunities on poor uptake of YEDF/WEDF.

##### **4.6.1 Updating self with business related information**

The research also inquired from the respondents on whether they update themselves with business related information to help you in running their business

**Table 4.10 Updating self with business related information**

	Youth		Women	
	Frequency	Percent	Frequency	Percent
Yes	17	48.6%	19	54.3%
No	18	51.4%	16	45.7%
<b>Total</b>	<b>35</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>

From the findings, majority of the youths (51.4%) indicated that they never update themselves with business related information to help you in running their business while 48.6% attested that they update themselves with business related information to help you in running their business. The findings depicts that despite the youths acquiring skills at the initial stages of starting their

businesses, they did not sought to enhance their business skills which contributed to the stagnation of their IGAs and eventual failure as business environment is highly dynamic and competitive and requires regular training on business related information. On the other hand, the majority of the respondents from the women groups (54.3%) attested that update themselves with business related information to help you in running their business while 45.7% posited that never update themselves with business related information to help you in running their business. This findings are contrary to those of the youths and thus women were better placed to benefit from devolved funds as they always update themselves with business related information to help you in running their business.

#### **4.6.2 Frequency at which respondents seek business counseling/mentorship to help you identify markets, as well as to manage day-to-day business**

The study inquired on how frequent the respondents sought business counseling/mentorship to help them identify markets, as well as to manage day-to-day business.

**Table 4.11 Frequency of seeking business counseling/mentorship**

	<b>Youth</b>		<b>women</b>	
	Frequency	Percent	Frequency	Percent
Not at all	13	37.1%	11	31.4%
Weekly	9	25.7%	7	20.0%
Monthly	11	31.4%	13	37.1%
Others	2	5.7%	4	11.4%
<b>Total</b>	<b>35</b>	<b>100.0</b>	<b>35</b>	<b>100.0</b>

Table 4.15 shows that 37.1% of the youths never sought business counseling/mentorship to help them identify markets, as well as to manage day-to-day business, 31.4% sought it on monthly basis while 25.7% sought business counseling/mentorship on weekly basis. This depicts that majority of the youths' businesses lacked good business practices as majority of the youths rarely sought business counseling/mentorship services to help them run their businesses more proficiently. On their part, most of the women 37.1% posited that they sought business counseling/mentorship on monthly basis, 31.4% never sought for business counseling/mentorship while 20% sought for business counseling/mentorship on weekly basis. A significant number of women groups sought business counseling/mentorship thus increasing the success rate of their businesses.

#### **4.6.3 Statements on effects of inadequate information on investment opportunities on low uptake of YEDF and WEDF**

The study sought to establish the effects of inadequate information on investment opportunities on low uptake of YEDF and WEDF. The responses were rated on a five point Likert scale indicating to what extent respondents agree to the statements, where: 1- To a very low extent, 2- To a low extent, 3- To a moderate extent, 4- To a great extent and 5-To a very great extent. The mean and standard deviations were generated from SPSS and are as illustrated in table.

**Table 4.12 Statements on effects of inadequate information on investment opportunities on low uptake of YEDF and WEDF**

	Youth		women	
	Mean	Std. Dev	Mean	Std. Dev
Few women and youth in the country take advantage of the training and financial resources available for enterprise development	2.5429	1.26823	2.8286	1.12422
Youth/women lack information on market demands that would enable them start/run viable enterprises	3.5714	1.50070	3.5429	1.42133
Regular business counseling/mentoring help youth/women identify markets, as well as to manage day-to-day business	4.1143	1.25491	4.1714	1.17538
Many youth/women are not aware of emerging business opportunities	3.9429	1.13611	3.7714	1.13981
Youth/women also lack access to information on product and input markets	4.3143	1.05081	4.3143	1.13167

Table 4.16 shows that majority of the youths agreed to a great extent that youth/women also lack access to information on product and input markets (M=4.3143), and that regular business counseling/mentoring help youth/women identify markets, as well as to manage day-to-day business (M=4.1143) respectively. In addition, majority of the youths agreed to a moderate extent that many youth/women are not aware of emerging business opportunities (M=3.9429) and that youth/women lack information on market demands that would enable them start/run viable enterprises, (M=3.5714) respectively. The majority of the youths agreed to a low extent that few women and youth in the country take advantage of the training and financial resources available for enterprise development (M=2.5429).

The majority of the respondents from the women groups agreed to a great extent that youth/women also lack access to information on product and input markets (M=4.3143) and that regular business counseling/mentoring help youth/women identify markets, as well as to manage day-to-day business (M=4.1714) respectively. The majority of the respondents from the women groups agreed to a moderate extent that many youth/women are not aware of emerging business opportunities (M=3.7714), youth/women lack information on market demands that would enable them start/run viable enterprises (M=3.5429) respectively. The majority of the respondents from the women groups agreed to a low extent that few women and youth in the country take advantage of the training and financial resources available for enterprise development (M=2.8286).

#### **4.7 Influence of Bureaucratic Legal Requirements for Business Registration on Low Uptake YEDF/WEDF**

The fourth objective of the study was to examine the influence of bureaucratic legal requirements for business registration on poor uptake of YEDF/WEDF.

##### **4.7.1 Main challenge that face youth/women while seeking loan from YEDF/WEDF**

The study sought to establish the main challenges that face youth/women in their area while seeking loan from YEDF/WEDF for their enterprises

**Table 4.13 Main challenge that face youth/women while seeking loan from YEDF/WEDF**

	<b>Youth</b>		<b>women</b>	
	Frequency	Percent	Frequency	Percent
Government regulations	18	51.4%	23	65.7%
Inadequate skills, knowledge	28	80.0%	31	88.6%
Lack of recognition by the financial	14	40.0%	14	40%

From the study findings in Table 4.17 the youth pointed their main challenges while seeking loan from YEDF to include inadequate skills, knowledge (80.0%), government regulations (51.4%) and lack of recognition by the financial (40.0%) respectively. On the other hand, the women respondents pointed their main challenges while seeking loan from WEDF to include inadequate skills, knowledge (88.6%), government regulations (65.7%) and lack of recognition by the financial (40%) respectively. This depicts that the government regulations and inadequate skills, and knowledge were the main challenges that hindered access to devolved funds which reveals some of the bureaucratic legal requirements that hindered accessibility of the YEDF and WEDF to the targeted beneficiaries.

##### **4.7.2 Statements on Influence of bureaucratic legal requirements for business registration on low uptake YEDF and WEDF**

The study sought to establish the influence of bureaucratic legal requirements for business registration on low uptake YEDF and WEDF. The responses were rated on a five point Likert scale indicating to what extent respondents agree to the statements, where: 1- To a very low extent, 2- To a low extent, 3- To a moderate extent, 4- To a great extent and 5-To a very great extent. The mean and standard deviations were generated from SPSS and are as illustrated in table.

**Table 4.14 Statements on Influence of bureaucratic legal requirements for business registration on low uptake YEDF and WEDF**

	<b>Youth</b>		<b>Women</b>	
	Mean	Std. Dev	Mean	Std. Dev

Government regulations and lack of recognition by the financial due to lack of legal documents is a major challenge facing women/youth in accessing YEDF/WEDF	3.2286	1.39507	3.1143	1.60462
The many bureaucratic processes give a competitive edge to major investors at the expense of youth/women entrepreneurs.	3.5714	1.21959	2.7429	1.22097
The loan application process is long and tedious while loan takes very long before they are released	4.3429	.93755	3.5429	1.46213
There are specific legal, regulatory, and administrative barriers that women entrepreneurs face in access to WEDF	3.8571	1.64751	3.3714	1.53557

Table 4.18 indicates that the majority of the youths agreed to a great extent that the loan application process is long and tedious while loan takes very long before they are released (M=4.3429). The majority of the youths also agreed to a moderate extent that there are specific legal, regulatory, and administrative barriers that women entrepreneurs face in access to YEDF (M=3.8571), the many bureaucratic processes give a competitive edge to major investors at the expense of youth/women entrepreneurs (M=3.5714) and that government regulations and lack of recognition by the financial due to lack of legal documents is a major challenge facing women/youth in accessing YEDF (M=3.2286) respectively.

On the other hand, the majority of the respondents from the women groups agreed to a moderate extent that the loan application process is long and tedious while loan takes very long before they are released (M=3.5429), there are specific legal, regulatory, and administrative barriers that women entrepreneurs face in access to WEDF (M=3.3714) and that government regulations and lack of recognition by the financial due to lack of legal documents is a major (M=3.1143) respectively.

#### **4.8 Hypothesis Testing**

The study utilized Chi-square test in testing the null hypothesis used in the study. Chi-square is a statistical test commonly used to compare observed data with data we would expect to obtain according to a specific hypothesis. The chi-square test is always testing the null hypothesis, which states that there is no statistically significant difference between the expected and observed result. Testing of the null hypotheses in this study was based on the fact that if the calculated Chi-square associated  $p$  value is greater than  $\alpha = 0.05$  confidence level ( $p > 0.05\alpha$ ), then we accepted the hypothesis.

#### **4.7.1 Relationship between lack of entrepreneurship skills and poor uptake of YEDF and WEDF**

$H_{01}$ . There is no statistically significant relationship between lack of entrepreneurship skills and poor uptake of YEDF and WEDF in Kaloleni Constituency.

#### **Table 4.15 Relationship between lack of entrepreneurship skills and poor uptake of YEDF and WEDF**

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**Chi-Square Tests**

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	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	38.322	9	.001
N of Valid Cases	70		

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Table 4.19 shows that the chi-square value is 38.322 with an associated p of 0.001. Since p is less than  $\alpha = 0.05$  confidence level ( $p < 0.05\alpha$ ), the null hypothesis is rejected and therefore lack of entrepreneurship skills has significant relationship with poor uptake of YEDF and WEDF in Kaloleni Constituency.

#### **4.7.2 Relationship between fear of taking loans and poor uptake of YEDF and WEDF**

The analysis also explored the relationship between fear of taking loans and poor uptake of YEDF and WEDF.

Ho<sub>2</sub>. There is no statistically significant relationship between fear of taking loans and poor uptake of YEDF and WEDF in Kaloleni Constituency.

#### **Table 4.16 Relationship between fear of taking loans and poor uptake of YEDF and WEDF**

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**Chi-Square Tests**

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	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.883	6	.001
N of Valid Cases	70		

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Table 4.20, indicates that the chi-square value is 23.883 with an associated p of 0.001. Since p is less than  $\alpha = 0.05$  confidence level ( $p < 0.05\alpha$ ), the null hypothesis is rejected and therefore fear of taking loans has significant relationship with poor uptake of YEDF and WEDF in Kaloleni Constituency.

#### **4.7.3 Relationship between inadequate information on investment opportunities and poor uptake of YEDF and WEDF in Kaloleni Constituency**

The analysis further looked at the relationship between inadequate information on investment opportunities and poor uptake of YEDF and WEDF. The following illustrates the statistical relationship between them.

Ho<sub>3</sub>. There is no statistically significant relationship between inadequate information on investment opportunities and poor uptake of YEDF and WEDF in Kaloleni Constituency.

#### **Table 4.17 Relationship between inadequate information on investment opportunities and poor uptake of YEDF and WEDF**



Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.883	6	.001
N of Valid Cases	70		

Table 4.21 shows that the chi-square value is 23.883 with an associated p of 0.01. Since p is less than  $\alpha = 0.05$  confidence level ( $p < 0.05\alpha$ ), the null hypothesis is rejected and therefore inadequate information on investment opportunities has significant relationship with poor uptake of YEDF and WEDF in Kaloleni Constituency.

#### **4.7.4 Relationship between bureaucratic legal requirements for business registration and poor uptake of YEDF and WEDF**

Ho<sub>4</sub>. There is no statistically significant relationship between bureaucratic legal requirements for business registration and poor uptake of YEDF and WEDF in Kaloleni Constituency.

#### **Table 4.18 Relationship between bureaucratic legal requirements for business registration and poor uptake of YEDF and WEDF**

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	36.301	9	.003
N of Valid Cases	70		

Table 4.22 shows that the chi-square value is 36.301 with an associated p of 0.003. Since p is less than  $\alpha = 0.05$  confidence level ( $p < 0.05\alpha$ ), the null hypothesis is rejected and therefore bureaucratic legal requirements for business registration has significant relationship with poor uptake of YEDF and WEDF in Kaloleni Constituency.

## **CHAPTER FIVE**

### **SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents summary, conclusion and recommendations of the study in line with the comparative study of Youth Enterprise Development Funds [YEDF] and Women Enterprise Development Fund [WEDF] in Kaloleni Constituency-Kilifi County-Kenya.

#### **5.2 Summary the findings.**

The study established that the majority of the youth group engaged in a business activity. On the other hand the majority of the women groups also engaged in a business activity. This depicts that the majority of the youth groups and women groups utilized the cash loans they received from YEDF and WEDF respectively in income generating activities. This further point to the critical value of the entrepreneurship skills in running of businesses. Thus without adequate

entrepreneurship skills, their businesses were likely to suffer from mismanagement and result to failure of the businesses.

The study established that the majority of the members of the youth groups had attended training on how to run a business (entrepreneurship). On the other hand, the majority of the women had also attended training on how to run a business (entrepreneurship). The findings shows that the members of the women groups and youth groups had acquired entrepreneurship skills to facilitate the running of their businesses and also manage their financial resources to accrue full benefits from the devolved funds through YEDF and WEDF.

The majority of members of the youth groups and women groups received assistance from youth and women affairs field based officers on entrepreneurship. This depicts that the youths and women could gain further assistance on running of their enterprises from the field officers employed by the government. Even though the respondents received assistance from the field officers, the fact that most of the businesses initiated through the devolved funds were not successful, depicts that the field based officers were not fully effective in training the youths and women on utilization of the financial resources from YEDF and WEDF.

The study further established that the majority of the respondents from the youth groups and women groups agreed to a great extent that entrepreneurship skills enable youths and women in identifying and tapping into business opportunities that are readily available in the market, while embracing modern business management techniques. They also agreed to a moderate extent that the government have employed youth and women Affairs field based officers who assist us on entrepreneurship. However they agreed to a low extent that entrepreneurship training and provision of appropriate business development services are keys to the YEDF and WEDF achievement of its mandate.

The study revealed that the majority of the youth group faced conditions that prevented them from applying for YEDF. This further depicts that the YEDF was not easily accessible to the youths owing to some of the set conditions that hindered some of the youths from applying for the funds. The majority the women groups however indicated that there were no conditions that prevented respondents from applying for WEDF. This depicts that more women than youth could access devolved funds as the majority of women cited that there were no condition that hindered them from applying for the devolved funds.

The majority of the youth groups and women groups posited that the perception by financial institutions that views youth as a risk never discouraged their uptake of YEDF. This depicts that the financial institutions through which the YEDF was channeled viewed the youths as high risk persons to lend money to and this further limited youth access to the YEDF.

The majority of the respondents from the women groups attested that the perception by financial institutions that views youth as a risk never discouraged their uptake of WEDF. The findings are collaborated to those of the youths as majority of the women were never prohibited from accessing WEDF despite being viewed by the banks as high risk persons to lend money to.

The study established that the loan amount given through YEDF and WEDF was not enough to help them start and run the business. Both the youth groups and women groups unanimously pointed out that the cash grant given to them was inadequate to run a viable entrepreneurship thus the government needed to review the amount of cash loans given through YEDF and WEDF and increase it to enhance the success of the businesses initiated through YEDF and WEDF.

The main reasons that led many youths and women groups fear of taking YEDF and WEDF respectively were corruption, lack of transparency where conditions and requirements are not and lenders demanding group borrowing rather than individual borrowing respectively. This illustrates that corruption and lack of transparency where conditions and requirements are not shown in advance were the most significant reasons that prevented the respondents from accessing the devolved funds.

The study established that the majority of the youths agreed to a moderate extent that women and youth are less likely to possess assets that they are able to present as collateral, the formal financial system has traditionally viewed the poor youths and women as “un-bankable”, due to their perceived lack of collateral, small loan sizes, and low potential for repayment, most of youths/women rarely meet the conditions set by financial institutions, which see youths/women as a risk because of poor guarantees and lack of information about their ability to repay loans, and that the restrictive products from the devolved funds restrict the loan uptake by the women and youth; which includes the short repayment period respectively.

The majority of the youths never update themselves with business related information to help them in running their business. The findings depicts that despite the youths acquiring skills at the initial stages of starting their businesses, they did not sought to enhance their business skills which contributed to the stagnation of their IGAs and eventual failure as business environment is highly dynamic and competitive and requires regular training on business related information. On the other hand, the majority of the women groups update themselves with business related information to help you in running their business. The findings are contrary to those of the youths and thus women were better placed to benefit from devolved funds as they always update themselves with business related information to help you in running their business.

The study established that the majority of the youths’ businesses lacked good business practices as majority of the youths rarely sought business counseling/mentorship services to help them run their businesses more proficiently. However a significant number of women groups sought business counseling/mentorship thus increasing the success rate of their businesses.

The majority of the youths agreed to a great extent that youth/women also lack access to information on product and input markets, and that regular business counseling/mentoring help youth/women identify markets, as well as to manage day-to-day business respectively. In addition, majority of the youths agreed to a moderate extent that many youth/women are not aware of emerging business opportunities and that youth/women lack information on market demands that would enable them start/run viable enterprises respectively.

The majority of the respondents from the women groups agreed to a great extent that youth/women also lack access to information on product and input markets and that regular business counseling/mentoring help youth/women identify markets, as well as to manage day-to-day business respectively. The majority of the respondents from the women groups agreed to a moderate extent that many youth/women are not aware of emerging business opportunities, youth/women lack information on market demands that would enable them start/run viable enterprises respectively.

The youth pointed their main challenges while seeking loan from YEDF to include inadequate skills, knowledge, government regulations and lack of recognition by the financial respectively. On the other hand, the women respondents pointed their main challenges while seeking loan from WEDF to include inadequate skills, knowledge, government regulations and lack of recognition by the financial respectively. This depicts that the government regulations and inadequate skills, and knowledge were the main challenges that hindered access to devolved funds which reveals some of the bureaucratic legal requirements that hindered accessibility of the YEDF and WEDF to the targeted beneficiaries.

The majority of the youths agreed to a great extent that the loan application process is long and tedious while loan takes very long before they are released. The majority of the youths also agreed to a moderate extent that there are specific legal, regulatory, and administrative barriers that women entrepreneurs face in access to YEDF, the many bureaucratic processes give a competitive edge to major investors at the expense of youth/women entrepreneurs and that government regulations and lack of recognition by the financial due to lack of legal documents is a major challenge facing women/youth in accessing YEDF respectively.

On the other hand, the majority of the women groups agreed to a moderate extent that the loan application process is long and tedious while loan takes very long before they are released, there are specific legal, regulatory, and administrative barriers that women entrepreneurs face in access to WEDF and that government regulations and lack of recognition by the financial due to lack of legal documents is a major respectively.

### **5.3 Conclusions**

The study concluded that the majority of the youth group engaged in a business activity. On the other hand the majority of the women groups also engaged in a business activity. This depicts that the majority of the youth groups and women groups utilized the cash loans they received from YEDF and WEDF respectively in income generating activities. This further point to the critical value of the entrepreneurship skills in running of businesses. Thus without adequate entrepreneurship skills, their businesses were likely to suffer from mismanagement and result to failure of the businesses.

The study concluded that the majority of the members of the youth groups had attended training on how to run a business (entrepreneurship). On the other hand, the majority of the women had also attended training on how to run a business (entrepreneurship). The findings shows that the

members of the women groups and youth groups had acquired entrepreneurship skills to facilitate the running of their businesses and also manage their financial resources to accrue full benefits from the devolved funds through YEDF and WEDF.

The study concluded the majority of members of the youth groups and women groups received assistance from youth and women affairs field based officers on entrepreneurship. This depicts that the youths and women could gain further assistance on running of their enterprises from the field officers employed by the government. Even though the respondents received assistance from the field officers, the fact that most of the businesses initiated through the devolved funds were not successful, depicts that the field based officers were not fully effective in training the youths and women on utilization of the financial resources from YEDF and WEDF.

The study further concluded that the majority of the respondents from the youth groups and women groups agreed to a great extent that entrepreneurship skills enable youths and women in identifying and tapping into business opportunities that are readily available in the market, while embracing modern business management techniques. They also agreed to a moderate extent that the government have employed youth and women Affairs field based officers who assist us on entrepreneurship. However they agreed to a low extent that entrepreneurship training and provision of appropriate business development services are keys to the YEDF and WEDF achievement of its mandate.

The study concluded that the majority of the youth group faced conditions that prevented them from applying for YEDF. This further depicts that the YEDF was not easily accessible to the youths owing to some of the set conditions that hindered some of the youths from applying for the funds. The majority the women groups however indicated that there were no conditions that prevented respondents from applying for WEDF. This depicts that more women than youth could access devolved funds as the majority of women cited that there were no condition that hindered them from applying for the devolved funds.

The study concluded that the perception by financial institutions that views youth as a risk never discouraged their uptake of YEDF. This depicts that the financial institutions through which the YEDF was channeled viewed the youths as high risk persons to lend money to and this further limited youth access to the YEDF. The majority of the women groups attested that the perception by financial institutions that views women as a risk never discouraged their uptake of WEDF. The findings are collaborated to those of the youths as majority of the women were never prohibited from accessing WEDF despite being viewed by the banks as high risk persons to lend money to.

The study concluded that the loan amount given through YEDF and WEDF was not enough to help them start and run the business. Both the youth groups and women groups unanimously pointed out that they cash loan given to them was inadequate to run a viable entrepreneurship thus the government needed to review the amount of cash grant given through YEDF and WEDF and increase it to enhance the success of the businesses initiated through YEDF and WEDF.

The main reasons that led many youths and women groups fear of taking YEDF and WEDF respectively were corruption, lack of transparency where conditions and requirements are not and lenders demanding group borrowing rather than individual borrowing respectively. This illustrates that corruption and lack of transparency where conditions and requirements are not shown in advance were the most significant reasons that prevented the respondents from accessing the devolved funds.

The study concluded that the women and youth are less likely to possess assets that they are able to present as collateral, the formal financial system has traditionally viewed the poor youths and women as “un-bankable”, due to their perceived lack of collateral, small loan sizes, and low potential for repayment, most of youths/women rarely meet the conditions set by financial institutions, which see youths/women as a risk because of poor guarantees and lack of information about their ability to repay loans, and that the restrictive products from the devolved funds restrict the loan uptake by the women and youth; which includes the short repayment period respectively.

The study concluded that the majority of the youths never update themselves with business related information to help them in running their business. The findings depicts that despite the youths acquiring skills at the initial stages of starting their businesses, they did not sought to enhance their business skills which contributed to the stagnation of their IGAs and eventual failure as business environment is highly dynamic and competitive and requires regular training on business related information. On the other hand, the majority of the women groups update themselves with business related information to help you in running their business. The findings are contrary to those of the youths and thus women were better placed to benefit from devolved funds as they always update themselves with business related information to help you in running their business.

The study concluded that the majority of the youths’ businesses lacked good business practices as majority of the youths rarely sought business counseling/mentorship services to help them run their businesses more proficiently. However a significant number of women groups sought business counseling/mentorship thus increasing the success rate of their businesses.

The majority of the youths agreed to a great extent that youth/women also lack access to information on product and input markets, and that regular business counselling /mentoring help youth/women identify markets, as well as to manage day-to-day business respectively. In addition, majority of the youths agreed to a moderate extent that many youth/women are not aware of emerging business opportunities and that youth/women lack information on market demands that would enable them start/run viable enterprises respectively.

The majority of the respondents from the women groups agreed to a great extent that youth/women also lack access to information on product and input markets and that regular business counselling /mentoring help youth/women identify markets, as well as to manage day-to-day business respectively. The majority of the respondents from the women groups agreed to



a moderate extent that many youth/women are not aware of emerging business opportunities, youth/women lack information on market demands that would enable them start/run viable enterprises respectively.

The youth pointed their main challenges while seeking loan from YEDF to include inadequate skills, knowledge, government regulations and lack of recognition by the financial respectively. On the other hand, the women respondents pointed their main challenges while seeking loan from WEDF to include inadequate skills, knowledge, government regulations and lack of recognition by the financial respectively. This depicts that the government regulations and inadequate skills, and knowledge were the main challenges that hindered access to devolved funds which reveals some of the bureaucratic legal requirements that hindered accessibility of the YEDF and WEDF to the targeted beneficiaries.

The majority of the youths agreed to a great extent that the loan application process is long and tedious while loan takes very long before they are released. The majority of the youths also agreed to a moderate extent that there are specific legal, regulatory, and administrative barriers that youth entrepreneurs face in access to YEDF, the many bureaucratic processes give a competitive edge to major investors at the expense of youth/women entrepreneurs and that government regulations and lack of recognition by the financial due to lack of legal documents is a major challenge facing women/youth in accessing YEDF/WEDF respectively.

On the other hand, the majority of the women groups agreed to a moderate extent that the loan application process is long and tedious while loan takes very long before they are released, there are specific legal, regulatory, and administrative barriers that women entrepreneurs face in access to WEDF and that government regulations and lack of recognition by the financial due to lack of legal documents is a major respectively.

#### ***5.4 Recommendations***

The study recommends that the government of Kenya should review the amount of cash grant given to the targeted beneficiaries through YEDF and WEDF and increase the amount to enhance the viability of the projects initiated by the youths and women.

The study also the government and other stakeholders should address the bottlenecks hindering the uptake of the YEDF and WEDF by adopting friendlier policies to the targeted beneficiaries.

The study also recommends that the government and other stakeholders should offer continuous training to the youths and women on entrepreneurship to keep them up-to date with skills that will assist them to run their projects more effectively.

#### ***5.5 Suggestions for further studies***

Since this study was a comparative study of Youth Enterprise Development Funds [YEDF] and Women Enterprise Development Fund [WEDF] in Kaloleni Constituency-Kilifi County-Kenya, the study recommends that;



- i. Similar study should be done in another constituency for comparison purposes and to allow for generalization of findings on the factors influencing poor uptake of YEDF WEDF in Kenya.

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## **APPENDICES**

### **APPENDIX 1 QUESTIONNAIRE**

**Instructions:** *(Please read the instructions given and answer the questions as appropriately as possible).* It is advisable that you read carefully and correctly fill in each section as provided.

#### **Section A: Demographic Information**

1. What is your gender?

a) Male [ ]

b) Female [ ]

2. Which is your age bracket?

a) 20-35 years [ ]

b) 36-45 years [ ]

c) Above 45 years [ ]

3. What is your highest level of education?

a) Secondary School certificate [ ]

b) Diploma [ ]

c) Graduate [ ]

d) Masters [ ]

e) PhD [ ]

4. Have you ever applied for/benefited from the YEDF/WEDF?

a) Yes [ ]

b) No [ ]

**Section B: Influence of Lack of Entrepreneurship Skills on Poor Uptake of YEDF/WEDF**

5. Have you ever engaged in a business activity?

a) Yes [ ]

b) No [ ]

5 b) If yes, kindly give a brief explanation of the kind of business you were involved in?

.....  
.....

6. Have you ever attended any training on how to run any form of business (entrepreneurship)?

a) Yes [ ]

b) No [ ]

6 b) If yes, what are the key areas on entrepreneurship were you trained in?

.....  
.....

7. Have you ever received assistance from Youth and women Affairs field based officers on entrepreneurship?

a) Yes [ ]

b) No [ ]

7 b) If yes, kindly explain the kind of assistance that you received from Youth and women Affairs field based officers?

.....  
.....

8. The following statements relate to the influence of lack of entrepreneurship skills on poor uptake of YEDF and WEDF. To what extent do you agree with each of the statement? Use a scale where 1- To a very low extent, 2- To a low extent, 3- To a moderate extent, 4- To a great extent and 5-To a very great extent

	1	2	3	4	5
Entrepreneurship training and provision of appropriate business development services are keys to the YEDF and WEDF achievement of its mandate					
Entrepreneurship skills enable youths and women in identifying and tapping into business opportunities that are readily available in the market, while embracing modern business management techniques.					
The government have employed Youth and women Affairs field based officers who assist us on entrepreneurship					

**Section C: Influence of Fear of Taking Loans on Poor Uptake YEDF/WEDF**

9. Are there conditions that prevent you from applying for YEDF/WEDF?

a) Yes [ ]

b) No [ ]

9 b) If yes, what conditions prevent you and/or your friends from applying for YEDF/WEDF?

.....

10. Do the perception by financial institutions that view youth/women as a risk discourage uptake of YEDF/WEDF by youths and women respectively?

a) Yes [ ]

b) No [ ]

11. Is the loan amount given through YEDF/WEDF enough to help you start/run the business?

a) Yes [ ]

b) No [ ]

12. Which three main reasons have led many youths/women fear of taking YEDF/WEDF?

a) High interest rates [ ]

b) Collateral requirement [ ]

c) Delays in processing [ ]

d) Lenders demanding group borrowing rather than individual borrowing [ ]

e) Lack of transparency where conditions and requirements are not shown in advance [ ]

f) Corruption [ ]

13. What other reasons make youths/ women fear taking loans channeled as YEDF/WEDF in your constituency?  
 .....

14. The following statements relate to the influence of fear of taking loans on poor uptake YEDF and WEDF. To what extent do you agree with each of the statement? Use a scale where 1- To a very low extent, 2- To a low extent, 3- To a moderate extent, 4- To a great extent and 5-To a very great extent

	1	2	3	4	5
YEDF and WEDF is difficult to access since they had stringent measures that most of the youths and women do not meet					
Most of youths/women rarely meet the conditions set by financial institutions, which see youths/women as a risk because of poor guarantees and lack of information about their ability to					

repay loans.					
Women also face discriminatory treatment by bank officials who prefer dealing with husbands and do not take women seriously					
YEDF/WEDF is easier to access than credit from conventional banks					
The formal financial system has traditionally viewed the poor youths and women as “un-bankable”, due to their perceived lack of collateral, small loan sizes, and low potential for repayment					
Women and youth are less likely to possess assets that they are able to present as collateral					
The restrictive products from the devolved funds restrict the loan uptake by the women and youth; which includes the short repayment period					

**Section D: Effects of Inadequate Information on Investment Opportunities on Low Uptake of YEDF/WEDF**

15. Do you always update yourself with business related information to help you in running your business?

a) Yes [ ]

b) No [ ]

15 b) What are the sources that give you investment related information to help you take advantage of available opportunities?

.....

15. How frequent do you seek business counseling/mentorship to help you identify markets, as well as to manage day-to-day business?

a) Not at all [ ]

b) Weekly [ ]

c) Monthly [ ]

d) Quarterly [ ]

e) Semi-annually [ ]

f) Annually [ ]



g) Others (specify) .....

16. The following statements relate to the effects of inadequate information on investment opportunities on low uptake of YEDF and WEDF. To what extent do you agree with each of the statement? Use a scale where 1- To a very low extent, 2- To a low extent, 3- To a moderate extent, 4- To a great extent and 5-To a very great extent

	1	2	3	4	5
Few women and youth in the country take advantage of the training and financial resources available for enterprise development					
Youth/women lack information on market demands that would enable them start/run viable enterprises					
Regular business counseling/mentoring help youth/women identify markets, as well as to manage day-to-day business					
Many youth/women are not aware of emerging business opportunities					
Youth/women also lack access to information on product and input markets					

**Section E: Influence of Bureaucratic Legal Requirements for Business Registration on Low Uptake YEDF/WEDF**

17. Which is the main that face youth/women in your area while seeking loan from YEDF/WEDF for their enterprises?

- i. Government regulations [ ]
- ii. Inadequate skills, knowledge [ ]
- iii. Lack of recognition by the financial [ ]
- iv. Others (specify) .....

18. The following statements relate to the influence of Bureaucratic Legal Requirements for Business Registration on Low Uptake YEDF and WEDF. Use a scale where 1- To a very low extent, 2- To a low extent, 3- To a moderate extent, 4- To a great extent and 5-To a very great extent

	1	2	3	4	5
Government regulations and lack of recognition by the financial due to lack of legal documents is a major challenge facing women/youth in accessing YEDF/WEDF					
The many bureaucratic processes give a competitive edge to					

major investors at the expense of youth/women entrepreneurs.					
The loan application process is long and tedious while loan takes very long before they are released					
There are specific legal, regulatory, and administrative barriers that women entrepreneurs face in access to WEDF					

19. What main area of concern would you like addressed in the factors influencing the uptake of devolved funds (YEDF/WEDF)? .....

.....

20. What recommendations would you make regarding the factors influencing the uptake of devolved funds (YEDF/WEDF)? .....