AN ANALYSIS OF FACTORS INFLUENCING ACCESSIBILITY OF CREDIT FINANCES FROM THE YOUTH ENTERPRISE DEVELOPMENT FUND IN GITHUNGURI CONSTITUENCY, KIAMBU COUNTY, KENYA

By:

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A Research Project Submitted to the Department of Business Administration, School of Business as a Partial Fulfillment of the Degree of Master of Business Administration (Finance) of Kenyatta University
DECLARATION

This research project is my original work and has not been presented for any degree award in any University.

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DEDICATION

This study is dedicated to my family especially my two sons Peter and James for their support during the entire duration of the course.

Further dedication is to my parents James Ngure and Hanna Wanjiru for their great sacrifice in educating me and for teaching me the discipline and value of education.

I also dedicate this piece of work to my daughter and son, Roseann and Daniel. This piece of literature will be a source of motivation for hard work when they become of age.
ACKNOWLEDGEMENTS

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Finally, to those I am unable to mention but assisted me either directly or indirectly, I say thank you.

To God be Glory and Honour.
ABSTRACT

According to the youth status report 2007-2012, a youth is one falling between the ages of 18-35 years. The youth are faced with many problems such as unemployment and underemployment leaving them in the ranks of swelling poor. Further, the youth are unable to raise start-up capital to start a business since they do not have source of funds or property such as building or land which can serve as collateral for debt capital. Besides, once a loan is acquired, a high interest rate has to be paid, which is about 25% compounded and most of the youth are poor and cannot afford to pay. The government has in the recent past established various initiatives aimed at absorbing the extra labor force over and above what the formal sector can be able to accommodate. One of the government initiative aimed at addressing lack of start-up capital among the youth in the country is Youth Enterprise Development Fund (YEDF). However, despite the fact that YEDF could be a preferred source of funding among the youths, accessing it has remained a great challenge. It is from such a background that the study sought to identify factors influencing accessibility of credit finances from the YEDF. The study identified, individual, group and system factors influencing accessibility of credit finances from YEDF in Githunguri Constituency, Kiambu County. Descriptive research design was adopted. Purposive random sampling was used to sample respondents from the study area. Questionnaires were the key instrument used to obtain primary data supported by comprehensive review of secondary information. Data analysis constituted both qualitative and quantitative analysis, which was carried out using the Statistical Package for Social Sciences (SPSS). The analysis provided quantitative information in form of descriptive statistics such as percentages and means. Data was presented using tables, bar graphs and pie-charts. The study was useful as it formulated policy recommendations aimed at ensuring increased access to credit finances from YEDF by young people. The study established that majority of the members in the youth groups are men and are between the ages of 19 – 35 years. The study also established that majority of the respondents were business people and had secondary education and above. The study also revealed that the groups had more than 10 members. Friends and relatives were a good source of information about YEDF, the study revealed. Additionally the study established that there was a lot of bureaucracy in accessing YEDF.
OPERATIONAL DEFINITIONS

**Collateral:** Assets pledged by a borrower to secure a loan or other credit, and subject to seizure in the event of default. Also called security.

**Credit finances:** An agreement between a buyer and a seller in which the buyer receives finances in advance and makes payment later, often over time and usually with interest.

**Group factors:** Group factors refer to factors emanating from the group which have an influence on accessibility of the credit.

**Individual factors:** Individual factors refer to factors emanating from the individual.

**Start-up capital:** Refers to the money that is required to start a new business, whether for office space, permits, licenses, inventory, product development and manufacturing, marketing or any other expense.

**System factors:** Refer to factors which originate from the system that influence accessibility of the credit funds.

**Youth:** A youth is one falling between the ages of 18-35 years

**Youth Enterprise Development Fund:** A state corporation mandated to avail credit finances to youth.
### ABBREVIATIONS AND ACRONYMS

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<th>Full Form</th>
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<tr>
<td>CBS</td>
<td>Central Bureau of Statistics</td>
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<tr>
<td>C-YES</td>
<td>Constituency Youth Enterprise Scheme</td>
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<tr>
<td>ESMP</td>
<td>Environmental and Social Management Policy</td>
</tr>
<tr>
<td>GoK</td>
<td>Government of Kenya</td>
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<tr>
<td>KKV</td>
<td>KaziKwaVijana</td>
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<tr>
<td>MFI</td>
<td>Micro finance Institution</td>
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<td>MOYA</td>
<td>Ministry of Youth Affairs</td>
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<td>MSE</td>
<td>Medium sized Enterprise</td>
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<td>NACADA</td>
<td>National Agency for the Campaign against Drugs</td>
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<td>NARA</td>
<td>National Accord and Reconciliation Accord</td>
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<tr>
<td>NGO</td>
<td>Non-GovernmentalOrganization</td>
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<tr>
<td>OPM</td>
<td>Office of Prime Minister</td>
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<td>PEV</td>
<td>Post Election Violence</td>
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<td>SACCOs</td>
<td>Saving and Credit Co-operative Societies</td>
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<td>YEDF</td>
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CHAPTER ONE

1.0 Introduction

This chapter highlights the background of the study, the statement of the problem, research objectives, research questions, and scope of the study, significance of the study, and limitations and delimitations of the study.

1.2 Background information

1.2.1 Difficulties faced by youth in acquiring start-up capital

According to the youth status report 2007-2012, a youth is one falling between the age of 18-35 years; and the youth represent 30% of the population whose total now stands at 13 million. According to Sagwe (2011), the youth are faced with many problems such as unemployment and underemployment. These have left most of the youth in the ranks of swelling poor. Accordingly, the youth are unable to raise start-up capital to start a business. This is because they have no source of funds to save, and have no property such as building or land which can serve as collateral for debt capital. Besides, once a loan is acquired, a high interest rate has to be paid, which is about 25% compounded; most of the youth are poor and cannot afford to pay this very high interest rate.

Evans and Shem (2010) asserts that most of the unemployed youth come from poor parents who as a result of extended families and who have to feed the unemployed youth cannot raise capital to give their sons or daughters finance for starting a business. Hence, family, friends and relatives as a source of start-up capital for youth remains a pipe dream.

According to Fidler and Webster (1996), the most serious problem facing African entrepreneurs (including youth entrepreneurs) is finance as most have no source to borrow because of their lack of collateral; further, the banks are typically not interested in lending the informal sector due to small size of transaction, and inexperience of potential borrowers in dealing with the lending institution.
According to Macharia (1997) in a study on financing for small scale enterprises in Kenya, found that income, education and startup capital are positively related to credit availability. However the study only considered women entrepreneurs in Nairobi and Nyeri and therefore biased to youth entrepreneurs. The study however shows that credit accessibility is a problem facing the youth because they lack income because most youth are unemployed even though some of them may be educated.

According to Kiiru (1998), the characteristics that restrict small scale entrepreneurs (including youth) access to credit includes lack of credit history, lack of awareness in terms and conditions of repayment of loans and the implication in business. Hence most of these small scale entrepreneurs are perceived to be high risk-category investments. They are unable to prepare business plans that are suitable for bank use.

According to Muchai (1999) in his study on causes of failure of small scale enterprises (including youth enterprises), sited lack of capital and related financial problems as one of the main causes. In this study on small scale dairy farmers in Kikuyu and Limuru 42.5% of those who needed financial assistance lacked collateral and 15% cited other problems like short paying period. The payment period of a loan facility hinder youth in obtaining loan facility.

According to child labor report (2001) by the CBS over 50% children enrolled in standard on drop out before completing primary education. Accordingly therefore, most youth are less informed and lack education to enable them access start-up capital.

According to Cock and Nixson (2000), there has been a lot of interest in the role of SMES in development process in developing countries. Some of the advantages claimed are that the SMES will be labor intensive and once put into operation can produce rapid returns. This is the more the reason why the Kenya government has been in the forefront to create job opportunities for the youth.
1.2.2 Government initiatives aimed at reducing youth unemployment

Despite the government being committed to job creation in the formal sector to absorb youth, it has been unable to generate adequate employment activities as evidenced by the low growth of wage employment. With the realization that formal sector will not be able to absorb the huge workforce and help alleviate the employment problem, the government has in the recent past established various initiatives aimed at absorbing the extra labor force over and above what the formal sector will be able to accommodate (Maiyo, 1980). It has realized that establishing informal employment can help solve unemployment which is rampant among youth in Kenya. However, the youths lack the needed capital to start their business as reported by young leaders' think tank on policy alternatives (2012). This leaves the youth with no avenue to access funds even for starting business.

One of the initiatives by the government to reduce youth unemployment and idleness is KaziKwaVijana project which was launched in 2009 under the Office of Prime Minister; which is in-charge of overall coordination and monitoring of the project. The main objective is to employ youth in urban and rural areas in labor intensive projects like road maintenance, small scale water supply, sanitation subprojects, water harvesting subprojects afforestation and waste collection.

Another government initiative aimed at addressing lack of start-up capital among the youth in the country so as to create jobs is Youth Enterprise Development Fund (YEDF) which was conceived in June 2006 by the government as a strategic move towards arresting un-employment which is virtually a youth problem. The fund was officially launched on 1st February 2007 and transformed into a state corporation on 11th may, 2007. The Fund focused on the enterprise development as a key strategy that would increase the economic opportunities for, and participation by Kenyan youth in nation building. Further, an action plan was enacted in the National Accord and Reconciliation Accord in 2008 (NARA, 2008). One of the provisions was to increase Youth Enterprise Development Fund and put in place mechanisms to enhance easier access to credit and collateral. The mandate of the fund is not only to increase access to capital by young entrepreneurs but also provide business development services, facilitate linkages in
supply chains, create market opportunities locally and abroad for products and services of youth enterprises, and facilitate creation of commercial infrastructure to support growth of youth businesses and also to facilitate youth employment abroad through the youth employment scheme abroad (YESA).

Credit finances acquired from YEDF have many advantages as compared to other sources such as formal financial institutions. To start with, no interest is charged apart from the initial processing fee of 5%-8%. This is way below the average of 25% charged by many financial institutions and SACCOs. Another advantage is that YEDF has flexible terms and conditions which are favorable to the youth. They also offer a grace period of three months before starting to repay the loan. In addition, they offer entrepreneurial skills to beneficiaries of YEDF. Credit funds acquired from YEDF can be used in job creation for the youth which will lead to enhanced economic development. This can in turn lead to reduced crime rate among other benefits (YEDF, 2012).

One of the channels that can be used to access credit funds from YEDF is Constituency Youth Enterprise Scheme (C-YES). The C-YES is a constituency-based disbursement channel. The fund has formed community committees which vet applications forwarded by youth groups. Through the component groups start with a loan of ksh50,000 and graduate upwards to ksh400,000. (Status report 2007-2012 YEDF). It was purposely designed to inculcate entrepreneurial culture among the youth in all parts of the country. This channel mostly targets very poor youths and those with no experience in dealing with the mainstream financial sector especially commercial banks. The Fund has through this disbursement channel been able to reach young people in areas with poor financial infrastructure. The C-YES is a revolving fund whose allocation is Ksh.4.5 million per constituency. Further disbursement to the constituency is dependent on repayment performance once the allocation is fully taken up (YEDF, 2012).

Given the great significance that YEDF has, there is need to ensure that there is maximum accessibility of the funds. However, it is only after the factors influencing accessibility are known, that measures can be put in place to ensure its effectiveness. It is
from such a background that the study seeks to identify factors influencing accessibility of credit finances from the YEDF.

1.2.3 Youth enterprise fund in Kiambu County.

Kiambu County has eight constituencies, namely Gatundu south, Gatundu north, Juja, Kiambaa, Kabete (Kikuyu), Limuru, Lari, and Githunguri. To date the county has advanced loans to 479 youth groups of a value of Kshs 23,045,140. The YEDF fund in Githunguri constituency has advanced loan to 50 youth groups of a total of Kshs 2,500,000. (Status report 2007-2012). To-date there are 122 youth groups registered in Githunguri constituency as per the ministry of culture and social services.

1.3 Problem statement

One of the most plausible ways of dealing with youth unemployment prevalent among the Kenyan youth is to create jobs in the informal sector. However, most youth lack the much needed start-up capital. There are various ways that youth can access credit finances such as from formal financial institutions and micro-finance institutions. However, in order for them to access such credit they are required to show that they are in a position to repay it and offer collateral. Properties, savings and being employed are some of the collaterals accepted by financial institutions. These requirements make it very difficult for youth to access credit finances especially while starting a business. (Maiyo, 1998).

It is in consideration of these barriers that the GoK through the MOYA introduced the YEDF in 2006. One of its objectives is to develop self-employment opportunities and various income generating activities by the youth (YEDF, 2012). It aims at providing young people with access to finance for self-employment activities and entrepreneurial skills development. It is expected to result in economic development as well as nation building.

However, despite the fact that YEDF could be a preferred source of funding among the youths, accessing it has remained a great challenge (Amenyaet al., 2011). There is therefore need to determine the factors influencing accessibility of credit funds from
YEDF in Githunguri constituency, as it has the least number of youth groups accessing the fund in Kiambu county. (Youth Status Report 2007-20120).

1.4 Research objective

1.4.1 General Objective

The following study aims at identifying factors influencing accessibility of credit finances from the YEDF in Githunguri Constituency, Kiambu County.

1.4.2 Specific Objectives

i. To determine individual factors influencing accessibility of credit finances from YEDF in Githunguri constituency.

ii. To determine group factors influencing accessibility of credit finances from YEDF in Githunguri constituency

iii. To determine system factors influencing accessibility of credit finances from YEDF in Githunguri constituency.

1.5 Research questions

1. What are the individual factors influencing accessibility of credit finances from YEDF in Githunguri Constituency, Kiambu County?

2. What is the group factors influencing the accessibility of credit finances from YEDF in Githunguri Constituency, Kiambu County?

3. What is the system factors influencing the accessibility of credit finances from YEDF in Githunguri Constituency, Kiambu County?

1.6 Significance of the study

The study is expected to benefit the youth in that it has unearthed problems facing accessibility of credit finances form the YEDF. The study will also be of use to the MOYA as it laid bare the reasons behind challenges of accessibility of credit finances
from YEDF. In addition, the study has formulated policy recommendations aimed at ensuring improved accessibility of credit finances from YEDF by young people. The study is also expected to benefit researchers and scholars as it has availed findings, recommendations and has suggested further areas of research.

1.7 Scope of the study

The research was carried out in Kiambu County Githunguri constituency. Githunguri constituency was chosen because of reported increased cases of unemployment and underemployment among the youth and has the least number of youth groups that has accessed the fund among the constituencies in Kiambu County. According to the YEDF status report (2007-2012) in Kiambu County the number of youth groups that accessed the fund were as follows; Gatundu South 67, Gatundu North 58, Juja 59, Githunguri 50, Kiambaa 60, Kabete/Kikuyu 68, Limuru 59, and Lari 58. The study involved youths aged between 18-35 years and have lived in the region for more than six months prior to the study.
CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This section reviews identified studies and theoretical bases of accessibility of credit finances from YEDF. It discusses individual, group and system factors and how they affect accessibility of credit finances from YEDF. Research gap to be filled is also identified. Finally, a conceptual framework is developed to show the relationship between the dependent and the independent variables.

2.1 Youth unemployment in Kenya

Implementation and coordination of youth targeted employment interventions, lack of for more than four and a half decades now; the Kenya government has continuously articulated the need to create sufficient employment opportunities to absorb the country’s growing labor force. Unemployment and underemployment have been identified as Kenya’s most difficult and persistent problems (Republic of Kenya, 2008). Factors being cited to be contributing to unemployment in the country include high labor force growth, use of modern capital-intensive technology and attendant increase in labor productivity, and high wages and salaries, which are linked to inadequate training and consequent lack of skills, shortage of land and other resources, rapid expansion in school enrolments, skills mismatch, and rural-urban migration.

Kenya has experienced steady growth in population coupled with expanding youth unemployment. The country has a youthful population with about 73 per cent being under 30 years of age (Republic of Kenya, 2008). In 2008, the population of the youth was estimated at 14 million and is expected to grow to about 16 million by 2012 (Republic of Kenya, 2008). The youth constitute more than 67 per cent of the unemployed in Kenya. The high unemployment rate amongst the youth has been attributed to low absorptive capacity of the economy, weak inappropriate skills, and job selectiveness. Kenya’s youth are faced with several employment challenges. These are conceived as a complex function of lack of employability, limited employment creation or absorptive capacity of the economy, weak entrepreneurship culture and unequal opportunities.
One of the key challenges facing the Kenyan youth in their endeavor to seek employment is lack of necessary education, relevant training and the knowledge and skills required to enhance their absorption into the labor market. At the same time, there are too many unproductive and precarious jobs offering poor terms and conditions of employment. In practice, there are many complex structural and frictional constraints related with lack of employability.

2.2 Government initiatives

In Kenya the idea of micro credit can be traced to before independence. The colonial government did not provide credit facilities to Africans and hence informal credit groups such as merry go round were formed within the societies in rural areas and clan levels. (Rweria, 2006)

Additionally, the provision of small loans on an organized scale arose in the 1980's as a result of research recommendations about government delivery of subsidized credit to poor people for them to be able to help themselves (Dondo, 2000).

Hence, the Kenya government has encouraged the growth of microfinance institutions whose main objective is to provide financial assistance through establishing savings schemes and offering loan products to micro and small enterprises including individuals. It is therefore possible to transfer economic resources among MFI's and among individuals. The MFI's can take the form of government institutions and Non-Governmental Organization (Otieno, 1997).

Further, the Kenyan government has encouraged the provision of credit to small scale enterprises and to the poor people to enable them supports their production activities and thus raises their standards of living. Some of the formal Microfinance institutions include Women Finance Trust, K-Rep Bank, Women Enterprise Development Company Faulu Kenya, among others (CBK 2000).

The Kenyan government has in the recent past established various initiatives aimed at absorbing the extra labor force over and above what the formal sector can accommodate (Maiyo, 1998). Through the establishment of informal employment, the government
would help solve unemployment which is rampant among youths in Kenya. However, the youths still lack the needed capital to start their businesses. There are various avenues which the youths can access credit for starting business. They include formal financial institutions and micro-finance institutions. However, in order for them to access such credit they need to show that they are in a position to repay it and offer collateral. Properties, savings and being employed are some of the collaterals accepted by financial institutions. These terms and conditions make it very difficult for youth to access credit finances especially while starting a business. It is in consideration of these barriers that the GoK through the MOYA introduced the YEDF in 2006.

2.3 Youth Enterprise Development Fund (YEDF)

The Youth Enterprise Development Fund was conceived in June 2006 by the government as a strategic move towards arresting unemployment which is virtually a youth problem. 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. In the 2006/07 budget, the government set aside Kenya shillings One billion (Ksh.1 billion) to fast-track this noble and timely initiative (www.yedf.go.ke).

The Fund facilitates youth employment through enterprise development and structured labor 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 labor market(YEDF guide,2009).
2.4 Constituency Youth Enterprise Scheme (C-YES)

One component of the YEDF is the Constituency Youth Enterprise Scheme (C-YES) which is meant for funding enterprises of youth groups in all constituencies. The Divisional Youth Enterprise Development Fund Committee (Divisional YEDFC) was formed to effectively identify, and recommend viable youth group enterprises for loans.

This constituency-based disbursement channel (C-YES) was purposely designed to inculcate entrepreneurial culture among the youth in all parts of the country. This channel mostly targeted very poor youths and those with no experience in dealing with the mainstream financial sector especially commercial banks. The (C-YES) which has an allocation of Kenya shillings two million per constituency targets viable enterprises of youth groups within the constituency. The Fund has through this disbursement channel been able to reach young people in all areas of the country including those with poor financial infrastructure.

Table 2.1 Distribution of YEDF across the country

<table>
<thead>
<tr>
<th>Province</th>
<th>No. of groups</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rift Valley</td>
<td>1981</td>
<td>23.3</td>
</tr>
<tr>
<td>Eastern</td>
<td>1470</td>
<td>17.3</td>
</tr>
<tr>
<td>Nyanza</td>
<td>1284</td>
<td>15.1</td>
</tr>
<tr>
<td>Western</td>
<td>1094</td>
<td>12.9</td>
</tr>
<tr>
<td>Central</td>
<td>1068</td>
<td>12.6</td>
</tr>
<tr>
<td>Coast</td>
<td>802</td>
<td>10.0</td>
</tr>
<tr>
<td>North</td>
<td>450</td>
<td>5.3</td>
</tr>
<tr>
<td>Nairobi</td>
<td>331</td>
<td>3.8</td>
</tr>
</tbody>
</table>

Source: Youth Enterprise Development Fund Status Report, 2009
2.5 Financial and credit accessibility for the youths in Kenya

Financial availability and accessibility is cited in many studies as being one of the major barriers and constraints to growth. The 1999 National Medium Sized Enterprises (MSE) Base Line Survey enquired into the different types of assistance received by MSE operators. The operators cited both formal and informal assistance, and financial and non-financial assistance. The survey noted that the bulk of the MSEs credit (69.1 per cent) came from informal savings and credit associations, otherwise known as Rotating Savings and Credit Associations (ROSCAS) whereas only 4 per cent of accessed credit was obtained from formal financial channels, such as NGOs, micro-finance schemes, commercial banks and Savings and Credit Cooperative Societies (SACCOS). The fact that there are many formal organizations providing credit to MSEs while, at the same time, only 4 per cent of their credit is accessed from them, implies a gap in their effectiveness.

It has been observed that the cost of credit is expensive for most MSEs; for instance, the interest rates charged by some MFIs is as high as 54 per cent per annum. This coupled with a short repayment period becomes a major constraint, resulting in forcing the entrepreneur to work almost round the clock to service the loans. The exorbitantly high cost of initial capital tends to make the enterprise almost uneconomical to operate as a business. This is common to most formal sources of credit as well as MFIs (Klocket al., 2008).

In a study of NGOs and women small-scale entrepreneurs in the garment manufacturing sector of the textile industry in Nyeri and Nairobi by Macharia and Wanjiru (1998), the factors that inhibit credit availability to women include: lack of start-up (seed) capital; lack of awareness of existing credit schemes; high interest rates; lengthy and vigorous procedures for loan applications; and, lack of collateral security for finance. Similarly, the National MSE Baseline Survey (1999) reported that lack of information on who is offering what and the cost of obtaining such services are some of the limitations faced by these entrepreneurs. These factors have become a major barrier to the growth potential of businesses owned not only by women but by youth also.
The main constraints to youth accessing credit are lack of personal savings and resources, not qualifying for mainstream financial institution loans and lack of successful micro lending funding. These shortcomings make it difficult for young adults to receive the capital that they require to start microenterprises. Most youth turn to family and friends for support, but, in many cases the money raised is not enough to launch microenterprises that have a capacity to grow. Other informal sources of funds are money lenders and suppliers (shylocks). However, money lenders charge high interest rates and suppliers may provide terms that are mostly not suitable to the borrowers (Muthoni, 2008).

Though commercial banks and Development Finance Institutions (DFIs) have vast financial resources, their impact is yet to be felt among the MSEs, and particularly by youth entrepreneurs, most of whom have no collateral. Most of the youths do not own land in their own name which could be used as collateral to secure loans. In addition, their parents are not willing pledge the family's land title deeds as collateral (Feldman, 1984). Owning title deeds as collateral to finance expansion is still a hurdle for most youth entrepreneurs, given that they do not have properties such as land, vehicles, and mortgages registered in their names (Karanja, 1996).

Accessibility to initial capital, even when available, is also a major hurdle for youth entrepreneurs. This is because microfinance institutions (MFIs) and commercial banks choose where they locate, thus excluding entrepreneurs in remote regions, which results in regional disparities. Credit conditions when forming a group, paying membership fees, group registration fees and joining saving plans, result in delays in accessing initial capital which aggravates the already perverse situation (Stevenson and St-Onge, 2005; Alila et al., 2002).

Accessibility of credit funds from YEDF has remained a great challenge (Amenya et al., 2011). According to statistics from Youth Fund Status Report (2009) low accessibility of the C-YES funds has been reported across the country. Rift valley had the highest access of funds where 23% of funds disbursed were accessed. It was followed by Eastern and Nyanza Provinces with 18% and 16% respectively. In the Central province, only 13% of
the funds disbursed were accessed. From the above data, it is evident that there is need to analyze the factors influencing accessibility of finances from YEDF.

2.6 Factors influencing accessibility of credit finances from YEDF

From the data obtained from YEDF Status Report, it can be deduced that there is a challenge in accessibility of funds from YEDF. Rift Valley had the highest utilization percentage of 23%, although this is less than a third. There is therefore need to identify the factors influencing accessibility of the YEDF. This study has identified three categories of factors depending on the source. They include individual, group and system factors.

2.6.1 Individual factors

Individual factors refer to factors emanating from the individual. They include factors such as lack of entrepreneurial skills needed to start a business, not being ready to take risks, lack of interest to venture into business among others.

According to MOYA strategic plan (2007-2012), the youth can access the YEDF as individuals or as groups and hence making the collateral requirements to secure the monies borrowed affordable in the sense that it can be in form of group guarantee, guarantee by parents, relatives or even community leaders. With these eased regulations, MOYA hopes that the youth in the country can be able to work towards the realization of their life goals that are hindered by tough regulations that have in the past barred them from accessing credit facilities, as this depend upon individual or group initiative.

According to (Amenya et al., 2011), this study of analysis of the challenges facing YEDF, found that individuals has problems developing business proposals, the individuals are unaware of the kind of projects funded by YEDF, and they are unaware how the fund can be accessed.

According to the YEDF status report (2007-2012), a youth can access a loan from YEDF through the C-YES, but as an individual the loan start with Ksh 25,000 and graduate to
Ksh.100,000 on the third loan. But to borrow as an individual one has to be a member of a group which has repaid its loan.

2.6.2 Group factors

Group factors refers to factors emanating from the group which have an influence on accessibility of the credit funds, since, the C-YES is designed for a group. They include lack of entrepreneurial skills in the group, mistrust and lack of commitment among the group members.

According to MOYA strategic plan (2007-2012), the youth can access YEDF as groups thus making collateral requirements to secure money borrowed affordable in the sense that they can be in form of group guarantee. This requires the group members to have an agreement, to trust one another and be committed to the group’s initiative. (Ameyelet et al., 2011), in the study of an analysis of the challenges facing YEDF found that most groups experience administrative problems and also find it difficult to pay their loans. This creates apathy among group members, which results to lack of trust and hence lack of commitment to course of the group.

According to YEDF status report (2007-2012), every constituency has been allocated Ksh. 4.5million. The fund has formed C-YES, which vet applications forwarded by the youth groups. Through this component groups start with Ksh. 50,000 and graduate upwards to Ksh. 400,000.

2.6.3 System factors

System factors refer to factors which originate from the system that influence accessibility of the credit funds. They include a lot of bureaucracy, terms and conditions which are not favorable, mistrust on the system, high interests, and loan repayment period among others.

According to MOYA strategic plan (2007-2012), traditional institutions avoid lending to youth due to their relative inability to comply with high transaction costs, difficulty in managing their risk profile and lack of financial documentation as well as collateral. The
MOYA through the C-YES administers the YEDF thus making the “system” requirements relatively easy for youth to access YEDF.

According to (Amenya et al., 2011), it is difficult to predict the time it takes to process YEDF application. The study found that the YEDF system has staffing problems and hence lacks proper monitoring and capacity building. The YEDF system has a lot of bureaucracy, and the few procedures required may still be too many for the youth and may result to mistrust of the system by the youth.

2.7 Summary and gaps to be filled

Facilitating and financing of youth activities is an important avenue aimed at realizing economic development for any country. Empirical review of various studies on accessibility of credit finances have majored on MSEs and women entrepreneurs. Only a few studies have been directed to MSEs owned by youth. It has been observed that very few studies have been directed towards establishing the factors influencing accessibility of credit finances offered by the government of Kenya. Consequently, it is on the basis of these gaps that this research seeks to establish the factors influencing accessibility of credit finances from YEDF.

2.8 Conceptual framework

A conceptual framework is a set of broad ideas and principles taken from relevant fields of inquiry and used to structure a subsequent presentation (Reichel and Ramey, 1987). It is a tool intended to assist a researcher to develop awareness and understanding of the situation under scrutiny. It helps the research to explain the relationship among interlinked concepts such as the dependent and independent variables (Kombo, 2006). In this study, the researcher seeks to establish the relationship between individual, group and system factors and accessibility of YEDF credit finances. The figure below shows a diagrammatic representation of the relationship between the dependent and independent variables. The independent variables for this study are factors influencing accessibility of credit finances. They include individual, group and system factors. Dependent variable for this study is accessibility of YEDF. There are also other factors which can be
considered to have an effect but which the youth have little or no control. They are called the intervening variables or external factors. In this study, the external factors (intervening variables) include economic factors, political factors, societal/cultural factors, natural environment, infrastructure and customer income and desires.
Fig. 2.2 CONCEPTUAL FRAMEWORK

INDEPENDENT VARIABLES

**Individual factors**
- Unaware
- Not being business minded
- Lacking business skills
- Money given too little
- No need for funds mistrust

**Group factors**
- Lack of trust
- Lack of commitment
- Lack of agreement
- Lack of 10 members form a group

**System factors**
- A lot bureaucracy
- Lack of information
- A lot of requirements
- Mistrust in the system
- Too long to process
- Loan repayment period
- Terms and conditions not favorable
- Grace period offered is too short

Source: Author, 2012

DEPENDENT

**Accessibility of YEDF**
- Number of businesses started
- Rate of repayment
- Number of Youth groups accessing the YEDF
- Total loans(amount) accessed
- More youth self employed
- More youth are aware of YEDF
- More youths trained entrepreneurship

**External factors (Intervening variables)**
- Economic factors
- Political factors
- Societal/cultural factors
- Natural environment
- Infrastructure
- Customer income and desires
CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction

This chapter describes the research design, target population, location of study, sample size and sampling procedure, research instruments, method of data collection and analysis.

3.1 Research Design

The proposed research design was qualitative in nature and consequently employed descriptive survey in data collection. Kombrabail (2005) defines descriptive research as a characteristic process which focuses on answering questions such as who, what, when, where and how of the subject under investigation, and usually describes the present situation or users of a group. The study design involved describing the characteristics of a particular individual or group of variables (Kothari, 2004). Descriptive survey design lays a greater emphasis on sample selection because the major concern is to obtain a broad picture of the social problem prevailing in the defined universe and make recommendations to bring about the desired change (Majumdar, 2005). Ndirangu (2000) argues that surveys are very good vehicles for collecting original data for the purpose of studying attitudes and orientations of a very large population.

3.2 Location of the Study

The study was conducted in Githunguri constituency, Kiambu County, Kenya. It involved all the seven wards in the constituency. In order to determine utilization level of credit funds, data was obtained from the constituency MOY’s office of the groups that have been awarded C-YES loans and the amount awarded.

3.3 The Target Population

The target population for a survey study comprises individuals and objects that the researcher can reasonably generalize his/her findings to (Mugenda and Mugenda, 2008). The target population in this study will comprise all the registered youth groups (122) in
the region irrespective of whether they have received funds from YEDF or not. They should be aged between 18-35 years and have at least lived in the region for more than six months prior to the study and should be involved in some form of business enterprise.

3.4 Sampling Approach

Since to-date there are 122 registered youth groups in Githunguri constituency, this study will involve 39 of all the registered youth groups. (10% shall be used in pilot study and will not therefore be part of the final sample). The chairman or the secretary of each registered group will fill the questionnaire on behalf of the group members. The researcher took 32% of the population of the study using simple random sampling technique. According to Mugenda and Mugenda (1999), a representative sample is one that is 10% of the target population; hence 32% is representative in this case.

3.5 Data Collection Tools and Instruments

This study used both primary and secondary data collection tools. The primary data was obtained from the field in the study area using questionnaires. These were developed in a manner to capture all the key components of the research and clearly aligned with the objectives of the study. The secondary data comprised comprehensive literature review from the various sources including books, referred print and electronic journals, youth reports, and reviews from relevant newspapers and magazines.

3.6 Data Collection Procedure

A letter of introduction was obtained from the Graduate School of Kenyatta University and taken to the National Council of Science and Technology to apply for research permit. A structured questionnaire was administered to respondents. It was administered in such a way that it was able to capture the necessary information for the stated objectives.

3.7 Validity

Validity is the extent to which the instrument used in research measures what it purports to measure (Nunnally and Bernstein1994). The researcher ensured accuracy and
consistency of the instruments through consultation with the supervisors. A pilot study was carried out before the actual research on 10% of the target respondents in order to test the instrument for clarity and any other ambiguities. Data obtained was scrutinized for any errors in the instruments and adjustments made where necessary before the final collection of data is done. This procedure ensured that the instruments are valid in the sense that, they were able to capture expected characteristics and bring about desired results. Additionally, the research supervisors were also given guidelines aimed at enhancing the quality and validity of the research instruments.

3.8 Reliability

Reliability refers to the consistency or stability of the scores obtained from tests and assessment procedures (Christensen & Johnson, 2000). If a test or assessment procedure is reliable, it will produce similar scores or responses on every occasion. The Test-Retest technique was used to determine the reliability of instruments used in this research. It involved administering the same instruments to the same respondents but after some time. Results are compared and correlated to give a measure of stability. (King Management Training, 2009).

3.9 Data Analysis

Data analysis comprised both the primary and secondary information. Once the questionnaires were received, they were cross-checked for accuracy. This was done by checking whether the responses are legible, all important questions have been answered, the responses are complete and whether all contextual information was included, which is a critical step emphasised in research (Kombo & Tromp, 2006). A coding system was used to find a quick and easy way to organize the data so that it could be analysed. Codes are used to identify particular responses (Robson, 1993). Once the data was coded, it was entered into the computer for analysis. The researcher used Statistical Package for Social Sciences (SPSS) to analyze the data obtained from questionnaires. Descriptive statistics such as percentages and means was used to convey the essential characteristics of the data so that it can be interpreted. Data was then presented using tables and charts. Once the findings were established, conclusions and recommendations were be made.
CHAPTER FOUR

RESEARCH FINDINGS AND RESULTS

4.1 Introduction

This chapter presents data analysis and discussion of the study findings on factors influencing accessibility of credit finances from the YEDF in Githunguri constituency, Kiambu County.

4.2 Background information

This section deals with the background information of the respondents, their ages, gender, occupation, religion and level of education.

4.2.1 Response rate

The study targeted 39 respondents however only 38 respondents managed to respond to the questionnaires. This translates to 97.44% response rate, which was a good rate.

4.2.2 Gender

This section shows the gender of the respondents.

Table 4.1 Gender

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>frequency</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>6</td>
<td>15.79</td>
</tr>
<tr>
<td>Male</td>
<td>32</td>
<td>84.21</td>
</tr>
<tr>
<td>Total</td>
<td>38</td>
<td>100</td>
</tr>
</tbody>
</table>

Source (survey data 2012)

Table 4.1 above shows that 15.79% of the respondents were female while 84.21% were male.
4.2.3 Age

This section shows the ages of the respondents.

Table 4.2 Ages

<table>
<thead>
<tr>
<th>Age</th>
<th>frequency</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 18 years</td>
<td>1</td>
<td>2.63</td>
</tr>
<tr>
<td>Between 19 – 25</td>
<td>9</td>
<td>23.68</td>
</tr>
<tr>
<td>Between 26 – 35</td>
<td>27</td>
<td>71.06</td>
</tr>
<tr>
<td>Above 35 years</td>
<td>1</td>
<td>2.63</td>
</tr>
<tr>
<td>Total</td>
<td>38</td>
<td>100</td>
</tr>
</tbody>
</table>

Source (survey data 2012)

According to table 4.2, 2.63% of the respondents were below 18 years, 23.68% were between 19-25 years, 71.06% were between 19 – 25 years, 71.06% were between 26 – 35 years and 2.63% were above 35 years.

4.2.4 Occupation

This section shows the occupation of the respondents.

Figure 4.1 Occupation

Source (survey data 2012)
According to figure 4.1, 44.73% of the respondents were business people, 18.42% were casual workers, 15.79% were employed, 10.53% were unemployed and 10.53% were others.

4.2.5 Religion

This section shows the religion of the respondents

Table 4.3 Religion.

<table>
<thead>
<tr>
<th>Religion</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protestant</td>
<td>17</td>
<td>44.74</td>
</tr>
<tr>
<td>Catholic</td>
<td>17</td>
<td>44.74</td>
</tr>
<tr>
<td>Muslim</td>
<td>2</td>
<td>5.26</td>
</tr>
<tr>
<td>Others</td>
<td>2</td>
<td>5.26</td>
</tr>
<tr>
<td>Total</td>
<td>38</td>
<td>100</td>
</tr>
</tbody>
</table>

Source (survey data 2012)

According to table 4.3, 44.74% of the respondents were Protestants, 44.74% were Catholics, 5.26% were Muslims and 5.26% were others.

4.2.6 Level of education

Table 4.4 Level of education

<table>
<thead>
<tr>
<th>Level</th>
<th>frequency</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Primary</td>
<td>5</td>
<td>13.16</td>
</tr>
<tr>
<td>Secondary</td>
<td>18</td>
<td>47.37</td>
</tr>
<tr>
<td>Post secondary</td>
<td>15</td>
<td>39.47</td>
</tr>
<tr>
<td>total</td>
<td>38</td>
<td>100</td>
</tr>
</tbody>
</table>

Source (survey data 2012)

According to table 4.4, 0% of the respondents had none, 13.16% primary level of education, 47.37% had secondary education, while 39.4% had post secondary education.
4.3 Individual factors

This section established financial information of individual members of the youth groups.

4.3.1 Awareness of youth fund

This section shows the members who were aware of youth fund and whether they borrowed money from the fund.

Figure 4.2 Awareness of youth fund

Source (survey data 2012)
According to figure 4.2, 94.74% of the respondents were aware of the youth fund while 5.26% were not aware.

From the figure 4.3, 88.89% of the respondents who were aware of a youth fund had borrowed money from the fund.

4.3.2 Range of money borrowed

This section shows the range of money borrowed by those who were aware of a youth fund and whether the money was adequate.

Table 4.5 Range of money borrowed.

<table>
<thead>
<tr>
<th>Range</th>
<th>frequency</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>400000 - 100000</td>
<td>34</td>
<td>94.44</td>
</tr>
<tr>
<td>100001 - 200000</td>
<td>2</td>
<td>5.56</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

Source (survey data 2012)
According to table 4.5, 94.44% of the respondents who had borrowed money had borrowed between Kshs. 40,000 – Kshs. 100,000, while 5.56% had borrowed between Kshs. 100,001 – Kshs 200,000.

**Figure 4.4 Adequacy of money borrowed.**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>YES</strong></td>
<td><strong>NO</strong></td>
</tr>
<tr>
<td>38.89%</td>
<td>61.11%</td>
</tr>
</tbody>
</table>

Source (survey data 2012)

According to figure 4.4, 61.11% of the respondents who had borrowed money said it was adequate. The respondents who said the money was not adequate had the following explanations on how they manage. They changed plans, borrowed from friends or familiars, used their savings, used members contributions, minimized expenses on projects, and some used money from other projects. They also gave the following reasons on why the money was not adequate. High cost of living, cost of production is high, funds not enough, cost of materials is high, cost of constructing hutches and buying the best breeds was high, projects required more money and the cost of motorbike was high.

**4.3.3. Skills in business management**

This section shows whether the respondents had skills in business management.
According to figure 4.5, 57.89% of the respondents had skills in business management while 42.11% had no skills in business management.

The following are the skills in business management, sales and marketing, farming, entrepreneurship, financial management and accounting. The respondents also gave the way they had acquired the skills i.e. at college, equity bank seminar, from earlier studies, privately and from ministry of livestock.

4.3.4 Source of borrowing

This section shows where the respondents borrowed money from.
According to figure 4.6, 81.58% of the respondents borrowed money from YEDF, while 18.42% borrowed money from the bank.

4.4 Group Factors

This section established financial information of the groups.

4.4.1 Number of members in the group.

This section shows the number of members in a group.

Figure 4.7 Number of members in the group.

Source (survey data 2012)

According to figure 4.7, 68.42% of the respondents were more than 10 members in a group, 26.32% had between 5 – 10 members while 5.26% had less than 5 – 10 members while 5.26% had less than 5 members in a group.

4.4.2 Period of operation

This section shows the period in which the group had been operating.
Table 4.6 Period of operation

<table>
<thead>
<tr>
<th>Period</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 6 months</td>
<td>3</td>
<td>7.89</td>
</tr>
<tr>
<td>Between seven months and 1 year</td>
<td>7</td>
<td>18.43</td>
</tr>
<tr>
<td>2 – 3 years</td>
<td>20</td>
<td>52.63</td>
</tr>
<tr>
<td>Above 4 years</td>
<td>8</td>
<td>21.05</td>
</tr>
<tr>
<td>Total</td>
<td>38</td>
<td>100</td>
</tr>
</tbody>
</table>

Source (survey data 2012)

According to table 4.6, 7.89% of the respondents had their group in operation for less than 6 months, 18.43% between seven months and one year, 52.63% between 2 – 3 years and 21.05% above 4 years.

4.4.3 Awareness about YEDF

This section shows how the respondents came to know about YEDF.

Figure 4.8 Awareness about YEDF

![Figure 4.8 Awareness about YEDF](image)

Source (survey data 2012)
According to figure 4.8, 25.64% of the respondents got to know about YEDF through administration offices, 42.11% through friends/relatives, 10.53% through colleges, 18.42% through the media and 2.63% said others.

### 4.4.4 Business skills

This section shows the number of members in the group with the business skills.

**Table 4.7 Business skill**

<table>
<thead>
<tr>
<th>Skill</th>
<th>frequency</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>19</td>
<td>16.96</td>
</tr>
<tr>
<td>Sales and Marketing</td>
<td>47</td>
<td>41.96</td>
</tr>
<tr>
<td>Business Management</td>
<td>31</td>
<td>27.69</td>
</tr>
<tr>
<td>Book keeping</td>
<td>14</td>
<td>12.5</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
<td>0.89</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>112</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source (survey data 2012)*

According to table 4.7, 16.96% of the members in the group had accounting skills, 41.96% had sales and marketing, 27.69% had business management, and 12.5% had book keeping skills while 0.89% had other skills.

### 4.4.5 Greatest attraction to youth fund.

This section gives the greatest attraction to youth fund as compared to other sources of credit funds. The respondents gave the following reasons. They are able to start business, easily available, low interest, and freedom in repayment period, payments per month, favorable grace period, and no security required, members are given training and also life skills are taught.

### 4.4.6 Benefits brought about by credit funds.

This section gives some benefits brought by the credit funds from youth funds. The respondents gave the following benefits. Personal growth, expanding business, starting a SACCO among the youth, youth employment, bringing the youth together, improving
living standards, minimum processing time, and self employment, learning new projects, reduction of poverty in the country, interest free loan and income to the group.

4.4.7 Access of youth fund.

This section gives some information by the respondents on what should be done in order to ensure increased access to youth fund. Holding seminars, dissemination of information by youth officers, and the youth should be shown how to make business plans, increase awareness through the media, increase efficiency to take little time to get the funds, increase loans awarded, youth fund be removed from commercial banks, increase youth fund and to educate the youth.

4.4.8 More information about the groups.

This section shows some more information about the groups.

Table 4.8 More information about the groups.

<table>
<thead>
<tr>
<th></th>
<th>frequency</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficult to find 10 people</td>
<td>Yes</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>24</td>
</tr>
<tr>
<td>Agreement between members</td>
<td>Yes</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>0</td>
</tr>
<tr>
<td>Trust between members</td>
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<td>38</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>0</td>
</tr>
<tr>
<td>Entrepreneurial skills</td>
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<td>34</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>4</td>
</tr>
<tr>
<td>Borrowed money from YEDF</td>
<td>Yes</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>5</td>
</tr>
<tr>
<td>Is the money adequate</td>
<td>Yes</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>17</td>
</tr>
</tbody>
</table>

Source (survey data 2012)
According to table 4.8, 36.84% of the members in group found it difficult to find 10 people, while 63.16% did not find it difficult. All the respondents said among the youth group they had an agreement between members. All the respondents said they trust one another in a group. 89.47% of them said their youth groups have entrepreneurial skills to operate a business, while 10.53% did operate a business, while 10.53% did not have entrepreneurial skills. 86.84% of the respondents said that the youth groups have borrowed money from the YEDF, while 13.16% had not borrowed money from YEDF. 48.48% of the respondents said the money was adequate while 52.52% said the money was not adequate.

The respondents gave the kind of business in their youth group as follows: pig keeping, dairy farming, table baking, farming, salon, goat dairy, bee keeping, detergent making, buying and selling firewood, bodaboda, merry go round, ICT, fish farming, and poultry keeping.

The respondents were also asked to give the amount of money borrowed by the groups as shown in the table 4.9.

Table 4.9 Amount of money borrowed by the groups.

<table>
<thead>
<tr>
<th>Amount</th>
<th>frequency</th>
<th>percentage</th>
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<tr>
<td>0 – 50,000</td>
<td>37</td>
<td>97.37</td>
</tr>
<tr>
<td>50001 – 150,000</td>
<td>1</td>
<td>2.63</td>
</tr>
<tr>
<td>Total</td>
<td>38</td>
<td>100</td>
</tr>
</tbody>
</table>

Source (survey data 2012)

According to table 4.9, 97.37% of the respondents their groups contributed between Ksh0 – ksh50,000 while 2.63% contributed between Ksh50,000 1 – Kshs 150 000.

The respondents were asked among those whose loans were not adequate from the YEDF how they managed; the respondents gave the following sources of funds, borrowed funds from friends, member’s contributions, from savings, and borrowing from other sources.
4.5 System factors

This section shows how the youth groups are run.

4.5.1 Bureaucracy

This section shows whether there is bureaucracy in accessing YEDF or not.

Figure 4.9 Bureaucracy

Source (survey data 2012)

According to figure 4.9, 60.53% of the respondents said there is bureaucracy in accessing YEDF. Among the 60.53% of the respondents were asked how the bureaucracy can be improved and they said, reduce paper work, reduce processing period and set a short time to give funds.

4.5.2 Approval of youth fund

This section shows the respondents who think it takes too long to approve a loan from the youth fund.
According to figure 4:10, 63.16% of the respondents said it takes too long to approve a loan, while 36.84% said it does not take long.

The 63.16% were asked how the time can be reduced and they gave the following options; government to improve its services, increase youth officers, and loans to be processed per ward.

4.5.3 Requirements of YEDF

This section shows whether the respondents consider the requirements of the YEDF a lot.
According to figure 4.11, 34.21% of the respondents said the requirements of the YEDF loan were a lot, while 65.79% of the respondents said the requirements were not a lot. The respondents who said they were a lot were asked to give ways in which they can be reduced; i.e. reduce loan requirements like bank statements and to employ more youth officers.

4.5.4. Limitation of information flow.

This section shows how the respondents consider information flow as a limitation to YEDF accessibility.
According to figure 4.12, 65.79% of the respondents considered information flow as a limitation to YEDF accessibility while 34.21% did not consider information flow as a limitation to YEDF accessibility.

Those who said yes were asked how the information flow could be improved; they gave the following ways, through media advertising, increase youth field officers on the ground and employ more staff.

4.5.5 Adequacy of the loan given.

This section shows how the respondents consider the loan given adequate to start a business.
Source (survey data 2012)

According to the figure 4.13, 39.47% of the respondents considered the loan given adequate to start a business while, 60.53% did not consider the loan adequate to start a business. The respondents who said no were asked how much they think is adequate to start a business and they gave a range of between Kshs. 100,000 to 1 million shillings.

4.5.6 Adequacy of 3 months period.

This section shows how the respondents think the period of 3 months as adequate.
According to figure 4.14, 65.79% of the respondents thought the grace period of 3 months offered were adequate, while 34.21% thought the grace period was not adequate. The respondents, who said NO, were asked on what they would recommend and they gave the following periods: 5 months, 6 months and above, 1 year and 4 – 5 months.

4.5.7 Processing fee

This section shows how the respondents consider the processing fee of 5 – 8% of the loan given as high or low.
According to figure 4.15, 63.16% of the respondents considered the processing fee of 5 – 8% of the loan given too high, while 36.84% considered it to be low.

4.5.8 Trustworthy of YEDF system.

This section shows how the respondents consider the trustworthy of YEDF systems.
According to figure 4.16, 89.47% of the respondents considered the YEDF system trustworthy to the youth while 10.53% consider the system to be untrustworthy. Among the respondents who said the system was untrustworthy to the youth they were asked what should be done and they gave the following way; processing fee be paid by the office.

Source (survey data 2012)
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings, conclusion, recommendations and suggestion for further research.

5.2 Summary

The main purpose of this study was to identify the factors influencing accessibility of credit finances to the YEDF in Githunguri constituency Kiambu County.

5.2.1 Background information

The studies revealed that majority of the respondents interviewed were male at 84.21% while the rest 15.79% were female. This indicated that the youth groups are male dominated. The study also revealed that majority of respondents at 71.06% were between the age of 26-35 years while 23.68% were between 19-25 years while the rest were below 18 years and above 35 years. This was an indication that the groups are dominated by the youth.

The study also revealed that 44.73% of the respondents were business people, 18.42% are casual workers, while the rest were unemployed or were in other occupations, this is an indication of youth groups which were dominated by people who can give business ideas to the youth groups.

The study revealed that majority of respondents had secondary education at 47.37% and 39.47% with post secondary education, while 13.16% had primary education and below, this is an indication that the youth groups has people who are educated.

5.2.2 Individual factors

The study revealed that the majority of those interviewed at 94.74% were aware of youth fund while the rest were not aware and majority of those who were aware, had borrowed money from the youth fund, which is an indication of youth groups which are being
funded. The study revealed that the money borrowed was inadequate since majority of those interviewed at 61.11% said that money was not adequate. The study also revealed that majority of those interviewed had skills and training in business management. Majority of those interviewed had borrowed money from YEDF at 81.58% while the rest at 18.42% had borrowed from other financial institutions like banks. This is an indication that most members borrowed from the YEDF.

5.2.3 Group factors

The study revealed that majority of the groups at 68.42% had more than 10 members, 26.32% had less than 5 members. Also 52.63% of those interviewed had their groups being in operation between 2-3 years, 21.05% above 4 years, 18.43% between seven months and 1 year and 7.89% less than six months. Majority of those interviewed at 42.11% got to know about YEDF through friends or relatives.

The study also revealed that majority of the members in the group had sales marketing skills at 41.96%. It also revealed that the greatest attraction to youth fund is low interest rates, freedom in repayment period and no security is required. The benefits brought by the credit funds were personal growth, youth employment, bringing the youth together and reduction of poverty. The study also revealed that there can be increased awareness of the fund to the youth through the media. 65.77% of the respondents interviewed did not consider information flow as a limitation to YEDF accessibility, the study revealed, and 60.53% of the respondents did not consider the loan given as adequate to start a business while 65.79% thought the grace period of 3 months offered was inadequate. Further 63.16% of the respondent considered the processing fee of 5-8% of the loan given too high while 89.47% of the respondents considered the YEDF system trustworthy to the youth.

5.3 Conclusion

The study established that the majority of the members in the youth groups were men. This is an indication of male dominated youth groups. According to the findings, majority of the youth members were between the ages of 19-35 years which is an
indication of the youth age. According to the youth status report 2007-2012, a youth is one falling between the ages of 18-35 years.

The study established that majority of the respondents were business people, which is an indication of people with business skills which would enable the youth project to prosper. According to the findings, most of the members in the groups had secondary education and above which is an indication of youth groups with well educated members. According to Macharia (1997) in a study on financing for small scale enterprises in Kenya, found that, income education and start-up capital are positively related to credit availability, though the study considered women hence based to youth enterprises. However, the study showed that credit accessibility is a problem facing the youth because most youth are unemployed even though most of them may be educated.

According to the findings, most of the members were aware about the youth fund and they borrowed money from it as individuals or as groups. According to MOYA strategic plan (2007-2012, the youth can access the YEDF as individuals or as groups and hence making the collateral requirement to secure the loan affordable as it can be in form of group guarantee, guarantee by parents or relatives or even community leaders. The study also established that most members in the youth groups had skill and training in business management which was acquired in college.

According to the findings most groups had more than 10 members which was an indication of a good number to form a group. The study also revealed that most of the groups had been in operation between 2-3 years which was an indication that the groups were well established. Further, the study also revealed that friends and relatives were a good source of information about YEDF and most of the members had sales marketing skills which was an indication of the knowledge required to market their products in the groups.

The study also revealed that most members trust each other which was an indication why the members stay together for a long period of time. According to the study there was a lot of bureaucracy involving in accessing YEDF, an indication why a loan took too long to be approved from the youth fund.
According to (Amenya at al., 2011), it is difficult to process YEDF application. The study found that the YEDF had staffing problems and hence lacks proper monitoring capacity building. According to the study the requirements of the YEDF loan were not a lot and most members did not consider information flow as a limitation to YEDF accessibility. The study revealed that the loan given was not adequate to start a business and most members thought the grace period of 3 months offered was inadequate. According to the study the processing fee of 5-8% of the loan given was too high and the YEDF system was trustworthy to the youth.

5.4 Recommendations

From the findings of the study, the majority of the youth groups are dominated by the male youth; the government, civil society and members of the public should encourage female youth to join the male counter parts in forming youth groups. The youth fund should be increased so that the youth groups can expand their projects by borrowing at least ksh.100000. The youth groups should also be encouraged to source funds from other areas and institutions. Bureaucracy involved in accessing YEDF should be reduced in order to take a shorter time to approve loan to the youth groups.

Additionally, the processing fee should be reduced to encourage the youth to take more loans and the grace period be increased from 3-6 months.

Finally, the YEDF should employ more staff and have a department changed with responsibility of training the youth on entrepreneurship because they are relying on the knowledge acquired from college(s). This will enable members of the youth groups to have more business skills which can be used to make their project prosper in line with vision 2030.

5.5 Suggestion for further Research.

The following areas need further investigation


2. Factors influencing implementation of youth enterprise development fund in Kenya.
REFERENCES


Central Bureau of Statistics (CBS); 2001 Child labor Report, for Kenya.

Christensen, L and Johnson, B. (2000). Educational Research: Qualitative and Quantitative Approaches


Mwangi, S. (2011). *Youth volunteering in Africa.* The case of Kenya national youth volunteer scheme (NYVS) and international citizens service (ICS). IVCO.


NACADA, 2010. *Alcohol consumption in central province of Kenya,* a baseline survey on magnitude, causes and effects from the perspective of community members and individual users.


Appendix 1.

Letter of introduction

Dear respondent,

RE: Assistance in filling the questionnaire

This is kindly to inform you that I am a student at Kenyatta University pursuing master in Business Administration and as part of course requirement, I am expected to carry out research project work which I am researching on analysis of factors influencing accessibility of credit finances from the YEDF in Githunguri Constituency, Kiambu County.

The purpose of this letter is to request for assistance in responding to the questionnaires and referring them to me. You are further assured that any information given will be used for purpose of the study only.

Looking forward to your assistance and corporation.

Yours faithfully

J.M.N
APPENDIX 2

QUESTIONNAIRE

This research is meant for academic purpose only. It aims at identifying factors influencing accessibility of credit finances from the YEDF in Githunguri Constituency, Kiambu County. You are kindly requested to provide answers to these questions as honestly and precisely as possible. Responses to these questions will be treated as confidential as possible. Please do not write your name or that of your school anywhere on this questionnaire. Please tick [√] where appropriate or fill in the required information on the spaces provided.

Section 1: Background information

1. What is your gender?
   a. Male ( )
   b. Female ( )

2. What is your age?
   a. Below 18 years ( )
   b. Between 19-25 years ( )
   c. Between 26-35 years ( )
   d. Above 35 years ( )

3. What is your occupation?
   a. Business ( )
   b. Employed ( )
   c. Casual worker ( )
   d. Unemployed ( )
   e. Others
      (Specify) .................................................................

4. What is your religion?
   a. Protestant ( )
   b. Catholic ( )
5. What is your highest level of education
a. None ( )
b. Primary ( )
c. Secondary ( )
d. Post-secondary ( ).

Section 2: Individual factors

Please put a tick [ ] in the appropriate bracket or fill in the information as your response to all the following questions.

1) Are you aware of youth fund?
   a) Yes [ ]       b) No [ ]
   
   If yes, have you borrowed money from it?
   a) Yes [ ]       b) No [ ]

2) If yes, how much did you receive? ....................... Was this amount adequate?
   a) Yes [ ]       b) No [ ]
   
   If No, how did you manage? ................................................

3) If your answer to question 2 is No, give the reason(s)
   ...........................................................................................................
4) Do you have any skill/training in business management?
   a) Yes [ ] b) No [ ]
   If yes name the specific skill and say how you acquired it

5) Given a choice, where would you borrow money from?
   a) YEDF [ ] b) Any other financial institution i.e. bank [ ]

Section 2: Group factors

1. How many are you in the group?
   a. Less than 5 ( )
   b. Between 5-10 ( )
   c. More than 10 ( )

2. For how long have the group been in operation?
   a. Less than six months ( )
   b. Between seven months and 1 year ( )
   c. 2-3 years ( )
   d. Above 4 years ( )

3. How did you get to know about YEDF?
   a. Administration offices (chief etc) ( )
   b. Friends/relatives ( )
   c. Colleagues ( )
   d. Media ( )
   e. Others (Specify).................................................................
4. How many members in your group have the following business skills?
   a. Accounting ( )
   b. Sales and marketing skills ( )
   c. Business management ( )
   d. Book keeping ( )
   e. Others (Specify) .................................................................

5. What are some of the greatest attraction to youth fund as compared to other sources of credit funds?
   ........................................................................................................
   ........................................................................................................
   ........................................................................................................
   ........................................................................................................
   ........................................................................................................

6. What are some of the benefits brought by the credit funds from youth fund?
   ........................................................................................................
   ........................................................................................................
   ........................................................................................................
   ........................................................................................................
   ........................................................................................................

7. What do you think should be done in order to ensure increased access of youth fund?
   ........................................................................................................
   ........................................................................................................

8. Please put a tick [ ] in the appropriate bracket or fill in the information as your response to all the following questions.
   i. Is it difficult to find 10 people to form a youth group?
      a) Yes [ ] b) No [ ]
   ii. Does your youth group have an agreement between members?
      a) Yes [ ] b) No [ ]
   iii. Do members of your youth group trust one another?
      a) Yes [ ] b) No [ ]
iv. Does your youth group have entrepreneurial skills to operate a business?
   a) Yes [ ] b) No [ ]
   If yes, what kind of business is your youth group operating?
   ..........................................................................................................................
   ..........................................................................................................................

v. Have your youth group borrowed any money from the YEDF?
   a) Yes [ ] b) No [ ]
   If yes, how much? ...................... Was the money enough?
   a) Yes [ ] b) No [ ]
   If No, how did you manage? .................................................................

Section 4: System factors

Please put a tick [ ] in the appropriate bracket or fill in the information as your response to the following questions.

1. Is there a lot of bureaucracy involved in accessing YEDF?
   a) Yes [ ] b) No [ ]
   If yes, how can this be improved?
   ..........................................................................................................................

2. Does it take too long for a loan to be approved from youth fund?
   a) Yes [ ] b) No [ ]
   If yes, how can this time be reduced?
   ..........................................................................................................................

3. Do you consider the requirements of the YEDF loan a lot?
   a) Yes [ ] b) No [ ]
   If yes, how can they be reduced?
   ..........................................................................................................................
4. Do you consider information flow as a limitation to YEDF accessibility?
   a) Yes [ ]  b) No [ ]
   If yes, how can this be improved?

5. Do you consider the loan given adequate to start a business?
   a) Yes [ ]  b) No [ ]
   If No, how much do you think is adequate?

6. Do you think the grace period of 3 months offered is adequate?
   a) Yes [ ]  b) No [ ]
   If No, what would you recommend?

7. Do you consider the processing fee of 5% to 8% of the loan given too high?
   a) Yes [ ]  b) No [ ]

8. Do you consider the YEDF system trustworthy to the youth?
   a) Yes [ ]  b) No [ ]
   If No, what should be done?
## RESEARCH BUDGET

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<tbody>
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<td>1. Stationery</td>
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<tr>
<td>2. Typing &amp; printing at 25/= per page</td>
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</tr>
<tr>
<td>3. Photocopies</td>
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<td>4. Travelling costs</td>
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<tr>
<td>5. Questionnaire pretesting</td>
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<tr>
<td>6. Data collection</td>
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<td>7. Consultations travelling costs</td>
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<tr>
<td>8. Telephones and Emails</td>
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<tr>
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<td><strong>Total</strong></td>
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**Appendix 4.**

**PROPOSED TIME PLAN OF STUDY**

<table>
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<tr>
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</thead>
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<td>Development of proposal &amp; defense</td>
<td>May to July</td>
</tr>
<tr>
<td>Data Collection</td>
<td>August to September</td>
</tr>
<tr>
<td>Data analysis</td>
<td>October</td>
</tr>
<tr>
<td>Report writing</td>
<td>November</td>
</tr>
<tr>
<td>Defense of research project report</td>
<td>December</td>
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