

FACTORS INFLUENCING PERFORMANCE OF THE UWEZO FUND ASSISTED YOUTH PROJECTS IN MIGORI COUNTY, KENYA

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Abstract

This study sought to assess factors influencing performance of the Uwezo Fund assisted youth projects in Migori County in Kenya. The study sought to determine how the administration of the Uwezo Fund affects performance of its assisted youth projects and to establish how performance of projects affects performance of Uwezo Fund assisted youth projects in Migori County in Kenya. The study was based on social capital theory and Grameen banking framework. The study adopted descriptive research design with a target population of 99 Uwezo Fund beneficiaries representing 10% of the youth groups assisted by the fund in Rongu Migori County. Primary data were collected by use of structured questionnaires which contained both open and closed ended questions and the data was analyzed using SPSS. The key findings of this study were as follows: that female youth entrepreneurs were less involved in the uptake of the fund; the process of disbursement and repayment had setbacks and it took longer to access the fund compared to the other financial institutions. On the performance of the projects assisted by the fund, the study found out that a considerable number of respondents had managed to employ workers and increased their stock. However; the entrepreneurs incurred high cost of doing business pointing out high taxes introduced by the county and national governments. The study also found that the youth entrepreneurs managed various businesses; merchandising, service and hybrid businesses. Poor state of infrastructure, inadequate electricity supply, inadequate knowledge of running enterprises and communication skills were some of the factors that affected the youth entrepreneurs. The study also found that the fund administration failed to train the entrepreneurs, offer internet services and was characterized by lack of professionalism, corruption and nepotism. The study recommends that in order to improve the fund management; institutionalizing its structures that allows bottom up approach of leadership, where the people are given a chance to participate in creating rules and policies that govern SME growth and development was key.

Key words: Uwezo Fund, administration, Performance of Uwezo Fund Assisted Youth Projects, devolution.

Introduction

Background to the study

The global population has been increasing over the years and there are more young people in the world than ever before. The global populations for young people are about 1.8 billion; between ages 10 and 24. Most of these young people's potential is hindered by extreme poverty, discrimination and lack of information, (UNDP Report 2015). In 1995, the United Nations adopted the World Program of Action (WPA) for youths and beyond. It set the global framework to address key issues related to the youth reflecting ongoing dialogue from 1960s. The three most popular themes in the four past decades were International conference on Population, development, peace and participation of the youths. With the reflection on the themes, the World Program of Action for youths outlined ten priority areas of concern to the young people as follows; education, employment, hunger and poverty, health, environment, drug abuse, juvenile delinquency, leisure time, girls and young women participation, (Advocate for youths 2012).

Schumpeter (1934) describes an entrepreneur as a person who identifies business opportunity, harnesses and obtains the resources necessary to initiate a successful activity. He implements the idea and undertakes to operate the business. An entrepreneur is therefore a central key individual in the society who makes things happen for economic development. In broader meaning; entrepreneurship refers to the means of stimulating innovative and creative undertakings for a better world. They anticipate demand and bear risks associated with their investments. According to Onuoha (2007), Entrepreneurship is the practice of starting new organizations or revitalizing mature organizations, particularly new businesses generally in response to identified.

According to The Youths Factor (2012) Survey of Malaysian Youth Opinion affirmed that youths today experience various needs in their daily livelihood. The government came up with programs to affirm hope to the youth population to enhance the economic growth: eradicate poverty and hunger; promote equality to youths and persons with disability. The Malaysia government has a fund called Young Entrepreneur Fund (YEF) allocated as part of the continuous strategy creation of new entrepreneurs among the youths. The main purpose of the fund is to provide alternative access to financing new businesses by the young entrepreneurs and financing concept is based on Sharia financing concept. To be eligible for the fund, the applicant must be a Malaysian youth between the ages 18- 30 years owning a business. The business must be registered with Suruhanjaya Syarikat Malaysia (SSM) under a sole proprietorship or partnership, (Centre for Entrepreneurship Development and Research, 2013).

In reference to Michael (2004), National Department of Social, Economic Inclusion and Integration of the Youth commissioned the development of Framework for social Security for youth in South Africa. The government has set aside a fund to support innovative programs of the youth and to provide rapid and measurable benefits that can be sustained, (National Youth Development Agency Act, NO54, 2008). One such fund for development is the National Youth Development Agency (NYDA). The fund was established in the year 2008 to help address some of the problems facing South African youth such as skill development and unemployment. This agency ensures that the government, private sector and Civil Society make the youth development a priority by identifying solutions to their problems. Mago (2014) opines that youths in Africa too face the problem of unemployment as well as job insecurity that make them disadvantaged and thus cannot compete with their peers globally besides having no input in their countries economic growth. One such country is South Africa; for over the last seventeen years the government has spearheaded policies, strategies and plans of action to improve the well-being of the youth. Poverty and lack of working opportunities are the greatest threat to young South Africa's social capital development.

Kenya faces lack of independent creation of adequate productive and sustainable employment opportunity since independence. In his publication titled "Youth Fact Book", Njonjo (2010) explains that Kenyan young populations are unemployed, underemployed and underpaid thus is in the swelling ranks of the working poor. Article 21 (3) of the Constitution of Kenya obligates all state organs and officers to address the needs of the vulnerable groups within the society, women, the old members of society, persons with disability, children, youth, marginalized communities and members of a particular ethnic or religious or cultural communities. Kenya formulated the Vision 2030 which would make the country be a middle income state by the year 2030. The youth form much of the human capital thus young people would be the future stakeholders and beneficiary of Vision 2030. In order to reduce the percentage of unemployment, the government of Kenya has put employment creation as a major policy agenda for development. It has developed National Employment Policy to help achieve productive, decent and sustainable employment opportunities, William (2013).

Uwezo is a Kiswahili word meaning empowerment. Uwezo Fund is a program for employment and its philosophy affirms hope and faith to the Kenyan people. It was launched on the 8th of September 2013 and enacted through the legal

notice number 21 of the Public Finance Act 2014 and launched on 21st February 2014 under the ministry of Devolution and Planning. The President allocated 6 billion to the youth between (18-35) years. It was meant to enhance economic growth toward the realization of the Millennium Development goal number one (to eradicate poverty and hunger), and promote gender equality and empower women also to provide mentorship to enable the beneficiary to make up to 30% procurement by the government, (Uwezo Fund Handbook, 2013). To be eligible for Uwezo Fund; the youth must be registered with the Department of Social Services or the Registrar of Societies with membership of ten to fifteen members. The youth group membership must be between 18 and 35 years of age.

Problem Statement

Unemployment among the Kenyan youth is a challenge. More than 70% of those without employment are between the ages of 15 and 35 years, Obonyo (2014). With the introduction of Uwezo Fund by Jubilee government in 2013 and with the understanding how crucial the fund is to the youth and the nation at large, it's important for the youth to be involved entirely in decisions making and management of the fund. In the process of decentralizing the fund, it has experienced a lot of challenges which included; group formation, access and repayment, tribal and political interferences. Corruption has been devolved from the central government to the local government and top-down approach used to develop the concept of Uwezo Fund thus lack of involvement of the beneficiaries, (Obonyo, 2014).

Locally, Wangari (2013) investigated an assessment of media campaigns on Uwezo Fund: case study of Lari constituency in Kiambu County. The study found out that low level of awareness of Uwezo Fund led to low engagement of the beneficiaries and recommended a review of mandatory requirements to be done to make it friendlier to the youth. Anne Nyanchama et al. 2016 assessed factors influencing access to Uwezo Fund by citizens in Kenya a case study of Nyamira County. The study found out that government policies had both positive and negative influence in access of the fund. However rules and regulations on procedures of access, repayment and government policies had made it more difficult to access the fund in general.

Further, Ibuathu and Kubaison (2013) did an in-depth study on Realizing Equal Opportunities among Youths in Accessing Government Financial Credit Facilities. They found out that there was need to train youth, embrace modern technology, and impart relevant business skills to the youth and to determine mechanisms that functional youth groups must institute to access government funding such as Uwezo Fund and others. All these studies failed to address the challenges that the youth entrepreneurs experience and how they directly influence negatively on the performance of their enterprises. This, then, led to the research question: What are the factors influencing performance of the Uwezo Fund assisted youth projects in Migori County, Kenya?

Research Objectives

- a) To determine how administration of the Uwezo Fund affects performance of its assisted youth projects in Migori County in Kenya.
- b) To establish how performance of projects affects performance of Uwezo Fund assisted youth projects in Migori County in Kenya.

Research Questions

- a) Does the administration of the fund affects performance of Uwezo Fund assisted youth projects in Migori County in Kenya?
- b) Does the performance of the projects affect performance of Uwezo Fund assisted youth projects in Migori County in Kenya?

Literature Review

Introduction

According to Uwezo Fund (2013), National government through the Ministry of Devolution and National Planning had set aside Ksh 6 billion to support Uwezo Fund. They released 5.35 billion of the 6 billion approved by parliament in 2013. Migori County received 146.7 million and was launched in Nyatike Constituency Development Fund office in June 2014. Other offices were located in Rongo, Migori, Nyatike and Awendo towns. Migori County had about 650 groups supported by the fund. The staffs employed by the fund management in the county were about 150 people.

Youth Groups

The youth were all registered with the Department of Social Department or the Registrar of Societies with membership of ten to fifteen members. The youth groups were aged between 18 and 35 years. All the groups funded by the fund had been in existence for at least six months, based and operated within the Constituency. The requirements for the support were that the groups operated table banking (Chama) activities where members made monthly contributions according to the groups internal guidelines. (Evidence of monthly contributions was a requirement). Each held a bank account in the name of the group, had to be recommended by the chief of the location, while for the Religious Institution and registered entities, members had to be recommended by the Inter-religious Council of Kenya and had to be either youth and women group, (Uwezo Fund Hand Book, 2013). For instance, Neighbors group “NeG” a beneficiary of Uwezo Fund and one of the youth groups from Central Kamagambo realized Ksh 61, 000 yearly from table banking. In four years from the time the group was registered, the members had reinvested Ksh. 244, 000 as Chama contributions. Rongo had a total of 336 registered Uwezo Fund youth groups. In 2013 forty (40) groups were registered, in 2014 one hundred and eighty eight (188) of the groups, in 2015 seventy one (71) were registered and in 2016 thirty seven (37) were registered.

Administration of the Uwezo Fund

Governance is a system of values, policies and institutions in which the society manages its economic, political and social affairs through interactions within the state. It includes social and political dimensions and how they operate at every level of human enterprise; from households, villages, municipality, nation, regions or globe, Governance for Human Development, (2000). It encompasses public sector management, accountability, and legal framework for reforms, information technology, government policies and decisions for effective delivery, (Potter 2000:379). B .S. Minhas (1977) talks of Rural Development for Weaker Section; and one such program in India is Integrated Rural Development Program proposed in the central government budget of 1976-77. It was aimed at improving the economic conditions of the rural poor, IRDP operated all over India to benefit the target groups. It offered financial assistance through grants and loans from the banks, and training of rural youth for self-employment. The program structures were well organized, each with specific function thus lessening administrative cost, time wastage and bureaucracy. India invested heavily on monitoring and evaluation of her programs both by the government and the Ford Foundation . Uwezo Fund has experience challenges with accountability right from the Ministry of Devolution in charge of implementing the objectives of the fund from the country to the county levels. The fund lacks effective accountability which entails the following: there must be clear performance expectation which entails performance target, the goals, objectives and expected accomplishments that are clearly detailed. If this is not done then, there will be no responsibility to fix non-performance, NYCK, (2013).

According to National Youth Council Kenya, (2013), Uwezo Fund management has not fully embraced equity and inclusiveness. The society well-being depends on ensuring that all members feel that they all have a stake in governance and that some do not feel excluded. The managers of the fund therefore must ensure that the most vulnerable to have opportunity to improve their wellbeing. United Nations (2004) put the cost of corruption as insidious plague that has a wide range of corrosive effects in the society. It makes economic development difficult; it had led to embezzlement of the Uwezo Fund from the youth, women and person with disabilities to few selfish individuals. Corruption has links to conflict; it has undermined the government and public sector confidence in governing institutions. National Youth Council Kenya, (2013) asserts that Uwezo Fund lack political and legal accountability. This should have been aided by anti-corruption agencies, Ombudsman man offices and human rights institutions. In Kenya such offices includes the judiciary, Human Rights Commission, lobby groups, ombudsman offices and the anti- corruption body in Kenya. Governance and political interference of the fund where members are ill informed about the fund management. This cast doubt on their ability to manage and govern fund distribution. No policy about fund distribution to various entrepreneurs. Questionable training on entrepreneurship projects; Uwezo Fund operations have remained questionable to all stakeholders(ranging from members of parliament, the public sector, private firms and Community Based Organizations) with a lot of gray areas ranging from tenders unjustified and total lack of documentation and receipts, NYCK, (2013). The government should reduce the administrative cost and wastage of time that is involved when applying for the fund. Too much bureaucracy that the youth have to undergo thus consumes time unlike other financial institutions like banks offering loans to Kenyans.

Performance of the Projects

According to George (1985), an employee is a combination of good skills set and a productive work environment. Most of youth entrepreneurs have not managed to employ more workers even after the Uwezo Fund assistance. The

enterprises are managed by the group members with few of the groups managing to employ not more than five people in their businesses, Obado (2015). They lack business focus, poor leadership skills and personal differences among the youth groups, external and internal group politics have interfered greatly with the groups funded by Uwezo Fund. The result is poorly coordinated enterprises, loan defaulters and in the end none functioning groups, Heyer et al, (2003). This has hindered the group enterprises from having better economic growth despite Uwezo Fund loan assistance. Matunga, 2016 states that the level of stock held by most of the entrepreneurs are not enough to ensure that every customer who requires the goods or services is availed. This shows that little money was allocated to purchase the stock and that the availability of credit does not guarantee more stock unless the allocation for the same is done. Sustainable business and mission requires effective and financial management. Without sales and marketing working to produce revenue, the enterprises will not grow. The net sale gives more accurate picture of the actual sale generated by the entrepreneurs. Most of the youth enterprises have done well in Migori County despite meeting challenges. They have wider markets from the neighboring counties and from Tanzania. They have managed to market the products and services making the business to grow. Ashe –Emunds asserts that when an entrepreneur reinvests profits back they can improve the quality of their businesses. It keeps their businesses relevant. Plowing profits in business have helped majority of the youth entrepreneurs to expand the enterprises by adding the capacity and creating new sales opportunity and to open new businesses, Uwezo Fund annual Report, (2015). Inconsistency in budgetary allocation from the government has made the fund management to adequately assist Uwezo Fund beneficiaries. They find it challenging to provide business development services such as mentorship, marketing, monitoring and evaluation and business coaching to young entrepreneurs due to large number of youths involved and increasing demand. Contrary to India where pace setting path finding experimental programs were done developing ideas and in the subsequent years the programs were rolled in selected areas addressing specific needs of the people thus increased economic production and self-reliance. (G.O.I.1961,P.316).

Social Capital Theory

The concept of social capital draws attention to the effects and consequences of human being sociability and connectedness and their relations to the individuals and social structure. According to Bourdieu (1986) social capital is defined as the aggravated of the potential resources which are linked to possessions of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition. For Bourdieu, social capital is related to the size of network and volume of past accumulated social capital commanded by the agent. He sees clear profit as being the main reason the main actors engage in and maintain links in a network. Bourdieu says social capital is productivity that is used by the actors to achieve a particular end that would have been impossible without it. It must also be embedded in the structures of relationships among people in other words; it's a bonding mechanism which adds to the integration of social structure and agents who can use embedded social capital as resources. Uwezo Fund is characterized with entrenched inequalities in access of resources or grants via exclusive use of social networks. This has resulted to the grant benefiting the more privileged. Those who have the necessary social connections are the ones appropriating development at the expense of the needy.

Social capital is found to be important for social mobility in societies. When quality of network resources decline, the result is high welfare dependency and unemployment. This is the scenario in Kenya and in particular Rongo constituency. Youths rely on family adults in job seeking and because the adults don't occupy influential positions in the networks they have become vulnerable to illicit activities. Social capital is an effect rather than the cause of institutionalization of structures. Formal institutions such as the government and legislative setting have stimulated development of social capital. This is brought out by Pitman's bottom-up "approach and has sought to isolate the political and associational structural particularly government structures that impede the rise of social capital and trust in the society. The government structures historically embedded political traditions. (Berman, 1979; Levi, 1996; Ostrom, 1994; Pildes, 1996; Woolcock, 1998). The government plays an important role in fostering at the community level via projects or institutional democratizing and accessibility (Evans et al., 1996; Kenworthy, 1997; Tandler and Freedheim, 1994). However Uwezo Fund lacks this government involvement, the structures put in place have been marred with corrupt officials, nepotism, tribalism and ineffective political system thus the society lack trust and confidence that the objectives of the fund will be achieved.

Grameen Banking framework

The bank was founded by Dr. Mohammed Yunus and started as a personal project in 1976 in a village near Chittagong University, (Yunus 2007). This is the same concept of the Uwezo Fund; the only difference is that the youth groups assisted by Uwezo Fund save their profits in various banks of their choice as opposed to Grameen's borrowers who had to bank their profits at the same bank. According to Yunus (2007) Grameen's bank basic concept was the close relationship

between them and the borrowers. Uwezo Fund managers have done little to monitor and evaluate how the fund is being implemented in Migori County by the groups. The challenges they face are inadequate and inexperienced staff and entrepreneurial attitudes among the youth groups. If this concept of forming peer support groups can be adopted then, Uwezo Fund will meet its objectives. Khaled and Rahman (2011) asserts that when Grameen bank starts to operate at any new location, it creates an illusion that it is not in any hurry to do anything. The process is allowed to take its own time, the branches get into operation in a slow and easy manner. Before starting any operation in an area, the associate manager from Grameen's bank documents all the details of the area, he then decides whether to go ahead or not. When they decide to set up the branch, the manager held public talks with the people, explaining rules, procedures and objectives of Grameen's banking concept. Uwezo Fund managers are expected to do same however not much has been done; they most of the time do not carry prior assessment of the youth group enterprises before allotting funds to them. Thus it was rolled out at once in the 47 counties of Kenya without proper monitoring and evaluation of the entire process. The result is poorly coordinated projects, fund embezzlement, management crisis, poor communication channels, and lack of participation of stakeholder among other challenges. According to Khaled and Rahman, Grameen also created problem solving attitudes among the participants. They involved the beneficiaries in training, made to believe that every challenge they encountered had a solution and embraced diversity. Uwezo Fund also does the same, the youths are encouraged to venture into any business they can do best. Many of the youth groups have ventured into animal husbandry, fish keeping, selling second hand clothes and Jua Kali sector, Uwezo Fund annual Report, (2014).

RESEARCH METHODOLOGY

The study was carried in Rongo constituency of Migori county. The area is 2,586.4sq.kms. According to 2009 National Census, it has a population of 917,170 people and the youths constitute 70% of the population. The research used cross sectional study design which is descriptive by nature. This study was undertaken among 99 correspondents drawn from Rongo constituency of Migori County. The reason was, Rongo had the highest number of youths entrepreneurs that have done well with Uwezo Fund and at the same time those that have struggled to perform. The population used in the study was the youth entrepreneurs funded by Uwezo Fund between the years 2013 to 2016. The sample size used was 99 respondents. Rongo constituency had five wards; North, South, East, West and Central Kamagambo wards. The researcher divided them into clusters to determine which of the five wards would be used in the study. Thereafter the researcher used simple random sampling by assigning numbers (1-5) to the wards and chose even numbers to be used in the study. Two wards were picked, Central and East Kamagambo. The study used Mugenda (2003) 10% to determine which youth groups would be included in the study. Central Kamagambo had a total of 174 youth groups, thus 17 (52%) youth groups were picked and East Kamagambo which had a total of 162 groups and sixteen (17) (48%) groups from the total population were picked to conduct the study. Thirty three (33) groups took part in the study. The thirty three youth groups had a total of three hundred and thirty four (334) group members. Purposive sampling was used as it allowed the researcher to choose three entrepreneurs per group; the group leader and two group members. They were four key informants: Two sub chiefs of Central and East Kamagambo and two Uwezo Fund officials took part in the study. The data sources for the study were both primary and secondary. A Semi-structured interview administered questionnaires were administered to the 99 study respondents using 12 trained and incentivized Research Assistants. The study generated both qualitative and quantitative data. Descriptive data analysis method was used to help analyze numerical data gathered quantitatively using closed ended questions. The Statistical Package for Social Science Version 20.0 (SPSS) was used. The data was cleaned, coded, categorized per each variable and then entered in the computer to check for consistency.

Research Findings

Administration Of The Uwezo Fund

The first objective of this study was to examine the administration of Uwezo Fund and its effect on performance of its assisted anti-poverty projects. That is: visits, training, and support through media; radio programs and television shows had an impact on the entrepreneurs. It also covered professionalism, transparency, governance, political interferences and management style that the fund administration had adopted.

Table 4.1: Support by Uwezo Fund Staff

Visit by Uwezo Fund Staff	Number of sampled respondents	Percentage
Yes	12	12
No	87	88
Total	99	100
Training by Uwezo Fund		
Yes	9	9
No	90	91
Total	99	100
Support by Uwezo Fund through internet		
Yes	None	0
No	100	100
Total	99	100
Internet access		
Yes	None	0
No	99	100
Total	99	100

Visit by Uwezo Fund Staff

When asked if they had received any support from the services offered by Uwezo Fund staff, 12% said they had been visited by the staff while 88% said they had not received any visit. The visits were to help check on the performance by evaluating every stage of growth of the enterprises however this did not happen. The result was poorly managed enterprises that were vulnerable to any change in the market.

Entrepreneurship training by Uwezo Fund Staff

The sampled entrepreneurs were asked if they had received any training by Uwezo Fund managers and 9% agreed that they had been trained whereas 91% said they were yet to receive any training. This was reasonable explanation that the entrepreneurs understood the objectives of the fund and what was expected from both the youth entrepreneurs and the fund management. It is however evident that the training they received was done annually when the youth entrepreneurs got the initial funding.

Support by Uwezo Fund through Internet

All the sampled respondents however had not received any support on internet access from the fund management. They explained that few of them had knowledge on e-commerce thus majority did not understand how their enterprises could benefit from use of internet. The above data showed majority of the youth entrepreneurs had little knowledge on information technology, besides the Uwezo Fund managers made less effort to avail free internet services.

The fund sources of dissemination of information to the respondents

From the Table 4.5, 30% of the respondents agreed to have benefited from radio programs organized by Uwezo Fund officials whereas 70% said they had not had any programs on radio or television organized by Uwezo Fund County officials. This was an indication that information was not freely available and directly accessible to the respondents from the Uwezo Fund officials. Respondents were asked how corruption and embezzlement of Uwezo Fund by the managers had affected performance of their projects. Of the 99 respondents only four 4% said they had not been affected in any way, while 96% noted that corruption made groups to be given less money as the rest are taken by the corrupt

officials. They also said this led to lack of accountability on both the managers and the youth entrepreneurs making the fund to lose its meaning and intended purpose. This tended to undermine the entrepreneurs in the governance of the fund. Of the 99 respondents 91% entrepreneurs felt that lack of professionalism, transparency; governance and political interferences had affected the performances of the projects assisted by Uwezo Fund. They reported that political offices dictated who was to get the money and who was not to do so. The youth entrepreneurs who come from areas that had different political opinions were often sidelined or left out. That is politicians manipulated the fund management system and in turn interfered with the entrepreneurs' performance. Nearly all of 100% respondents said the money was always given to relatives, clan mates and to those entrepreneurs that had supported the politicians in the office. They also reported that managers were corrupt and often took the funds in a manner that did not follow rules and regulations of Uwezo Fund. They also did not embrace equity and inclusiveness while distributing the fund. Besides, they also reported that the administrative cost was strenuous and took a lot of time while applying for the funds as the offices were far apart. Some were in Rongo, Awendo and Migori towns, respectively.

The data above showed that nepotism and tribalism had affected the performance of the enterprises managed by the entrepreneurs, sidelining the requirements and guidelines put by Uwezo Fund management. It also undermined the equitable distribution of resources among the entrepreneurs in Migori County. All the sampled youth entrepreneurs had the opinion that democratic management style would be the most effective and would lead to effective equal distribution and repayment of the fund. This meant that the policy, procedure and actions steps are reached through consultations between leaders and the entrepreneurs. On the question of how top managers should manage Uwezo Fund, the key informants recommended that the top Uwezo fund managers should improve on their skills through monitoring and evaluation to ensure the fund achieved its intended objectives. Key informants suggested that the fund management to devise ways of battling corruption and prosecute perpetrators, follow up on the loan defaulters and be part of the entrepreneurs as they establish the business till the time the businesses can stand alone. They also advised that the managers to be up to date with repayment progress report to help them have a clear picture of how the youth entrepreneurs progress in their various fields.

Performance of the projects assisted by Uwezo Fund

The second objective of this study was to find out how Uwezo funded projects performed following their assistance. Performance of the project is a combination of good skills and productive working environment. It entailed the ability to use Uwezo Fund to invest, grow business and generate profits. This objective sought to find out performance in terms of how many entrepreneurs had managed to employ workers in their various enterprises, their level of stock, the gross profits, and reinvestment in general and facilitation of markets for services and goods see (Table 4.2). It also sought to find out some of the challenges the youth entrepreneurs encountered that had negatively affected performance of their enterprises.

Table 4.5: Performance of the projects assisted by Uwezo Fund

Employed workers	Number of sampled Youth	Percentage
Yes	64	65
No	35	35
Total	99	100
Stock increase per annum		
Yes	46	49
No	53	51
Total	99	100
Gross profit per annum		
Yes	22	22
No	77	78
Total Investments	99	100
Yes	85	86
No	14	14
Total	99	100

Employed Workers

A considerable number of the respondents had managed to offer employment to not more than one worker, while 65% had not employed any worker in their various enterprises. This implied that there was growth of nearly a third of the enterprises.

Stock Increase

Nearly 49% of the respondents reported to have increased their stock levels. One of sampled respondent said, "I made mistakes at the beginning by spending much money in buying equipment, renting spaces, paying taxes instead of developing business plans and improving the quality of my business".

Gross profit

Gross profit is the sale of a good or services less the cost associated with production. Only 22% of youth entrepreneurs had realized profits while 78% had not. One of the entrepreneurs was quoted saying, "I focused on overhead expenses placing too much emphasis on buying equipment, paying rent and modifying business spaces instead of focusing on increasing profit and overall enterprise value". Only 35% youth entrepreneurs had proper business plans, 65% had not properly stated their financial plan making the enterprises vulnerable to changes in the markets.

Investments

The youth entrepreneurs that had reinvestment in general in their various enterprises were 86% while those that had not reinvested were 14%. This they said helped them to improve their businesses enterprises. The entrepreneurs said the money helped them to keep their businesses relevant by adding the capacity and helping them create new sales opportunity. However one of the entrepreneurs was reported explaining the following. "I had not reinvested because I lacked knowledge and skills on current markets, poor marketing techniques made me not to properly market my goods and services thus I made loses. Rapid technological changes that were costly and new laws that both the local and national government enacted to had hampered the growth of various enterprises".

Other respondents 96% sighted high cost of doing business as one of the factor affecting the performance of projects assisted by Uwezo Fund. They pointed out taxes introduced by both the county and national governments as being high and making most of them to close down business to avoid arre stand harassment by the authorities. However, 3% of the respondents said that the government had helped them realize profits especially through the tenders awarded to them. All the entrepreneurs reported that they were struggling to find markets for their goods and services. From the above data it is clear that both the local and national governments through their legislations on taxes have made the cost of doing business very high. The results were low wages, high prices for commodities and loss of businesses among the entrepreneurs.

The administration of the fund had negatively influenced the performance on Uwezo Fund assisted youth. The Uwezo Fund staff failed to train the youth entrepreneurs as per the Uwezo Fund Hand Book and failed to provide internet access. It was also characterized by lack of professionalism, corruption, nepotism. In terms of the profile of the youth entrepreneurs: the Fund was not popular among the female youths who preferred other financial institutions because of it's tight lending procedures that automatically disqualified them. Youth entrepreneurs below 24 years were the most active while those that were between 30-35 years were less involved stating that they were frustrated by the Fund managers who constantly capitalized on the age limit set by the Fund. All the respondents had achieved certain level of education that made it easy for them to understand the objective of the fund.

Performance of the projects was affected by the high cost of doing business that resulted from high taxes put in place by both the local and national governments. Poor management styles often marred with wrangles among the youth and the Fund managers had affected the entrepreneurs. When we cross-tabulated respondents profiles and performance, we found marked association between education and performance and gender and performance. Meaning that male were better educated respondents performed better than the reverse situation.

Summary

In response to the question on administration of Uwezo Fund, it was worrying to note that the youth entrepreneurs reported that they had not been visited by the fund staff. Only 30% of the entrepreneurs had benefited from programs

organized by the fund managers. None of the 99 sampled youths had benefited from internet access through the fund. About 99.9% said lack of transparency, professionalism and political interferences had affected the fund management. Poor management style, insecurity and poor infrastructures in the county were also reported as the major challenges affecting performance of the youth entrepreneurs. Constant budget constrain seen in the inconsistency in budgetary allocation affected the performance that resulted to poorly coordinated enterprises. In the response to the question on the performance of the projects assisted by Uwezo Fund, the entrepreneurs mentioned that both the national and county government policies such as high taxes had affected performances of most enterprises. A considerable number of the entrepreneurs had managed to offer employment however to not more than one worker. Few increased their stocks though majority spent most of the loan on improving business space. Only 22% of youth entrepreneurs had realized profits. More than a half of the sampled entrepreneurs had reinvested in there various enterprises, the few that had not reinvested sighted lack of knowledge on current markets, poor marketing techniques and rapid technological changes that were costly made their businesses vulnerable to market changes.

Conclusion

The study revealed that the performance of the youth enterprises were greatly affected by the time taken to process and repay the funds which seemed longer than the time frame other financial institutions offered to their clients. The lending procedures were tedious and often discouraged the respondents, loan amounts were inadequate to support youths with huge business ideas as shown from Chapter 4. Performance of the projects was also not encouraging. Even though most of the youth entrepreneurs had reinvested money in their various businesses, very few had grown their businesses to be able to employ others, this showed little growth. Although the administration of Uwezo Fund had been devolved to the sub county level, the youth did not benefit much. Majority (91%) of the respondents sighted corruption, nepotism, tribalism, lack of professionalism, governance and political interference to be major issues impacting negatively on their performances. Inconsistency in the fund allocations had also made the performance of the entrepreneurs to stagnate as they received little money that could not adequately support their businesses. Some entrepreneurs got as low as Ksh. 2, 000.00 per person making it very difficult to start up any business.

Recommendations

Institutionalizing of structures. It allows 'bottom up approach of leadership', where the people are given a chance to create rules that govern them. To improve the administration of the fund, we suggest that the government through Ministry of Devolution and National Planning should borrow the principles of leadership the Gramee's bank managers used. There is need to strengthen institutionalized relationships of mutual acquaintances and profits are the main reason for the actors and maintain links. Network can help improve group formation, choice of enterprise, decision making process and communication that interferes with performance of the youth enterprises. We recommend that pilot studies be done by the government before rolling out such projects like Uwezo Fund. Monitoring and evaluation should be done twice in a year to keep on improving the operation of the fund and revise on the national and county laws making the cost of doing business very expensive.

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