
Influence Of Socio-Economic Factors On The Utilization Of Uwezo Fund Among The Rural Youths: A Survey Of Migori County

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Abstract

Uwezo Fund is one of youth funds in Kenya which aims at enhancing self-employment among the youths. Utilization of this fund remains a challenge to the youths. This study sought to assess the influence of socio-economic factors on utilization of Uwezo Fund among the rural youths in Rongo Sub-County, Migori County, Kenya. The study adopted a cross-sectional descriptive survey design. It targeted youths who were recipients of Uwezo Fund in Rongo Sub-County. The target population was 1,296 youths from 108 youth groups and two government officials who were charged with a duty of implementing the fund. Cluster, Proportionate and Simple random sampling were adopted in which 125 youths were select for the study. Questionnaires, key informant interview and focus group discussion were used to collect data. The data was subjected to descriptive statistical analysis where frequency distribution and percentages were used to summarize data. Inferential statistics was used with Chi-square and Cramer's V Test employed to calculate and test association between study variables. Results were presented in tables, bar charts and pie charts. The study found that socio-economic factors like education and income of the youths influence planned use of the fund. The study found significant association between use of Uwezo Fund and level of education and income. There was no association between use of Uwezo Fund and occupation. The study recommends that Ministry of Public Service, Youth and Gender Affairs to consider socio-economic factors of youths in distributing the fund.

Keywords: Utilization, Uwezo Fund and Youth.

1. Introduction

Youth funds have been initiated by most governments in the world as a way of creating self-employment to the youths. ILO (2012) defined national youth funds as financial resources contributed by governments through annual budgets and Non-Governmental Organizations (NGOs) for supporting growth of Micro, Small and Medium Enterprises (MSMEs). They are normally in form of loans or grants depending on the objectives for which they were set up in different countries. Some of these funds include: Malaysian Young Entrepreneur Fund, Kurera Ukondla Youth Fund in Zimbabwe, Youth Development Fund in Zambia, Tunisian Youth Fund, Namibia Youth Credit Scheme and Umsobomvu Youth Fund in South Africa just to mention a few. Studies have confirmed that availing affordable funds to the poor youths can help them

move out of poverty (Ashraf *et al.*, 2010; Brune *et al.*, 2013; Ellis *et al.*, 2010; UNDP, 2013; Cull *et al.*, 2014; Maigua and Mouni, 2016; Park and Mercado, 2015; World Bank, 2014).

Kenya has also come up with strategies to support youth development. According to Omolo (2011), Kenya has consistently come up with interventions to ensure productive and sustainable engagement of the youth. Some of these interventions include: Youth Enterprise Development Fund (YEDF) which was initiated in the year 2006; Kazi Kwa Vijana (KKV) program that was initiated in 2011 and Uwezo Fund which was initiated in the year 2013.

Despite the introduction of the youth funds by many countries all over the world, proper utilization is a major challenge. World Bank (2014) reported that utilization of youth funds by the youths all over the world is influenced by demographic characteristics like age, gender, marital status and place of residence. Similarly, studies have found that usage of financial services for economic benefits differed across different demographics (Paaskesen and Angelow, 2015 & Zakaria and Sabri, 2013). In East Africa, youth fund utilization is in small scale (Rajendar, 2012). They engage in the funds just as a stop gap measure as they wait for formal employment. This adversely influence the way these funds are used. Study by Fatoki and Garwe (2010) in South Africa revealed that patterns of utilization of fund by youths is influenced by problem of access and availability of finances to youths. Zim Trade (2011) in his study in Zimbabwe noted lack of collateral, skills and difficulties in business registration as outstanding factors of youth fund utilization among the youths.

A study done by Wanjohi (2011) revealed that utilization of youth funds by the youths is influenced by lack of transparency. He further noted that management of youth funds lack appropriate policies, legal regulation and legal supervisory framework and this has led to rampant misuse of funds by youths and fund managers. Furthermore, Pandya (2012) observed that youths involve in informal small businesses and unplanned activities that heavily rely on the intuition and energy of owner/ manager to make things happen. This pose a challenge to the youth funds as such unplanned activities cannot be accounted for in the long run. Another challenge facing utilization of youth funds is lack of necessary knowledge and skills of managing such funds by the youths. This has equally contributed greatly to fund wastages. He also considered group characteristics as a factors influencing performance of youth funds. The study therefore sought to assess the influence of socio-economic factors on the utilization of Uwezo Fund in the rural Kenya

2. Methodology

The study adopted a cross-sectional descriptive survey research design. It was conducted in Rongo Sub-County which is one of the 8 sub-counties in Migori County, Kenya. The area covers 208.40 Sq Km and has an estimated population of 100,547 people. The main economic activity in the area is farming. Crops grown in include; sugarcane, maize, cassava and sweet potatoes. Residents also do gold mining and brick making. The target population of the study comprised of 1,296 youths who were recipients of Uwezo Fund. The study included youths who were in youth groups and had stayed in such groups for at least 6 months. This was based on the assumption that youths who have been in groups for at least 6 months have experience on how to apply for youth funds.

A sample of 125 youths was arrived at by the use of Krejcie and Morgan (1970) formula. Two Rongo sub-county youth officers were also included in the study. Sampling process involved clustering of the study area into four wards. Proportionate sampling was then employed to select 32 youth groups and to distribute the sample of 125 youths in the groups. Lastly, simple random sampling was employed to select youths from the youth groups.

Questionnaires were used to collect information from the 125 youths who were the main respondents. Key informant interviews were used to collect data from the two key respondents. In addition to the two data collection methods, four focus group discussions were administered to the main respondents, one focus group discussion in each sub-county ward.

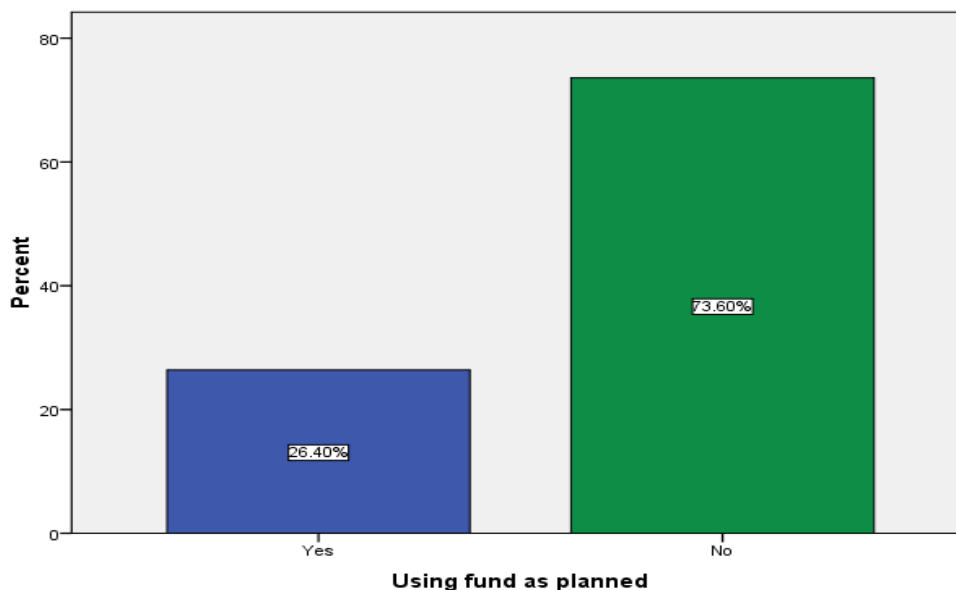
Descriptive statistics such as frequencies and percentages were used to analyze quantitative data. Qualitative data from KII and FGD were analyzed by the use of thematic analysis.

3. RESULTS AND DISCUSSIONS

PLANNED UTILIZATION OF UWEZO FUND

The study sought to find out whether the youths use the fund on planned activities. Results from the respondents are shown in figure 4.1.

Figure 3.1: Using Uwezo fund on planned activities



The study revealed that majority of the respondents, 73.60% use the fund on unplanned activities. Only 26.40% of the respondents used the fund on planned activities. The high number of the youth who use money on unplanned activities may be attributed to the fact that there is escalating high cost of living in Kenya which pushes them to use funds on unplanned activities. It could also reveal lack of proper planning for funds meant for youth development activities.

The findings are confirmed by KII where key informants outlined that most youth distribute Uwezo Fund among themselves and use them contrary to the plan. They then disappear which

makes it hard to reclaim back the Fund which could be availed to other youths. This result is consistent with the findings of Gachuru, & Mwirigi, (2014) which noted that most of the youth going for the youth fund loans are going for it not because they are ready and interested in starting a business but because it is available. Most of such youth end up misusing the loan and spending the rest of their time hiding from youth fund officers to escape repayment.

SOCIO-ECONOMIC CHARACTERISTICS OF THE YOUTHS

This section focuses on the socio-economic characteristics of the youths. These characteristics include; level of education, occupation and income. The result is shown in table 3.1.

Table 3.1: Distribution of respondents on socio-economic factors

		Number of respondents N=125		
		Frequency	Percentage	Cumulative
Level of education	Primary	64	51.20	51.20
	Secondary	57	45.60	96.80
	Tertiary college	3	2.40	99.20
	University	1	0.80	100.00
	Total	125	100.00	
Occupation	Employed	6	4.80	4.80
	Unemployed	15	12.00	16.80
	Small business	68	54.40	71.20
	Farming	36	28.80	100.00
	Total	125	100.00	
Income of the before the fund	1,000-5,000	56	44.80	44.80
	5001-10000	63	50.40	95.20
	10001-15000	6	4.80	100.00
	Total	125	100.00	
Income after receiving the fund	1,000-5,000	40	32.00	32.00
	5,001-10,000	68	54.40	86.40
	10,001-15,000	10	8.00	94.40
	15,001-20,000	5	4.00	98.40
	Over 20,000	2	1.60	100.00
	Total	125	100.00	

Level of education

On the level of education of the respondents, table 4.11 indicates that slightly more than half (51.20%) had primary level education. It equally shows that slightly less than half (45.20%) had secondary level education. 2.40% of the respondents had tertiary college education while less than one percent (0.80%) had University education. Most of the respondents who had primary level education may be attributed to inability of these youth to acquire formal employment due to lack of skills relevant for such jobs. It is equally clear that those who have post-secondary

education are not interested in government funds. They expected white collar jobs after colleges given the fact that they have skills. They view such small businesses as ventures for failures.

The above sentiments were echoed by KIIs where one of the key informant noted that, youth who have post-secondary education do not want anything to do with government funds. Their interest is in white color jobs. On the contrary, those ones with secondary education and below see government funds as the only way to financial freedom. FGDs equally harbor the same view where one of the discussant noted that:

“I know I cannot get an office job because I dropped out of school after sitting for my KCPE. When I had about Uwezo Fund I was happy because I knew I will at least get fund to start a small business which will enable me to feed my lovely family.” (A member of Kopondo youth group in South Kamagambo ward).

This finding concurred with Adebayo and Kavoos (2016) contention that most youths in African countries especially the ones who are learned prefer white collar jobs to self-employment. Those ones who opt for self-employment do so because of lack of descent white collar jobs. This study is equally supported by ILO (2013) contention that individuals who are better educated or that have more professional experience are more apt to be successful when looking for a job.

Occupation of the respondents

Data in table 4.11 indicate the occupation of the respondents. The result shows that slightly more than half (54.40%) of the respondents engage small businesses. The findings equally reveals that slightly more than quarter (28.80%) of the respondents do farming. 12.00% of the respondents are not engaged in any economic activity while 4.80% of them are in formal white color jobs.

The high number of youths engaging in various small businesses may be attributed to the fact that such businesses do not require huge capitals hence easy to start. Some of them may also be started on credit, therefore youth find them easy to start. The study equally reveals that majority of the youth who are in formal employment do not utilize Uwezo Fund. This findings were supported by KIIs and FGDs where one of the key informants noted that youth engage in small businesses which are service oriented and do not require large sums of money to start. On the other hand, from the FGDs, one of the discussant noted that:

“I do Kinyozi business because it does not require much and does not depend on weather like farming.”(A 25 year old member of Upendo youth group in Central Kamagambo).

This result was supported by the findings of Ahaibwe and Kasirye (2015) which revealed that youth with business enterprises that are classified under the services sector oriented are more likely to participate in the youth fund than those involved in agricultural related enterprises. The kinds of businesses they do were not entrepreneurial oriented. They were just for survival purposes. This is in line with Adebayo and Kavoos (2016) who noted that African youths have ability to do businesses but their businesses are not entrepreneurial oriented and they do them for survival reasons. This is also supported by Nduta (2015) findings which stated that Kenyan youths who are entrepreneurs tend to go into enterprise development out of economic necessity or need to survive, or out of failure to find productive use of their energy in other avenues. These

facts are supported by this study which revealed that 52.8% of the respondents were engaged in small businesses.

Income before receiving the fund

Results in table 4.11 depicts that slightly more than half of the respondents, 50.40%, receive between Ksh. 5,001- Ksh. 10,000 as their income before receiving Uwezo Fund. On the other hand, 44.80% of respondents had an income which ranges from Ksh. 1,000- Ksh. 5,000. Only 4.80% of the respondents had an income range of Ksh. 10,001- Ksh. 15,000. The study shows that majority of the youths who were involved in the study earn Ksh. 10,000 and below. This may be due to the fact that they engage in small businesses which do not earn them much in a day. Only a few do business activities that can earn them up to Ksh. 15,000 in a month. This view was supported by FGDs where one of the respondent's sighted that:

“Before we got Uwezo Fund, I used to engage in casual work at construction sites where I used to earn Ksh. 200 to Ksh. 350 per day depending on the constructor.”
(A 25 year old male member of Brytal youth group in North Kamagambo ward).

This study is in agreement with KNBS and SID (2013) findings that Household expenditure in Kenya averages Ksh. 3,440 per adult equivalent per month nationally. Household expenditures per adult equivalent per month are Ksh. 2,270 in rural areas compared with Ksh. 6, 010 in urban areas. It is equally supported by CBK (2013) assertion that only 0.8 per cent of Kenyans earn Ksh. 100,000 or more and 81.6 per cent earn Ksh. 10,000 or below.

Income after receiving the fund

The study also looked at income of the respondents after receiving the fund as revealed in Table 4.11. It shows that income from the activities undertaken by youths. It indicates that slightly more than half of the respondents (54.40%) earn between Ksh. 5,001-10,000. The table equally shows that slightly less than a third of the respondents (32.00%) earn between Ksh. 1,000-5,000. 8.00% of the respondents earn between Ksh. 10,001-15,000 while 4.00% earn between Ksh.15, 001-20,000 and only 1.60% earn over Ksh. 20,000.

The finding shows slight increase in income of the youth after receiving the fund which could be attributed to the fact that Uwezo Fund has helped youths to start projects though such projects generate small incomes. This may be due to insufficient amount of Uwezo Fund given to the youth groups in line with the Uwezo Fund policy. It may also be due to the fact that youths abandon the planned project after receiving the fund hence they end up in activities which are unplanned for hence reducing the capital for the planned activities. This finding was in line with the findings of Lagat *et al.*, (2012) who noted that youth projects are faced with inadequate allocation of Funds hence they get minimum income from them. This was equally supported by Mburu (2010) observation that the loan given to youths was sometimes minimal to guarantee a sustainable income.

AN ASSOCIATION BETWEEN SOCIO-ECONOMIC FACTORS AND UTILIZATION OF UWEZO FUND

This section introduces the relationship between socio-economic factors and utilization of Uwezo Fund. The result is shown in table 3.2.

Table 3.2: Association between socio-economic factors and utilization of uwezo fund

		N=125		
		Utilization of Uwezo Fund		
		According to plan	Not according to plan	Total
Level of education	Primary	12	52	64
	Secondary	18	39	57
	Tertiary college	2	1	3
	University	1	0	1
	Total	33	92	125
		$\chi^2 = 8.006$ Df=3 P=0.05 Significant Cramer's V Test=0.253		
Occupation	Employed	4	2	6
	Unemployed	3	12	15
	Small business	15	53	68
	Farming	11	25	36
	Total	33	92	125
		$\chi^2 = 6.303$ Df=3 P=0.05 Not Significant		
Income	1,000-5,000	10	46	56
	5,001-10,000	19	44	63
	10,001-15,000	4	2	6
	Total	33	92	125
		$\chi^2 = 7.568$ Df=2 P=0.05 Significant Cramer's V Test=0.246		

Table 4.2 shows a chi square test of level of education, occupation and income of the respondents to Uwezo Fund Utilization. Regarding education level, chi square test of 8.006 at 3 degrees of freedom with P value < 0.05 was obtained. The value is greater than chi-square table value of 7.81. This reveals that, there is significance relationship between the two variables. However, Cramer's V Test value of 0.253 suggests that while relationship exist, the association is weak.

On occupation of respondents, a chi-square test of 6.303 at 3 degrees of freedom with P value > 0.05 was realized. The value is less than chi-square table value of 7.81 revealing that, there is no significant association between occupation and fund utilization.

Regarding income, chi-square yielded a value of 7.568 at two degrees of freedom with P value < 0.05. This value is higher than chi-square table value of 5.99 indicating existence of association

between income and use of the fund. When the result is subjected to Cramer's V Test, a value of 0.246 was obtained revealing a weak association.

Result in table 4.12 indicates that there exist a relationship between level of education and use of Uwezo fund. Those who have high level of education demonstrate prudent use of the fund. On the other hand, most youths with primary education use the fund contrary to the plan. This finding is in agreement with Ellis *et al.*, (2010) & Zakaria and Sabri (2013) assertions that low level of education affect planned use of funds. They noted that, those with low level of education are most likely to misuse the fund as compared to those with high education.

Table 4.2 reveals that those with higher income use the fund on intended activities. This may be attributed to the fact that those with high income spend money from other sources on the basics while money from the fund is spent on the planned activities. On the other hand, youths with low income use some part of the fund to supplement spending on the basics. This finding is in agreement with Zakaria and Sabri (2013) contention that low income influence the use of funds.

4. CONCLUSION AND RECOMMENDATION

The study concludes that concludes that socio-economic factors like level of education and income influence planned utilization of Uwezo fund. Significant association was found between level education and income, and planned utilization of Uwezo Fund. However, there was no significant association between occupation and planned utilization of Uwezo Fund. The study recommends that Ministry of Public Service, Youth and Gender affairs should consider socio-economic factors of the youths in distribution of youth funds.

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