

**EFFECTS OF YOUTH DEVELOPMENT FUND ON THE  
GROWTH OF YOUTH ECONOMIC ACTIVITIES:  
A CASE OF MOSHI MUNICIPALITY**

**EFFECTS OF YOUTH DEVELOPMENT FUND ON THE GROWTH OF  
YOUTH ECONOMIC ACTIVITIES: A CASE OF MOSHI MUNICIPALITY**

**By**

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**A Dissertation submitted in Partial Fulfillment of the Requirements for Award  
of the Degree of Master of Science in Project Planning and Management (Msc.  
PPM) at Mzumbe University**

**2019**

**CERTIFICATION**

We, the undersigned, certify that we have read and hereby recommend for acceptance by Mzumbe University, a dissertation entitled “*effects of youth development fund on the growth of youth economic activities: a case of Moshi municipality*” in fulfilment of the requirements for award of the degree of Master of Science in Project Planning and Management of Mzumbe University.

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“Thank you all!”

## **DEDICATION**

This Dissertation is dedicated to my beloved husband Mr. Bright Kiwia for his financial, moral support and prayers for me during my studies. Also, to my lovely parents Mr. and Mrs Festo Tarimo and my in laws for tirelessly assisting me to the accomplishment of my studies. Special dedication goes to my beloved son Olis Ronelle Kiwia.

## **LIST OF ABBREVIATION**

ADB	African Development Bank
CBOs	Community Based Organizations
ILO	International Labor Originations
LGAs	Local Government Authorities
NFY	National Youth Funds
NGOs	Non-Governmental Organizations
NSGRP	National Strategy for Growth and Reduction of Poverty
NYCS	Namibia Youth Credit Scheme
NYF	National Youth Funds
OECD	Organisation for Economic Co-operation and Development
ROSCAs	Rotating Credit and Savings Associations
SACCOS	Savings and Credit Cooperative Societies
SHG	Self Help Group (SHG)
SMEs	small and medium-sized enterprises
TEEF	Tanzania Economic Empowerment Fund
UBA	United Bank for Africa
URT	United Republic of Tanzania
VICOBA	Village Community Bank
WAY	World Assembly of Youth
WOSY	World Organisation of Students and Youth
YDF	Youth Development Fund
YEDF	Youth Enterprise Development Fund

## **ABSTRACT**

Youth unemployment is one of the greatest challenges to social-economic development faced by both the industrialized and developing countries of the world. The general objective of the study was to examine the effect of youth development fund on the growth of youth economic activities drawing lessons from Moshi Municipality in Kilimanjaro. Specifically, the study examined the procedures and conditions of accessing YDF, examined types of economic activities financed and their performance after accessing YDF and analysed the effect of YDF to youth capital, employment and income. The study used the descriptive survey research design and approached 93 respondents, who were sampled by purposive and stratified sampling technique. Data for the study were collected by questionnaire, interview, and documentary literature review. Data were analysed through Statistical Package for Social Science (SPSS). Types of economic activities financed by YDF through groups included motorcycle taxis ‘bodaboda taxis’, hand craft, VICOBA, tailoring and crafting and selling processed lemongrass. Also, discusses the performance of economic activities. The study found YDF has contributed to the increase of capital among groups from 8,435,714TSHS to 12,435,714TSHS in average, has increased profit from 851,429TSHS to 1,174,286TSHS in average, and while employment opportunities created has increased from 3 youth to 8 youth at group level from group activities. The findings show that YDF has generated employment at individual level by 19%, income has increased by 8% after engaging in economic activities financed by YDF and capital at individual economic activity level has increased by 98%. The study recommends the Municipal council to provide YDF to both groups having existing economic activity and those who have no any activity. The study concludes that the YDF offered to youth have assisted youth groups particularly in expanding their economic activities and starting individual’ economic activities.

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

Youth unemployment is one of the greatest challenges to social-economic development faced by both the industrialized and developing countries of the world. The global youth unemployment rate stands at 13%, which is three times higher than the figure for adults, which is 4.3% (Mbaya, 2013; Wohoro, 2016; ILO, 2018). In developed countries unemployment rate has been stabilizing, but unstable employment continues to increase in developing regions. The challenge of unemployment among youth differs from one region to another, the problem is most common in North Africa whereby, there, almost 30% of young people in working age are unemployed. Also, this situation is common in sub-Saharan Africa, where almost 67% of young workers live in poverty. However, in industries countries, youth unemployment rate is expected to reach 5.5% at the end of 2018, a slight fall after three years on the rise, which is better compared to developing nations (Youth Employment Decade, 2018; ILO, 2018).

Unemployment challenge has motivated many governments, local and international bodies to promote National Youth Funds (NYF), for ensuring creation of employment opportunities and promotion of entrepreneurship which are among of their policy agenda given priority (Mbaya, 2013; Sisinyize and Shalyefu, 2015; Wohoro, 2016). International organizations such as International Labor Originations (ILO), World Bank, UN-Habitat, World Organisation of Students and Youth (WOSY), World Assembly of Youth (WAY), among others, has been promoting governments in developing countries where unemployment is higher to establish National Youth Funds (NFY) as one of the significant solutions for youth unemployment. Several NYF have been established and are still established, these programs are common in almost every country in Africa, and the evidence is from four countries such as Tanzania, Tunisia, Mali and Botswana undertaken in 2008-2010. The purposes of NYF differ from one country to another, depending on the policy issues to be addressed. However, the common objective is creation of an employment through

enterprise development to promote their social and economic development (ILO, 2011).

In African countries NYF is also known as Youth Development Fund (YDF), Youth Enterprise Development Fund (YEDF) and others, the name is given depending to country policy and the focus of the fund. Number of organizations supports YDF in various countries, for example United Bank for Africa (UBA) has supported youth funds in empowering African youths in identifying innovations and guiding development of business plans, training, incubation and mentorship support (United Bank for Africa, 2018). Also, The UN-Habitat supports youth funds which empowers global youth by providing grants and capacity building to selected organizations in developing countries (UN-Habitat, 2018). In addition, African Development Bank (ADB) supports unemployment initiatives in developing countries through its Youth Entrepreneurship and Innovation Multi-Donor Trust Fund (YEI Trust Fund) launched in 2017. Its major goal is to create 25 million jobs and equip 50 million young men and women of working age with the skills they need to help them join the formal sector, by 2025 (ADB, 2018).

Youth funds in developing countries has been used to solve youth unemployment problem and ensure economic growth (Kemunto, 2014). Youth unemployment in African countries it has been due to limited access to capital for youth economic activities startup as well as lack of entrepreneurship skills. Youth economic activities plays a most important role in the economies of many nations, through employment creation, payment of government taxes, stimulation of small industries and others. Thus, many governments throughout the world focus on the development of youth economic including micro and small enterprises to promote economic growth. Therefore, youth economic activities' effectiveness affects the competitive position of the economy as a whole. In addition, youth activities improve the efficiency of local markets and make effective utilization of scarce resources, like capital (Charles et al., 2012; Maina, 2013; Banks, 2016; Ncube et al., 2018).

The total population of Tanzania is about 44,928,923 according to the 2012 population census and more than 35 % of the total population is Youth and constitutes about 68

percent of the active labour force (URT, 2013). However, the rate of unemployment among youth is higher compared to other groups. The government of Tanzania in addressing unemployment challenge, established Youth Development Fund (YDF) in 1994 as an economic empowerment machinery to youth in order to support and empower youth for start-up of their own businesses that would create employment opportunities for others (Kolumbia, 2018). According to URT (2017) guidelines for the preparation of plans and budget for the year 2018/19 require the Local Government Authorities (LGAs) to budget four percent (4%) of their internal revenue for youth development fund and monitor its implementation.

In Tanzania, YDF program is implemented under LGAs and coordinated by the Department of Community Development in all LGAs. The programme is in line with several instruments including; the Ruling Party's Election Manifesto of 2015, Youth Development Policy of 2007, Community Development Policy of 1996 and National Economic Empowerment Policy of 2004. All these instruments address poverty hence development of low-income earners who forms a big number of people in the country including youths. Also, the YDF is just one of the programmes of meeting the objectives of National Strategy for Growth and Reduction of Poverty (NSGRP) phase II, Vision 2025 and the Sustainable Development Goals (Mussa, 2013). In this context, procedures and conditions of acquiring YDF, types of economic activities financed and its performance, as well as implications of impact of youth development fund to youth economic activities was important to be studied for lessons and knowledge sharing.

## **1.2 Statement of the Problem**

Youth unemployment rate remains a big challenge among youth globally which most governments have tried to address through various mechanisms and one of them being startup of youth development fund (YDF). Countries such as Britain, South Africa and Kenya have introduced YDF as a mechanism to address unemployment. The Prince's Trust Enterprise Programme in Britain does provide various services to youth aged 18-30, unemployed or works less than 16hrs a week, who have a business idea they want help to explore further. The services include; advice on employment options, business

skills training, business planning support, start-up loan funding, ongoing support from a volunteer business mentor, access to specialist support, free legal services and, access to a wide range of free and discounted products and services for those who want to start a business.

South Africa the National Youth Development Agency (NYDA), 2011, have propelled young people to reach their personal goals and develop their full capacity. Numerous young people have been assisted on various activities such as disbursing loans to microfinance enterprises, disbursing Small and Medium Enterprise loans, disbursing business consultancy services vouchers and engaging youth since the NYDA's establishment.

In Tanzania unemployment rate was 2.12% in 2012 and 2013 and increased to 2.17% in 2016 and 2.17 in 2018 (World Bank, 2018). According to Charles *et al.*, (2012) and Ndyali (2016) in Tanzania youth unemployment is caused by numerous factors such as poor education system, limited capital resulted from limited credit facilities, limited business skills and planning etc. Hence the government of Tanzania introduced YDF amongst others intervention mechanisms to address youth unemployment.

Most of the literatures have addressed the successes of established YDF in Tanzania with most programmes' youth involved have managed successful start-up and sustain viable businesses and attain financial independence and stability Mussa, E. (2013). Other studies Kolumbia, L. (2018) have addressed some of the challenges YDF are facing such as limited funds, poor monitoring and evaluation, embarking on unrealistic projects.

Therefore, the study was initiated to find out the effects of youth development fund on the growth of youth economic activities by understanding the procedures and conditions of acquiring YDF, types of economic activities financed and its performance after accessing YDF and effect of YDF to youth capital, employment and income drawing lessons from Moshi Municipality in Kilimanjaro.

### **1.3 Research Objectives**

The general objective of the study was to examine the effects of youth development fund on the growth of youth economic activities from Moshi Municipality in Kilimanjaro

Specifically, the study aimed to;

- (i). Examine the procedures and conditions of accessing YDF
- (ii). Identify types of economic activities and their performance after accessing YDF
- (iii). Analyse the effect of YDF on provision of youth capital, employment and income

### **1.4 Research Questions**

- (i). What are the procedures and conditions of acquiring YDF?
- (ii). What are the types of economic activities and their performance after accessing YDF?
- (iii). What is the effect of YDF to youth capital, employment and income?

### **1.5 Significance**

First the research findings support the government to measure the success of youth development fund in the municipals specific on provision of capital for business start-up, creating employment opportunities and generating income for the youth. Likewise, the identified areas of weakness in respect to operation of YDF, suggested strategies for solving the pointed challenges and strengthening the management of YDF.

Secondly, this research contributes to the contingency research that relates to YDF in Tanzania, which are usually influenced by confounding effects such as the need to integrate new procedures or conditions to the existing ones and the need to develop a mechanism aligned with previously existing YDF. By analyzing the first set of YDF operating in Moshi Municipal, this research will provide a cleaner setting to

understand the contributing relationship between YDF and the growth of youth economic activities designated.

Besides contributing to the academic literature on YDF, this research offers important insights to practitioners such as other municipals in Tanzania on how they can improve their procedures, conditions to access fund, types of economic activities and its impacts on the income, capital and employment.

### **1.6 Organization of the Dissertation**

This dissertation is organized into six chapters as explained below;

Chapter one provides the introduction which covers; the background of the study, statement of the problem, research objectives, research questions and significance of the study. Chapter two discusses the literature review where it presents the theoretical literature reviews, empirical literature reviews and conceptual framework.

Chapter three discusses the research methodology adopted for the study and it includes the research design adopted, study area, sampling and sampling procedures, data collection, data analysis approach employed and ethical considerations.

Chapter four is about presentation of findings based on objectives. It highlights profile of the respondents, the procedures and conditions of accessing YDF, types of economic activities financed and its performance after accessing YDF and finally highlighting the effect of YDF to youth capital, employment and income.

Chapter five, presents the discussion of the study based on the study objectives. It provides discussion on the procedures and conditions of accessing YDF, types of economic activities financed and its performance after accessing YDF and provides the discussion based on effect of YDF to youth capital, employment and income.

In addition, chapter six summarize findings based on study objectives, conclude the study based on the findings and provides recommendations to Municipal Council and youth groups leaders and members, and finally it provides the limitation of the study.

### **1.7 Limitations of the study**

One of challenge was some respondents were unresponsive, as they thought questions asked were about the avenues that could be employed by tax authorities to increase taxes and to record their income sources. Therefore, before interview enough information on the purpose of data collection was given out to respondents. As such, the researcher collected data with good cooperation from respondents. The study also faced the challenge in terms of scope whereby, during data collection the study found women groups which have benefited from women funds from Municipal council, but due to scope of the study did not approach such groups, instead it has been recommended to be among of areas for further studies. In terms of the methodology, the study found the sample size opted being small and thus the researcher opted to go to the field to collect more data from other respondents as per sample size.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Definition of Key Terms**

##### **2.1.1 Youth**

Universally, there is no agreed definition of youth. There are various definitions of youth relating to different policies and legislations. The United Nations defines youth as young men and women between the age of 15 and 24. There is a continuous debate on the definition of who is a ‘youth’ in Africa. The concept of ‘youth’ has been understood and used differently from one country to another, NGOs and the public in general. In most African countries, laws define ‘adulthood’ as starting from the age of 21. In many countries, a person legally assumes activities and responsibilities at 21 years. In sociological terms, ‘youth’ is a point of interface between ‘childhood’ and ‘adulthood’. Though this is the situation in many African societies especially rural Africa, the status of ‘adulthood’ is largely determined by the capacity to sustain a ‘legal’ marriage. In sub-Saharan Africa people that are unmarried for economic or any reason is regarded as ‘children’ (Mbaluko, 2014; Kemunto, 2014; Wohoro, 2016). Definition of youth is based on the age, whereby, in each country there is a specific age of defining youth, which varies from one country to another. Table 2.1 shows ages which defines a youth in commonwealth countries in Africa.

**Table 2.1: Commonwealth Countries in Africa**

<b>Country</b>	<b>Youth age</b>	<b>Voting age</b>
Botswana	12-29	21
Ghana	15-35	18
Malawi	14-24	18
Namibia	15-30	18
Seychelles	15-30	18
Sierra Leone	15-30	18
Tanzania	15-35	18
Zambia	15-25	18
Uganda	18-30	18
South Africa	15-35	18
Lesotho	12-35	18
Zimbabwe	15-30	18
Nigeria	12-30	18
Swaziland	12-30	18
The Gambia	12-30	18
Kenya	15-35	18
Mozambique	18-35	18
Mauritius	14-25	18

**Source: Mbaluko (2014)**

The legal definition of youth in Tanzania varies according to specific purpose, such as marriage (the Law of Marriage Act of 1971 allows a young person of 15 years to get married), voting rights, employment and criminal issues. This study has adopted the definition of youth, according National youth development policy of 2007 which state youth in Tanzania shall be defined as young men and women from the age group of 15 to 35.

### **2.1.2 Youth Funds**

These are financial resources that are allocated and reflected in national budgets by governments, either as grants or loans for young people to start new businesses ventures or expand existing businesses. National youth funds in different countries in Africa is explained below; -

National youth funds in Africa has been established in most of countries since 2000 and are still set, the focus of establishing these funds was to address the challenge of youth unemployment, since the economic growth is insufficient to generate enough

employment for all youth in many developing countries (ILO, 2011). The objective of establishing youth funds vary from one country to another depending to the policy issues to be addressed, though one of the key objectives is to create employment among youth.

According to ILO (2011) in Botswana the fund is called “Out of School Youth Fund” it aims at diversifying the economy and emphasizes on creation of income generating activities built on an entrepreneurial culture among youth and it aimed to stem the rural to urban. In Mali youth funds was established as reaction to the existence of funds that had no impact on employment creation to youth and women in the economy. Thus, the fund was established to create better quality jobs, create more employment and incorporate informal sector to formal sector.

In addition, the Tunisia fund aimed at addressing the problem of unemployment among youth graduates from universities, colleges, and secondary. The objectives of the fund included; developing new organizational operational model for employment offices, establishing public private partnership for employment efficiency, improving support measures for entrepreneurs and improving Tunisia’s competitiveness in the global labour market. Zimbabwe also has YDF, which is structured along the private-public partnership model addressing low youth employment. Similarly, the Government of Swaziland established the YEF to provide start-up capital for youth (aged 18 – 35), facilitate training of young entrepreneurs and links them with large corporations. Lastly, for Tanzania there are Tanzania Economic Empowerment Fund (EEF) and YDF which all had a big emphasis on employment creation.

### **2.1.3 The National Youth Development policy of 2007**

The National Youth Development policy of 2007 focuses on youth development issues whereby employment promotion is one of them. On the issue of youth and employment opportunities, the policy state that “.... the Government in collaboration with the Private Sector shall create an enabling environment for establishment of employment opportunities as stipulated in National Employment Policy, Rural Development Strategy and Agricultural Development Policy”. Similarly, “...the Government in collaboration with private organizations, civil societies, youth

organizations and business community shall promote the culture of entrepreneurship by creating enabling environment for youth enterprise development.

Also, on the issue of resources which create economic empowerment for youth development, the policy state that "... there shall be a promotion of equitable access to land and other resource allocations. Emphasis shall be put on rural youth and gender equity as stipulated in the Small and Medium Enterprise Policy, Rural Development Strategy and Women and Gender Development policy" (URT, 2007).

Also, on the issue of youth and informal sector, the policy state that "... there shall be measures to promote the informal sector as stipulated in the National Employment Policy, Small and Medium Enterprises Policy and other sectorial policies". Likewise, "...the Government in Collaboration with private sector shall create conducive environment for youth to settle in rural areas through improvement of social services, infrastructure and promote rural development as it is stipulated in policy of Rural development strategy and Agriculture development Policy".

Similarly, for financial services delivery for poverty reduction, the policy state that "...there shall be a mechanism to solicit funds which will enhance adequate coordination with a view of having sustainable funds, to support youth in their income generating activities. There shall be mechanism to promote the establishment of youth friendly credit support services and empower youth on credit management" (URT, 2007).

## **2.2 Theoretical Literature review**

The study adopts Keynesian theory that was developed by the British economist John Maynard Keynes in the 1930s to guide the study. The theory advocates that economic performance by influencing aggregate demand through introduction of government interventions policies. According to the theory if the aggregate demand in the economy fall, it affects negatively the production and employment level which directly leads to decline in prices and wages. Thus, this situation would be resolved by lowering inflation and wages which encourage employers to make capital

investments and employ more people, stimulating employment and restoring economic growth (Keynes, 1936; Blinder, 2002; Keynes, 2018).

Rosier (2002) criticizes that if the government pursue expansionary fiscal policy like cutting taxes financed by borrowing, then people will not spend the tax cut because they believe that taxes will have to rise in the future to pay off the debt. Therefore, expansionary fiscal policy has no effect. Also, if there is an unexpected fall in productivity then the negative output gap may become very low despite low rates of economic growth. In this situation, the appropriate response is not increasing demand, but supply-side reforms to boost productivity.

The Keynesian economics argues that private sector decisions in most cases lead to inefficient macroeconomic outcomes and therefore needs active policy responses by the public sector, in particular, monetary policy actions by the central bank and fiscal policy actions by the government, in order to stabilize output over the business cycle (Jibrilla, 2013; Adebayo, 2015). However, Appelt, (2016) provides critique that Keynes theory does not provide solution of all types of unemployment. It deals with only cyclical unemployment. Keynes did not attempt to solve frictional, technological unemployment and chronic unemployment of under-developed countries, and did not elaborate how to secure fair employment.

This theory provides understanding on the effects of government interventions like youth development fund on economic activities. The importance of this theory was its ability to provide the basis for government involvement in economic activities through various private enterprise incentives and developments.

### **2.3 Empirical Literature Review**

Organisation for Economic Co-operation and Development (2015) studied youth entrepreneurship support in Poland. It aimed at assessing projects on inclusive entrepreneurship policies and programmes that are conducted in Poland, whereby, interview and documentary review were used in data collection. The study found in Poland funds are provided to unemployed youth. Also, adds that "...entrepreneurs starting from unemployment can receive up to 600% of the national average monthly

salary. The applicant is required to run the business for at least 12 months, otherwise the grant must be repaid. Youth can access these grants”. This is different from developing countries, whereby, loans are provided depending to amount available, experience in youth loans management.

Mavundla *et al.*, (2015) in the study on youth and public policy in Swaziland, the used the documentary review to examine the extent to which youth issues and young people are considered within public policy in Swaziland. The review also, explores the extent to which public policies in Swaziland that affect youth, reflect their aspirations and ambitions. It also assessed how these policies are being implemented. The study contended that the government supports youth enterprises through youth enterprise fund which targets youth with subsidized loans to facilitate them in starting their own businesses as well as getting trainings related to business management and business records keeping. This has addressed the challenge of limited capital among youth with inadequate capital to finance their business. Despite the successful opportunities from youth enterprise fund, the study found the government unable to monitor funds provided to youth groups and do not have enough information related to social economic characteristics, their location, and types of business financed.

Adebayo (2015) in his study on impact of government entrepreneurial programmes on youth SMEs participation in Nigeria, examined if government entrepreneurial development strategies have improved entrepreneurial consciousness among the youth and examine if availability of funds translate to creating more businesses among the youth. The data collected were analyzed utilizing correlation and multiple regression statistical tools. The study revealed that government supporting youth enterprises development is important, since it is an integrative effort focusing of entrepreneur development, empowerment of youth and poverty reduction. It thus, revealed that the government interventions on infrastructures development, entrepreneur education and credit provisioning has sustained youth entrepreneurial awareness.

In addition, Okurut and Ama (2013) assessed factors that affect women and youth micro-entrepreneurs in Botswana. The study used both quantitative and qualitative approaches and the purposive sampling techniques for sample selection. The authors noted that in Botswana the youth development fund by 50 percent is grant and 50 percent is interest free loan. The study found youth development fund provided in each district in the country, and youth officers at the district level are responsible for processing credit applications from youth, coordinating and monitoring its repayment and impacts to enterprise development. The study found the funds targeting unemployed youth, marginalized and out-of-school youth. These youth groups have succeeded in expanding their businesses and eventually creating employment opportunities.

Maina (2013) studied the role of youth enterprise development fund on growth of micro and small enterprises in Kenya. The study aimed at finding the extent does YEDF provides on-lending to youth medium and small enterprises, extent does YEDF supports youth MSEs develop linkages with large enterprises, extent does YEDF facilitates marketing of products and services of youth MSEs locally and internationally. Finally, found the extent does YEDF provides Business development Services to youth medium and small enterprises. Descriptive survey method was used, and questionnaires were personally administered to the informants to collect data. The study stated that youth enterprise development fund plays a significant contribution to the growth of enterprises through providing credit to youth, linking youth with large enterprises and facilitating marketing of youth products locally and internationally. However, in reference to the study by Kemunto (2014) who studied the impact of the Youth Enterprise Development Fund (YEDF) of Malawi found challenges facing youth enterprises development fund. These include limited political influence, limited capacity building in management businesses and delays in loans repayment. Wohoro (2016) in his study on challenges affecting youth access to youth enterprise fund supports that the process of business registration and its costs, the age limit of youth, and limited information hindering access to youth enterprise development fund.

Sisinyize and Shalyefu (2015) conducted the study on the effect of the Namibia youth credit scheme (NYCS) programme on the livelihood of the youth. The study employed a qualitative research approach in which interviews were conducted for respondents including focus group discussions and hand analysis was used. The study found that the Namibia Youth Credit Scheme (NYCS) program has significantly improved the living standards of youth by ensuring constant income generation, creation of employment, expanding businesses after injecting funds from NYCS and getting business management trainings. Besides, these opportunities, the study revealed number of challenges facing the NYCS including limited transport to monitor and physical visits to youth income generating activities, high loan repayment and inflexible repayment methods.

Charles *et al.*, (2012) studied Youth Enterprise Development Fund (YEDF) and Growth of Enterprise at Constancy Level in Kenya. The study adopted a descriptive survey method and collection data from the population using both closed and open-ended questionnaires asking the respondents their opinions and perceptions regarding their awareness, challenges, problems and challenges in implementation of YEDF. In their study found the awareness increasing on the existing of youth enterprise development fund, its purposes, conditions and application procedures. The increased awareness has contributed to adherence to requirements and conditions associated with the fund, which has enabled the growth of small enterprises in the country. The study also found when challenges associated with the fund faced by youth in the constituency are addressed, the effects on the growth of economic activities will be realized. Similarly, Kemunto (2014) adds that education level age of the entrepreneur, credit accessibility, market linkages and age of the business as being main factors that influence youth businesses growth and performance. Also, it found youth enterprise development fund playing the significant role improving youth business performance through access to credit and market linkages.

Mussa (2013) in his study in Kahama District Tanzania on the performance of Youth Development Fund (YDF) in promoting youth development, examined youth access to YDF and their involvement in development activities; the performance of various

YDF beneficiaries' projects; factors influencing performance of YDF related projects; and stakeholders' views on improvement of YDF programme and beneficiaries' development activities. Purposive and random sampling techniques were used in selecting respondents, and questionnaires, interviews, focus group discussion and observation methods were used to collect primary data while documentary review method was used to collect secondary data. The study found despite high awareness on YDF, youth access to YDF was low amounting to 0.3% youths out of 268,103. Most beneficiaries requested the loan for the aim of developing existing business rather than creating new income generating activities. The study also found insufficient funds, deficient entrepreneurship training, and delayed loans as among the factors limiting business performance.

### **2.3.1 Research Gap**

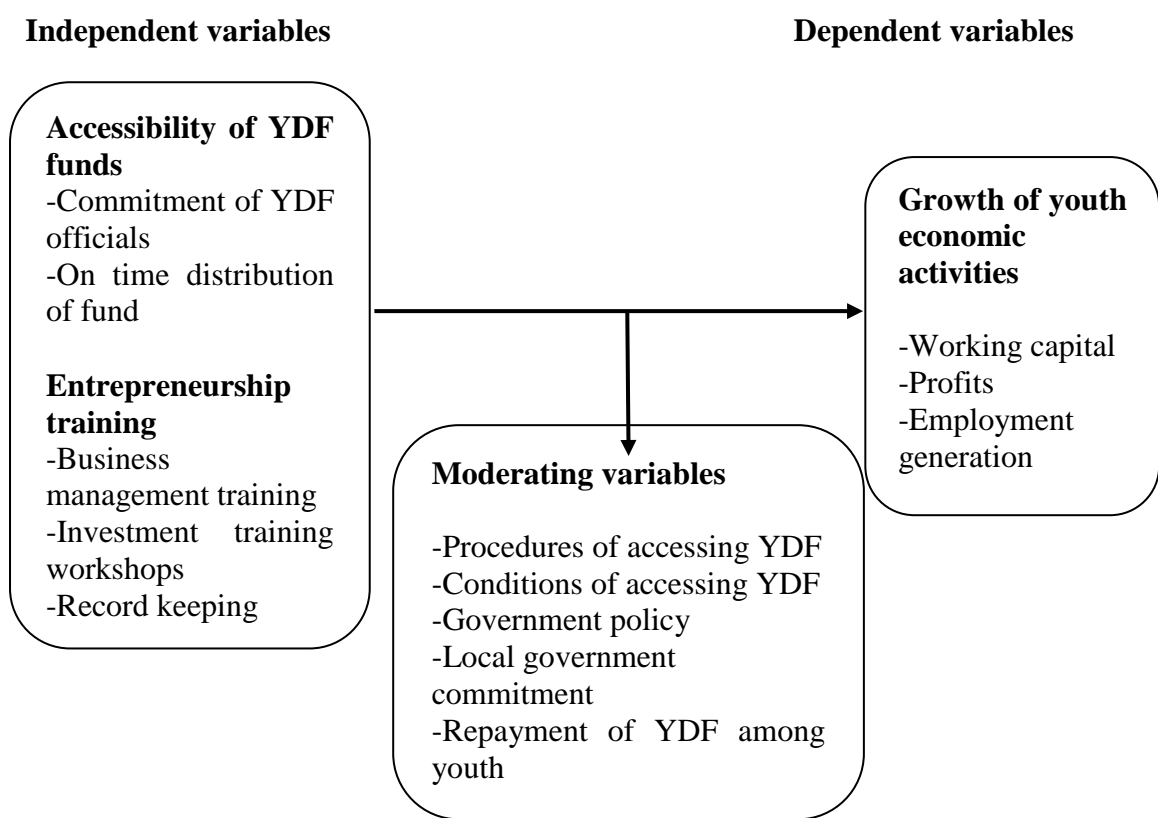
There is a body of literature that seeks to bring to the fore the contributions of youth development fund to youth enterprise development. Most of the studies concentrate on the challenges faced by the fund as well as factors for success of business enterprises financed by the fund (Charles *et al.*, 2012; Maina, 2013; Okurut and Ama, 2013; Kemunto, 2014; OECD, 2015; Mavundla *et al.*, 2015; Adebayo, 2015; Wohoro, 2016).

However, there is a need to conduct more research on the effects of youth development fund on the growth of youth economic activities to further understand the unidentified areas such as procedures and conditions of acquiring YDF, types of economic activities financed and effect of youth development fund on the growth youth economic activities which are crucial to confirm the challenges or success of any business enterprises financed under YDF.

### **2.4 Conceptual Framework**

The conceptual framework of the study aims at bringing together the variable under the study. These include independent, dependent and intervening variables. In view with independent variables the study aimed at examining the accessibility of YDF funds, such as commitment of YDF officials and on time distribution of fund, and

entrepreneurship training, such as business management training, investment training workshops, record keeping, and the dependent variables includes. Also, in respect to dependent variable the study examined the working capital, profits and employment generation. The independent variables influence the dependent variables, however, the intervening variables such as procedures of accessing YDF, conditions of accessing YDF, government policy, local government commitment and repayment of YDF among youth can influence positively or negatively.



**Figure 2.1: Conceptual Framework YDF to growth of youth economic activities**

**Source:** Researcher's Construct (2018)

The study identified moderating variables (procedures of accessing YDF, conditions of accessing YDF, government policy, local government commitment and repayment of YDF among youth does influencing/determining the effectiveness YDF distribution among youth. Therefore, the presence and proper functioning of all the moderating components variables ensures effectiveness in the growth of youth economic activities and access to the fund or tailored trainings on YDF.

## **2.5 Youth development funds**

Muraga (2013) argues that YDF involves provision of YDF which needs commitment of YDF officials in identifying, screening and timely processing of youth funds applications. Also, the YDF needs on time distribution or budgeting, in many countries' governments do allocate youth funds despite being budgeted. For instance, Kolumbia (2018) highlighted that in Tanzania the recent audit report for the 2016/17 period by the Controller and Auditor General (CAG) has revealed that "TSHS53.223 billion was not contributed by 143 Local Government Authorities (LGAs) to the Women and Youth Development Fund (WYDF). The report also established that apart from the funds, which constitute the LGAs own revenue, Sh5.809 billion in loans to the two groups were not recovered during the year in review". Similarly, Mavundla *et al.*, (2015) youth enterprise fund involves providing trainings related to business management and business records keeping.

### **2.5.1 Growth of youth economic activities**

According to Nyange (2014) there are different range of indicators of growth of economic activities, these includes increased income accumulation of business assets, number of employees, capital and saving capacity. Also, therefore, the study measures growth of youth economic activities based on the indicators provided by Maina (2013) and Muraga (2013), these include working capital, profits and employment generation.

## **CHAPTER THREE**

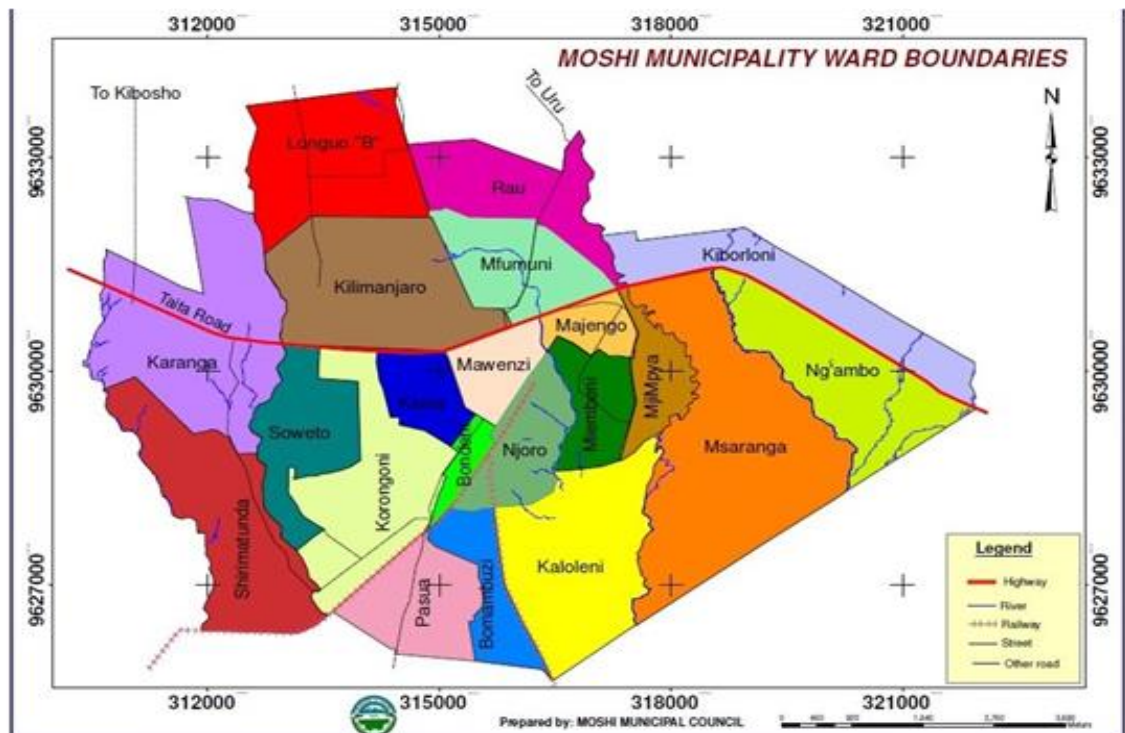
### **RESEARCH METHODOLOGY**

#### **3.1 Research Design**

This study adopted a descriptive survey research design; it involves the description, recording, analysis, and interpretation of the existing situation and processes of phenomena. The design included focus on the prevailing conditions, or how a person, group, or thing behaves or functions in the in the current situation and thus the design involves analysis of data, interpretation, comparisons, identifying trends and relationships. The study selected this design since it allows generalizations of data to be made, and the study answer questions of “what is” and it have inferential statistics aiming to determining the impact of YDF to growth of economic activities.

#### **3.2 Study Area description**

The study was carried out in Moshi municipality, Kilimanjaro region. The municipality is bordered to the north by the Moshi Rural District, to the east by the Mwanga District and to the South and West by Manyara Region. According to the 2012 population census, Moshi municipality had a population of 184,292 reflecting a growth of 12.2% compared to a population of 144,336 in the 2002 population census and 21 wards as referred in Figure 1(URT 2013). The municipality is selected because is the leading district in the region in terms of YDF collection due to having main potential sources of revenue and thus collecting higher amount of internal revenue.



**Figure 3.1: Location of Moshi Municipality**

**Source:** Moshi Municipal

### 3.3 Sampling

Sampling involved selecting respondents to be involved in the study. The target population, sample size and sampling technique are explained in detail in this section.

#### 3.3.1 The target population

In this study the target population was youth benefited from YDF of Moshi Municipal. In the Municipal YDF was provided through Savings and Credit Cooperative Societies (SACCOS), though currently is provided directly through groups as discussed in detail in section 4.3.3.

#### 3.3.2 Sample size

The sample size of the study is calculated using "Raosoft" online software developed by Raosoft (2014) considering total population of 121, margin of error of 5%,

confidence interval of 90%, and the response distribution of 50%, the calculated sample size is 93 (Table 3.1).

**Table 3.1 Targeted population and sample size**

Group	Group members			Sample	Men	Women
	Men	Women	Total			
FDM Jembe Pass	10		10	8	8	0
Youth Kilimanjaro	8	3	11	9	7	2
Omega	12	14	26	21	11	10
Umoja wa Vijana Upendo	4	4	8	7	3	4
Tushikamane Vijana	6	4	10	8	5	3
Mapambano	16	10	26	19	12	7
Zawadi	19	11	30	21	15	6
<b>Total</b>	<b>75</b>	<b>46</b>	<b>121</b>	<b>93</b>	<b>61</b>	<b>32</b>

**Source:** Researcher's Construct (2018)

### 3.3.3 Sampling technique

The study used purposive and stratified sampling in selecting respondents from the study. Purposive sampling was used to select key informants from Moshi Municipal Council and CBOs management. This helped to capture technical information on YDF which cannot be provided by any other person. Stratified sampling was done by dividing respondents in to groups then sampled randomly as per study sample. The technique provided greater information from each group and requires a smaller sample to capture information which could not be captured through other technique and hence reduces cost.

## 3.4 Data collection

### 3.4.1 Types and source of data

In this study different types of data were collected based on study objectives, variables and conceptual framework. The data collected based on the procedures and conditions of accessing YDF, types of economic activities financed and its performance and the effects of youth development fund to youth capital, income and employment. Mainly, the source of data for this study were both secondary and primary sources. Primary data included data collected from youth officials at Moshi

Municipal Council and youth benefited from YDF, while secondary data were sourced from documents related to the YDF.

### **3.4.2 Data collect techniques**

Data collection was done with the help of one research assistant to access the respondents from youth groups and was responsible in locating locate the respondents and get their consent to collect data for the study. The researcher explained the importance of the study to the researcher, SACCOS, VICOBA and government and the importance of the respondents to give genuine and honest responses. The respondents were assured of confidentiality and that the information to be given was used for academic purposes.

The following techniques used for data collection;

#### **3.4.2.1 Interviews**

In this study, both structured and unstructured interviews were conducted. Structured interviews were carried out guided by the questions set for youth officials from Moshi Municipal Council to capture technical information for the study. Unstructured interviews were used to supplement the structured interviews in which the respondent's feelings and perceptions were documented. This based on conversation and interviews with the respondents. In interview probing questions were used to make respondent stay in track with the answers being required. The contents of the questions were centered on the procedures and conditions of providing YDF, amount provided, repayment status, challenges they face, their perception on the performance, mode of providing loans, its impact to their economic activities, and among others.

#### **3.4.2.2 Questionnaire**

The questionnaire had both closed and open-ended questions and distributed to 96 respondents by the researcher personally. The questionnaires were both interviewer and self-administered to the sample respondents, this provided room for respondents either to opt writing on their own or the interviewer to ask questions and document

what is answered. The questions are formulated in simple language for clarity and ease of understanding, and clear instructions on how to fill the questionnaires were given to the respondents and filled in the presence of the researcher. This helped to control respondents giving other people the questionnaire to respond to on their behalf. The questionnaire consisted of 4 major sections, including background information, procedures and conditions of accessing YDF, types of economic activities financed and its performance and lastly is the implications of youth development fund to youth economic activities.

#### **3.4.2.3 Document study**

The study reviewed various reports from Moshi Municipal Council and Tanzania in general related to youth development fund, also, published and unpublished documents related to YDF from different countries of the world for comparison.

#### **3.4 Data Reliability and validity**

Reliability refers to the extent to which data collection techniques or analysis procedures yielded consistent findings to minimize errors and biases in the study. Validity is concerned with the accuracy of the data obtained and how it represents the concepts of the study. In order to achieve reliability and reliability of data, the study applied multiple sources of evidences about the same issues, to provide convergence of facts during the data collection process. The other process of achieving validity was triangulation which is a process of collecting data again by using multiple sources whereby the information or facts to be obtained from each source were compared with each other.

In addition, before data collection, the researcher conducted a pilot study to test data collection instruments and making adjustment of questions before embarking on the process of data collection. The study selected a sample of 3 members from 3 youth groups using simple random sampling. This sample represented 3% of the study sample of 93 subjects. This is according to Mugenda and Mugenda (2003) who argues that a sample of 1- 10% of the study sample is enough for piloting the study instrument. The pilot study helped in improving questions which are not clear and

does not answer the research objectives and thus are improved to until they convey the same meaning to all respondents the subjects.

### 3.5 Data Analysis

The study collected both qualitative and quantitative data. Quantitative data included data that will be quantified and verified, and amenable to statistical manipulation. The first objective on the procedures and conditions of accessing YDF was analysed using, it is qualitative in nature and thus it was analysed through content analysis and data were presented along themes. The second objective aimed at identifying types of economic activities financed by YDF and its performance after accessing YDF. The data for this objective were both qualitative and quantities data, types of activities financed this is qualitative data and was analysed through content analysis and data were presented along theme. In respect to its performance after accessing YDF, it was analysed by comparing before and after. Lastly objective on the effect of YDF on provision of youth capital, employment and income, was analyzed by using Statistical Package for Social Sciences (SPSS), whereby the paired sample t-test was used to determine whether the mean difference between two sets of observations is zero and thus the level of employment, capital and profit were compared before and after.

Paired sample t-test was used to compare the means of two or more related samples that is (income, capital and employment), since we had pair of values of the same samples.

$$t = \frac{m}{s/\sqrt{n}}$$

where m and s are the mean and the standard deviation of the difference (**d**), respectively. n is the size of d.

### **3.6 Ethical Considerations**

Before data collection, the researcher acquired a letter from Mzumbe University which was sent to Moshi Municipal Council to get the permission to collect data in youth groups. The respondents asked individually if he or she is willing to participate in this study. The respondents' consent was obtained before answering questions. The research assistant instructed to keep privacy, act neutral, be polite and assure confidentiality to information provided by respondents.

## CHAPTER FOUR

### PRESENTATION OF FINDINGS

#### 4.1 Introduction

The chapter presents findings of the study based on the study objectives. It highlights the respondents' profile, the procedures and conditions of accessing YDF, types of economic activities financed and its performance after accessing YDF and finally highlighting the effect of YDF to youth capital, employment and income and individual level.

#### 4.2 Respondents' Profile

Individual information of the respondents was based on, sex of the respondents, age of the respondents and level of education of the respondents. Additionally these characteristics are further explored to determine if they play a part in distribution, access and type of economic activities funded by YDF.

##### 4.2.1 Sex of the respondents

The researcher wanted to explore on the gender of the respondents to be able to determine the accessibility of YDF to both genders. The interview with groups' leaders revealed that most of members in their groups are men, because most of them have fought to access credit and later found YDF at the municipal council. Results obtained from the respondents are presented in Table 4.1.

**Table 4.1: Sex of the respondents**

<b>Sex</b>	<b>Frequency</b>	<b>Percent</b>
Men	61	66
Women	32	34
<b>Total</b>	<b>93</b>	<b>100</b>

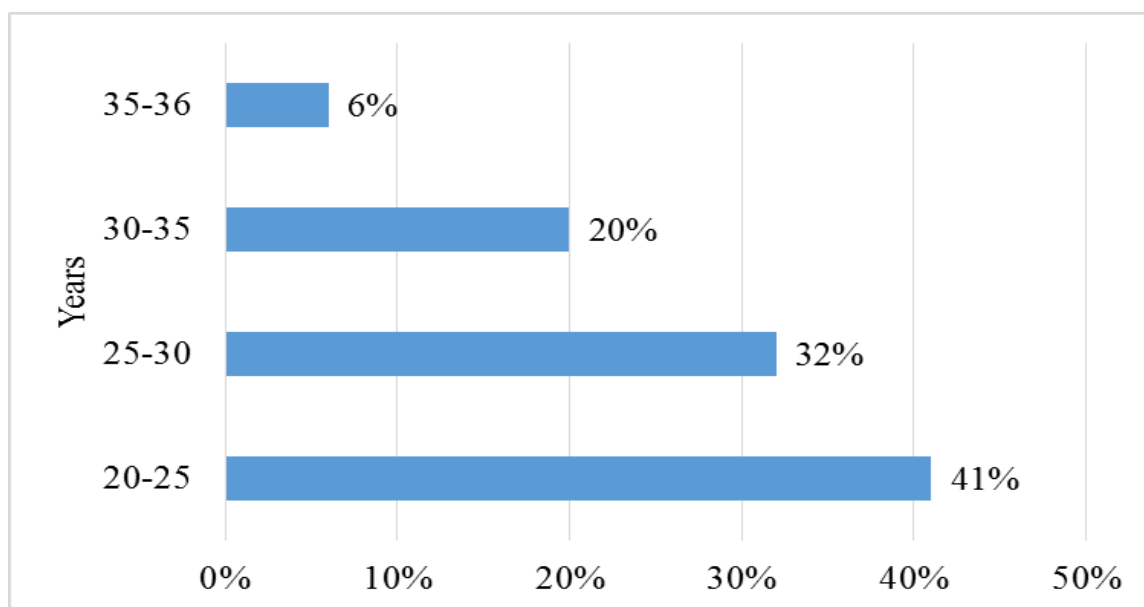
**Source:** Research findings (2018)

The municipal youth officer revealed that generally the ratio of women in community-based organizations is higher than men. The difference is that women are mostly found in groups focusing on social development and informal financial

institutions. These include Faith Based Organizations (FBOs) and Local development associations, Self Help Group (SHG), Rotating Credit and Savings Associations (ROSCAs) and Village Community Bank (VICOBA), while men are mostly found in groups aiming at achieving economic need.

#### 4.2.2 Age of the respondents

The study found age of the respondents varying from 21 to 38 years old. The big number of the respondents their age was between 20-24 years old (41%), while the remaining were above and below that age (Figure 4.1). The main reason of the higher number of the respondents being at that age is that most of the youth graduate from universities and colleges at age of 23 years old. Thus, at age of 24 they found themselves struggling to find jobs or capital to start their businesses with major aim of generating income of meeting their basic needs, including food, shelter and clothes. As such, youth fund is regarded as among of sources of fund for financing business expansion already started.



**Figure 4.1: Age of the respondents**

**Source:** Research findings (2018)

### 4.2.3 Marital status of the respondents

The findings show that most of the respondents (65.6%, 61) were single while the remaining respondents were married (Table 4.2). In comparison between men and women, the study found most women involved in this study were married.

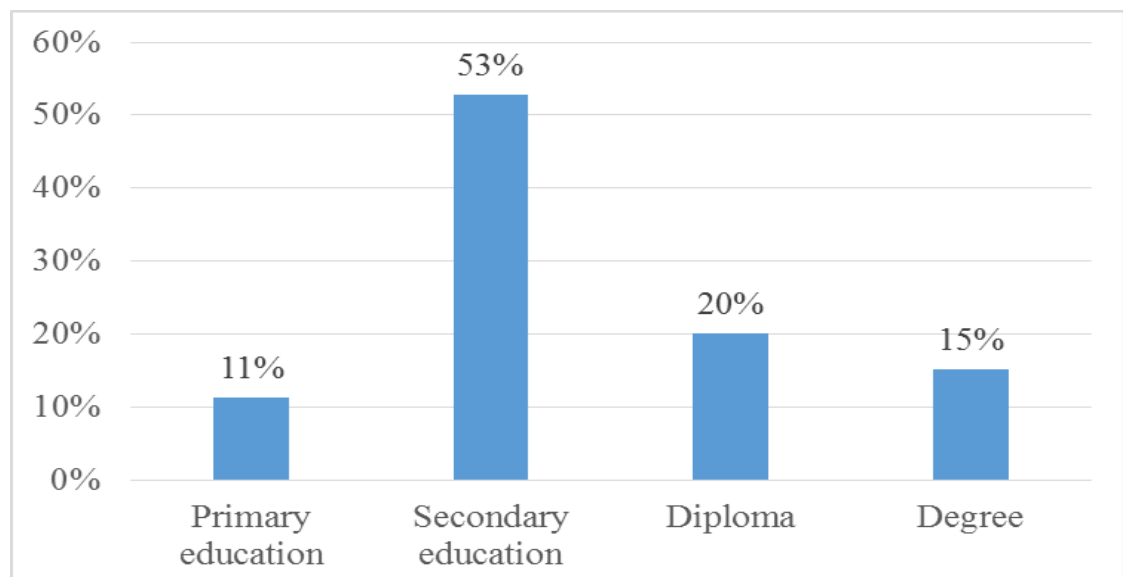
**Table 4.2 Marital status of the respondents**

Status	Frequency	Percent
Single	61	65.6
Married	32	34.4
<b>Total</b>	<b>93</b>	<b>100</b>

Source: Research findings (2018)

### 4.2.4 Education level of the respondents

Figure 4.2 show most of the respondents (52.8%, 28) had secondary education level, 20.8% (11) had diploma education level, 15.1% (8) had degree education level and only 11% (6) had primary education level. The education level of the respondents has contributed to access information on youth funds and easily meeting conditions provided by municipal council for accessing youth fund.



**Figure 4.2: Education level of the respondents**

Source: Research findings (2018)

### **4.3 Procedures and Conditions of Accessing Youth Development Fund**

Procedures and conditions of accessing youth development fund at the Municipal Council, amount of money given to youth and challenges faced by youth in applying YDF, are discussed in this section in details.

#### **4.3.1 Conditions of accessing Youth Development Fund**

The study found the following conditions considered important in provisioning of youth development fund;

##### **4.3.1.1 Registered group**

Interview with youth officer at the Municipal Council revealed that for group to access youth fund must be registered at the municipal and have certificate of registration. The registration of a group is important, because, it becomes recognized by government. Also, can own properties, which gives members sense of ownership and security in terms of having rights over that property. Likewise, the condition of registered group is important since it gives power to the group to open an account to the bank and thus, a group can access funds from different sources.

The following are procedures which a group need to go through to be registered;

##### ***(i). Development of the idea***

The group to be formed there must be an idea to form a group, this idea can raise when there is challenge or the gap in a community and the person think can be solved by forming a group. For example, VICOBA is started from the challenge of limited funds to meet member's needs, as such members think by forming such group they can save and borrow money to meet their needs. The study found due to unemployment challenge youth decides to form groups to access financial resources to meet their set goals.

##### ***(ii). Sharing the idea with other people***

This stage is important to formation of the group, the person having an idea needs to share to friends or any person he/she think can support him/her. At this stage the

founder should find people whom they fill the same challenge or have the same need so that can support the idea developed. Also, it is important to share the idea with influential who can influence people to support the idea.

***(iii). Convening the meeting***

In this meeting all prospective members of the group should attend, at this stage the founder should invite all people who he/she think can be a member of the group. In this meeting the founder should be the main speaker by explaining why he/she has called all people in the meeting, the purpose, and desired goals. Explanations of the founder should be clear so that prospective members can ask questions and give out their suggestions on the best way to improve the idea, especially on the objectives and focus of the group.

***(iv). Forming a formation committee***

After agreeing on the formation of the group, the committee is formed having at least 3 to 5 members depending to the number of the members of the group. The responsibilities of the committee are to prepare the draft of the bylaws and follow-up of registering a group.

***(v). Discussing bylaws and registration arrangement***

The committee formed must held the second meeting to present the draft of bylaws to members which need to be discussed, modified if any and then approved. Bylaws must show the objectives of the group, conditions of membership, rights of members, source of fund and the like as regarded important by members. After approving bylaws, the registration of the group follows, the group is registered at the district/municipal council by executive director.

***(vi). Election of permanent leaders***

After registration of the group the work of formation committee becomes to the end, at this stage permanent leaders need to be elected to lead others as per bylaws.

The condition of being registered makes majority of groups especially in rural areas to fail to access youth fund. The condition of being registered is important since it gives the chance for a group to open the bank account and being recognized by the government.

#### **4.3.1.2 Group formed by youth**

The second condition is that the group should be formed by youth. The youth in this context is defined by a person who has eighteen years to thirty-five years old (18 – 35). The fund target youth because it was initiated to solve unemployment challenge to youth. However, the study found four (4) groups' members having more than 35 years old. During the process of giving funds to youth, they were with the limit but before finalizing the repayment of fund their age was above 35 which was revealed to have no effect and thus considered.

#### **4.3.1.3 Existence of economic activity**

The study found another condition accompanied youth funds is need of existence of economic activity operated by the group. The purpose of loans provided to youth is for business expansion and not starting the new economic activity. The study found all groups financed having economic activity operated by themselves and thus the loans provided intended for adding capital.

### **4.3.2 Procedures of accessing Youth Development Fund**

The following are procedures for YDF as presented in detail below; -

#### **i) Application for Youth Development Fund**

The application of the fund is done by writing the application letter directed to the District Executive Director (DED) of Municipal council and signed by the chairperson of the group. The application must be accompanied by the general meeting minutes showing the meeting agenda that discussed and approved the need of applying the fund to the municipal. The minutes must show amount agreed to be applied, the purpose of the loan and beneficiaries. The application of the fund is

regarded as commitment of the group to need fund and all beneficiaries of the loan to must sign the application to make it valid and create sense of ownership.

#### **ii) Application assessment**

After the municipal receiving the application, the DED directs the application to the head of department of Community Development, who assign the duty of assessing and processing the application to the youth officer of the council. The officer asses the application by looking to the legality of the group if registered or unregistered, if found unregistered the process ends there and thus the group is informed that their application cannot be processed unless the registration is done.

#### **iii) Economic activity assessment**

The interview with Youth Officer revealed that if the application and its attachment is valid then physical visit is done, whereby the economic activity is visited and assessed and if found viable the report is written by recommending the group to be given fund. Also, if not viable then it is recommended to fill the gaps existing so that can get the fund. Normally the assessment criteria consider viability of the activity, whether it can generate fund to pay back the loan or not, and if real is own by the group members.

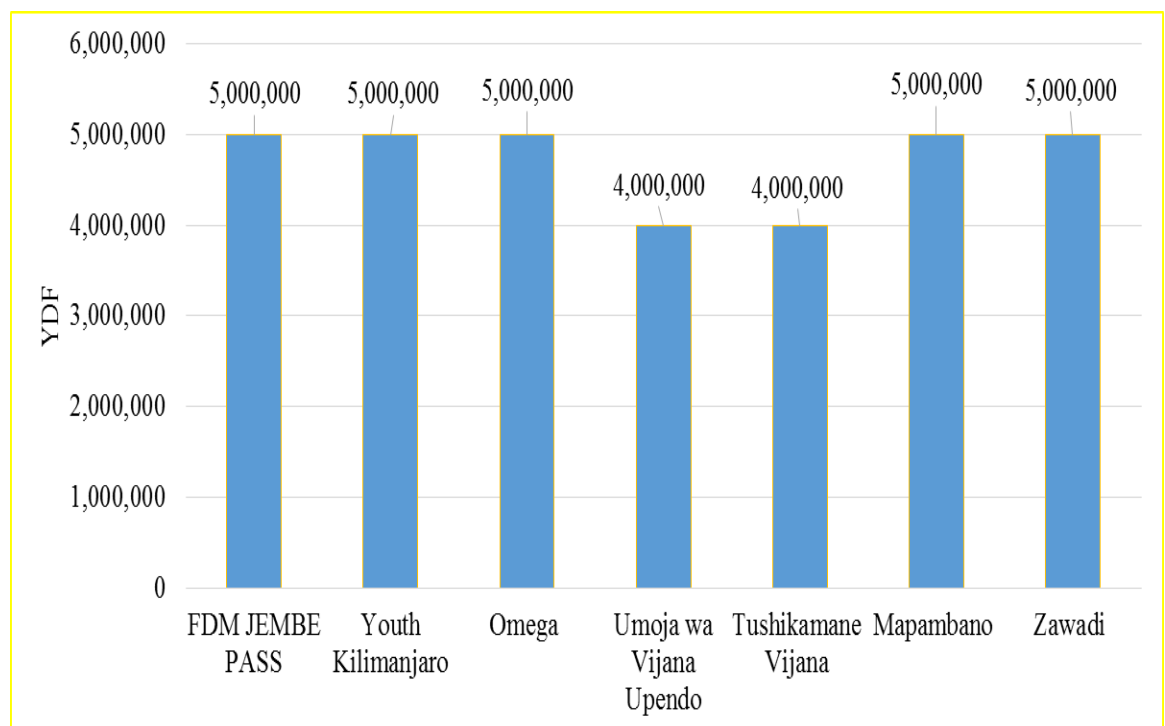
#### **iv) Approving fund**

The study found after the group meeting the above criteria the fund is approved and thus signs the contract, which specify the amount, name of the group, payment period and among others. Thereafter the bank cheque is written and given to the group to be deposited to the bank. The approval is accompanied with provision of entrepreneurship training to youth for easily fund repayment and management. The study revealed that trainings provided includes business management training, investment training workshops and record keeping. On record keeping types of information need to be recorded, when should be recorded, where should be recorded, and how records should be kept, and the uses of records taken were taught. Training on entrepreneurship developed the abilities of youth to develop their

business to greater levels of success by fostering creativity, innovation and self-employment.

### 4.3.3 Amount of money given to youth and transfer arrangement

The findings show that amount of money given to youth ranged from 4,000,000 TSHS to 5,000,000 TSHS (Figure 4.3). The amount given is determined by the nature of the economic activity, whereby the assessment done shows how much is needed to expand the business.



**Figure 4.3: Amount of fund given to youth**

**Source:** Research findings (2018)

The study found amount of money given to youth was channeled through Vijana Moshi Manispaa Savings and Credit Cooperative Societies (SACCOS) which was formed by youth to access funds from the municipal. Though, due to some of challenges noticed, now the fund is given directly to groups. The findings show that after the group has been applied and found eligible to be given loan was required to

have membership to the SACCOS so that its fund can be transferred to SACCOS, then the SACCOS transfer the specific fund to specific group.

The challenge noticed is that since the SACCOS to operate need money for stationary, payment of salaries and other administrative costs, it decides to add the interest of 5% to the interest charged by the municipal (5%) to cover some of administrative costs. Therefore, the fund was provided at 10%, which comprised 5% for SACCOS and 5% for Municipal. The 5% added by SACCOS violated conditions given by the government, but it was unavoidable since the SACCOS could not provide loans, make follow-up and use other resources without cost. After complaints from youth the municipal decided to change the requirement of the group being a member of the SACCOS, instead directly provides fund to the group.

In addition, youth fund being channeled through SACCOS was found violating the SACCOS bylaws and SACCOS regulations of 2015, which stipulates that a SACCOS member to be given loans should have 1/3 savings of the amount applied. For example, if the member needed 3,000,000 TSHS then was required to saving 1,000,000 TSHS. The essence of this requirement is to minimize risk of defaulting, and fund channeled through SACCOS was given without considering that requirement and hence violated SACCOS' bylaws and SACCOS' regulations of 2015.

#### **4.3.4 Challenges faced by youth in applying for YDF**

The study revealed the following challenges faced by youth in applying for YDF at the Municipal council; -

##### **i) Delays in fund processing**

Youth development funds applications has several conditions and procedures which should be followed to access these funds. The time from application to approval was found differing from one group to another depending to completeness of the application requirements, availability of YDF which is collected from own sources and lastly, availability of resources in terms of time and staff to visit economic activities for assessment. Based on mentioned factors, three (3) groups out of five (5)

approached complained on time for processing applications that it takes longer period. The chair person from the second group stated that;

*“..... We applied the fund targeting harvest season to buy maize, but they did not get fund on time when was approved it found the season is off. Therefore, we decided to use part of fund in one of our economic activities own by the group and the remaining was divided among group members”*

This shows the importance of communicating with Municipal Council before applying for loan to discuss the availability of fund, conditions and procedures.

### **ii) Insufficient amount provided by Municipal Council**

The funds provided to youth focuses on business expansion and not starting new business. The study found the capital for starting business is small than expanding business. The existing business already have its own customers and have experience on the market environment which provides the room of expanding the business by pointing out some of innovations which is needed to create or maintain competitive advantage and meet customers' demands. Interview with group leaders revealed that the 5,000,000 TSHS which cannot meet their demands. They revealed that this it has been one of the reasons contributing part of funds provided to be divided among members due to its insufficiency in funding targeted economic activity. One leader of the third group remarked that;

*“..... We applied funds to increase capital in our village community bank at least 10,000,000 TSHS, unfortunately we were given only 5,000,000 TSHS. Since, in our group based on shares members have, they can be given loan amounting 5,000,000 TSHS, then we decided the amount we were given by the municipal council to be given to one person who was responsible in repaying back the fund”.*

This shows the need of Municipal Council to reset their priorities, instead of financing groups which have capital above 50,000,000 TSHS especially VICOBA, they should concentrate in groups which have capital at least less than 10,000,000TSHSs capital.

### iii) Youth groups spending YDF differently from the intended purposes

The study found the fund provided to youth groups being used differently from the purpose expected. The directives from municipal council requires the group to use the fund provided to intended economic activity. However, the study found out 7 groups approached, only 2 groups used the fund accordingly, but three groups did not follow the requirements of spending the fund to required economic activity (Table 4.3). The 3 groups used part of the fund to the intended economic activity and others were divided among members. Interview with group leaders revealed that the part of fund divided to members were used to finance their other individual economic activities at households' level, which had contributed to capital increase, generating income and creating employment opportunities as discussed in section 4.5 in details.

**Table 4.3: Percentage of fund spent in economic activity**

Group	Activity	Amount used in economic activity	Amount Divided among members	Percentage of fund spent in group	Amount of fund given
FDM JEMBE PASS	Boda Boda	5,000,000	0	100	5,000,000
Youth Kilimanjaro	Hand Craft	2,000,000	3,000,000	40	5,000,000
Omega Group	VICOBA	5,000,000	0	100	5,000,000
Umoja wa Vijana Upendo	Tailoring	2,000,000	2,000,000	50	4,000,000
Tushikamane Vijana Group	Crafting and selling processed lemongrass	1,000,000	3,000,000	25	4,000,000
Mapambano	VICOBA	5,000,000	0	100	5,000,000
Zawadi	VICOBA	5,000,000	0	100	5,000,000

**Source:** Research findings (2018)

### 4.4 Types of Economic Activities Financed and their Performance after Accessed YDF

This section discusses types of economic activities financed such as motorcycle taxis 'Bodaboda taxis', VICOBA, tailoring, crafting and selling processed lemongrass, and it finally presenting the performance of economic activities funded.

#### 4.4.1 Types of Economic Activities Financed

The study found groups having different economic activities varying from one group to another. Table 4.4 shows major five (5) economic activities managed by groups approached.

**Table 4.4: Economic activities managed by groups**

<b>Name of the group</b>	<b>Activity</b>
FDM JEMBE PASS	Motorcycle taxies ‘Bodaboda taxis’
Youth Kilimanjaro	Hand Craft
Omega Group	VICOBA
Umoja wa Vijana Upendo	Tailoring
Tushikamane Vijana group and processing lemongrass	Crafting and selling processed lemongrass
Mapambano	VICOBA
Zawadi	VICOBA

**Source:** Research findings (2018)

##### **(i). Motorcycle taxies ‘Bodaboda taxis’**

The study found the group owning four (4) motorcycles, whereby, two (2) were bought using youth fund accessed from the municipal. These motorcycles have been given to men to drive and bring money. Bodaboda taxis provides a vital transportation service from one point to another. They are used to transport people from one place to another around Moshi town and sometimes outside the town. The group collect TSHS 10,000 from their drivers on daily basis to which most of them collect TSHS 1,200,000 monthly. The study revealed that Bodaboda are an important source of employment for many youths and the skills required are very few. It was revealed that for a person who can ride a bicycle can easily learn to ride a Bodaboda motorcycle. Group members revealed that they have opted “Bodaboda business” because they collect income daily and it has provided employment to group members.

It was found that the business has competition as some of new riders enter in to the business without fulfilling legal requirement, they flock to the industry because it is profitable and relatively easy to enter. To operate legally, boda riders need a driver’s license, third-party insurance, motor Vehicle license. But many drivers enter the

market without the required documentation, which leads too many accidents as some of them they lean to ride motorcycle and the same day they start Bodaboda business.

### **(ii). Crafting**

The study found two groups such as Youth Kilimanjaro and Tushikamane Vijana Group dealing with crafting. Crafting is profession which needs skills and thus group members have been trained to engage in crafting. However, it was found that some of members started crafting when they were young, and this made them to think more and therefore it is argued to contribute to nervous system development. The group members meet twice in a week to engage in crafting works, whereby they sell what have been produced. The two groups are engaged in handcraft whereby the one is engaged in flower crafts while the other deals with doormat.

The study found the work of crafting done jointly in both groups whereby, they have selected days in a week to meet in their business location and make crafts. This has enabled every member of a group to participate in economic activity and in case the one member has failed to attend without serious reason is punished. Group members have chosen this economic activity because was found easy to engage and profitable compared to other economic activities. The study found every craft telling a certain story representing a community in terms of both cultural and environmental conceptual background, as such many tourists have been attracted to buy different crafts which have meaning in Chagga tribe. Group members revealed that crafting in today's life it is considered as important in a house since it intensifies the beauty of the house and makes it more sophisticated and thus attractive.

### **(iii). Village Community Banks (VICOBA)**

Village Community Banks (VICOBA) was found aiming at empowering its members make savings and get credits to meet their needs. VICOBA has enabled members to access credit without the requirement of having collateral. Through access to credit, group members have invested in their economic activities including agriculture, small manufacturing, trading, business shops, food stalls, and among others. Also, through being members have benefited from various training that have been provided

by municipal officials, different Non-Governmental Organizations (NGOs) and others, which have empowered and commonly become active members of the community and others taking different leadership positions at community level.

The study found 3 groups their economic activity was VICOBA, whereby, each group were given 5,000,000. Members were found given loan at 10% which is described in their bylaws, other rules described related to membership and minimum/maximum number of shares. Currently, Omega Group' members can access up to 5,000,000 as loan which is paid in a period of not more than six months. This question the maximum amount given by municipal (5,000,000 TSHS) if one member is given such amount, while the municipal gives this amount to a group, why VICOBA is included in youth funds programs. The study also found the other groups (Mapambano and Zawadi) their capital is still small, and members are given loan up to 800,000 TSHS.

The group members from three groups normally are given loan to meet both social and economic activities, including income generating activities like small restaurants (in Swahili called "Mama Ntilie"), producing handcraft items, education, and food, social events like weeding and other parties. In addition, the study found the group having no limit of dividing savings like others VICOBA which the end of each 12 months cycle, the profit (coming from interest and fines) is paid out to the members as a dividend, according to their respective share, which was initially a purpose of introducing VICOBA. Similarly, the management of this group emphasized that they have modified their group aims to be SACCOS thus why does not have 12 months cycle. The chairperson revealed that despite having a strong metal box and the key kept by two people, still they have opened the bank account and it has been used to deposit some of money which is difficult to many other groups.

Currently, VICOBA perform better than SACCOS and when they become SACCOS perform poor. The operation of VICOBA especially meeting and making savings which commonly called buying shares makes members to have saving culture. SACCOS' members have no saving culture compared to VICOBA, they think to save when they think to take loan which is different from VICOBA. Their idea of

aiming becoming SACCOS is good but they should maintain saving culture especially saving every week, what can be included in their bylaws.

**(iv). Tailoring**

The study found tailoring as another economic activity managed by groups supported by youth fund. Tailoring business is operated in town and it has been generating profit for every group member. Each group member has own sewing machine engaged in tailoring business as an individual but using funds provided, they bought two modern machines, and thus have employed youth to engage in that activities. The management of the group revealed that they have been successful because they selected a good location to run their activities and hence, they get many customers which advertises their activities and help them to generate more income as time goes.

**(v). Processing lemongrass**

The group found processing and selling lemongrass, whereby, each member at home prepare and processes lemongrass, and thereafter is collected together, labeled and sold to supermarkets and individuals. The group members revealed that lemongrass has attracts customers since is natural and it have a cooling energy which helps to soothe stomach and digestion of food, and thus it is mostly served after dinner. Likewise, from the training offered to them by KCMC doctors were taught that lemongrass regulates high blood pressure, boosts metabolism and burns fat, and relieves menstrual pain. Therefore, group members have been educating the public to buy their lemongrass so that can get solutions of their diseases.

**4.4.2 The Performance Economic Activities after Accessed YDF**

Table 4.5 performance of economic activities show a good performance of the group, it shows increase of capital, number of employment and profit after accessing YDF from Moshi Municipal Council.

**Table 4.5: Capital, number of employment and profit of economic activities**

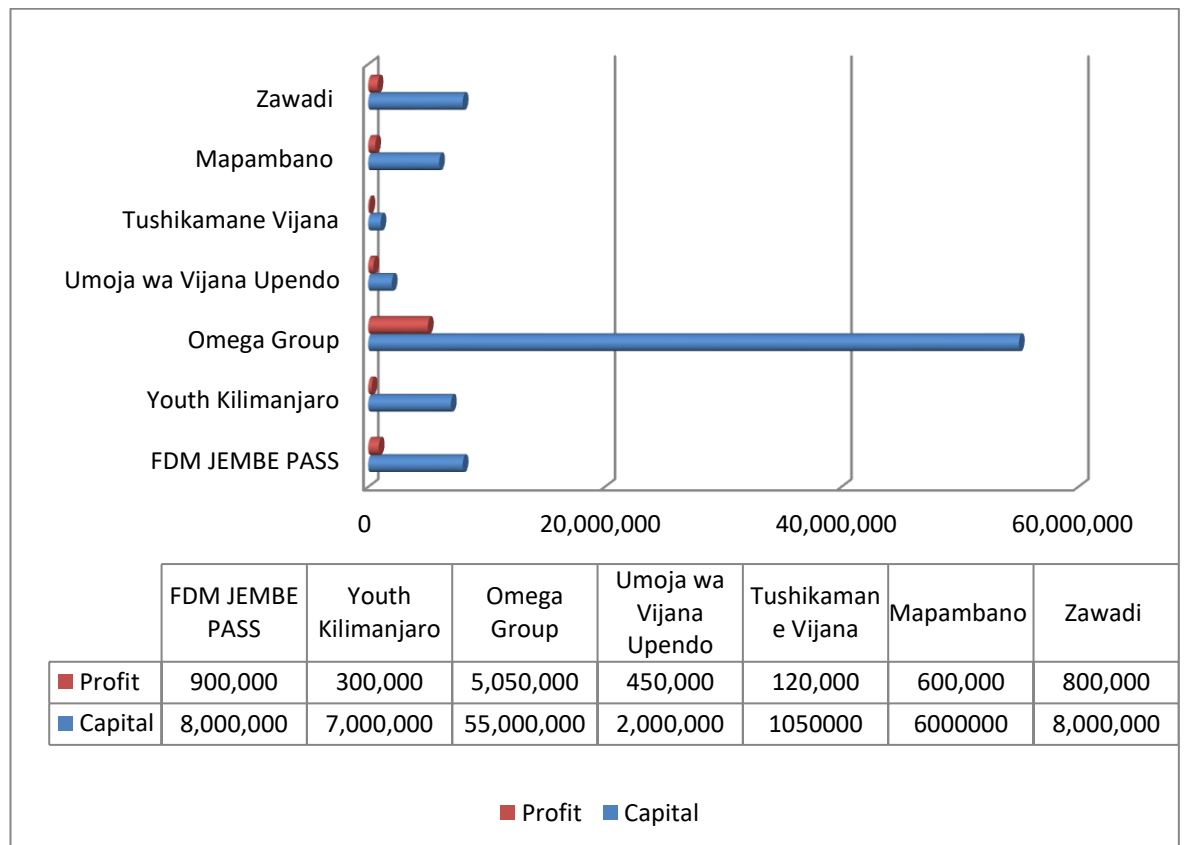
<b>Group</b>	<b>Variable</b>	<b>Before</b>	<b>After</b>
<b>FDM JEMBE</b>	Capital	3,000,000	8,000,000
<b>PASS</b>	Number of employment	10	12
	Profit	300,000	900,000
<b>Youth</b>	Capital	2,000,000	7,000,000
<b>Kilimanjaro</b>	Number of employment	11	11
	Profit	200,000	300,000
<b>Omega Group</b>	Capital	50,000,000	55,000,000
	Number of employment	0	0
	Profit	5,000,000	5,050,000
<b>Umoja wa Vijana</b>	Capital	0	2,000,000
<b>Upendo</b>	Number of employment	0	4
	Profit	0	450,000
<b>Tushikamane</b>	Capital	50,000	1,050,000
<b>Vijana Group</b>	Number of employment	4	10
	Profit	60,000	120,000
<b>Mapambano</b>	Capital	1,000,000	6,000,000
	Number of employment	0	0
	Profit	100,000	600,000
<b>Zawadi</b>	Capital	3,000,000	8,000,000
	Number of employment	0	0
	Profit	300,000	800,000

**Source:** Research findings (2018)

The findings show that capital, profit and number of employments differs from one group to another depending to the nature of the group. The study found the capital of Omega group (55,000,000 TSHS) higher than another group. The group is followed by FDM JEMBE PASS and Zawadi with 8,000,000 respectively, Umoja wa Vijana Upendo with capital of 2,000,000 TSHS, Youth Kilimanjaro with capital of 7,000,000 TSHS, Mapambano with 6,000,000, and Tushikamane Vijana having 1,050,000 TSHS capital. The study findings show that YDF injected in the economic activities has expanded the capital of the economic activities and thus increasing profit and employment opportunities.

In addition, the results show that the profit (5,050,000 TSHS) of Omega group is higher than other groups. This shows that 5 out of 7 groups which have high capital also have high profits. The two groups are different, Tushikamane Vijana has capital of 1,050,000 TSHS and gets profit of 120,000 TSHS per month while Youth

Kilimanjaro group despite having lower capital the profit experienced per month is higher (300,000 TSHS) than Tushikamane group (Figure 4.4). This shows that the profit of economic activities is only determined by capital injected, but there are also other factors such as marketing environment and market forces (demand and supply).



**Figure 4.3: Comparison between of capital and profit after access to YDF in TSHS**

**Source:** Research findings (2018)

Furthermore, employment opportunities are another success story noticed from economic activities financed by YDF. Findings show that in average employment of two people has been created out of five groups, and average of 4 people among three groups created new employment opportunities. The study findings show that seven groups which have 121 members have been benefited from YDF, but these members already have been employed in various economic activities and thus why have been supported. This raises questions on if youth already employed in various activities

are supported, what about graduates who are fresh from schools and have no any business to be supported due to limited access to capital. This shows weakness of the YDF which need to be addressed as early as possible so that can address the challenge of unemployment which is the bases of introducing this fund special to youth.

In addition, the study found leaders in all groups managing funds properly, they provide financial reports to members through their meetings, though these reports are not audited. The study noticed that since number of members of these groups is very small ranging from 8 to 12 members, except three group which has 26 to 30 members. This enable them to monitor the spending in the group and easily informed on the use of funds and gives the opportunity to members to participate in decision making especially in matters relating to money.

The study also, found the funds injected in their economic activities is enough to expand their business more and the profit generated from these activities can be reinvested to expand more capital base. However, groups need to find other means of expanding their capital by making diversification so that can minimize the risks that can raise from depending in one economic activity.

#### **4.5 Effects of YDF to Youth Capital, Employment and Income**

The study found YDF having effects to youth individuals' capital, employment and income at households' level. As discussed in section 4.3.4 the percentage of fund provided by Municipal to youth groups were divided among group members and therefore used differently from the directives of the municipal. The study found the fund divided were used to finance their households' economic activities for married youth, and for single were used to finance their other economic activities which later expanded their capital base, created employment opportunities and generated income.

In addition, since the economic activities of youth at groups' level benefited youth through income generation, enabled youth to use this income in different individuals' economic activities which provided and expanded their capital, created employment

opportunities and generated more income. This shows that group members benefited directly from their group' economic activities and investments done at individual level, which both have provided employment opportunities and income, resulting from capital injected in economic activities.

Therefore, this section, have measured the effects of YDF at individuals by assessing capital, employment and income at individuals before and after YDF, which is measured using Paired-Sample T-Test as shown in following subsections.

#### **4.5.1 Reliability and validity of the measuring instrument**

In measuring capital, employment and income at individuals after YDF in each parameter (capital, employment and income) constructs were developed as attached in Appendix I to measure the effects using Paired-Sample T-Test.

To test the internal consistent of the measuring instrument (Likert scale), a Cronbach's alpha test was applied. The reliability of the construct in all parameters was ensured using Cronbach's alpha coefficient which had a total score of 0.918 which is within the acceptable range and regarded as excellent (Table 4.6).

**Table 4.6: Reliability statistics for all parameters**

Cronbach's Alpha	N of Items
0.918	24

However, Cronbach's alpha coefficient of employment' constructs had a total score of 0.768 (Table 4.7) which is acceptable.

**Table 4.7: Reliability statistics for employment' constructs**

Cronbach's Alpha	N of Items
0.768	8

Cronbach's alpha coefficient of income' constructs had a total score of 0.784 (Table 4.8), which is acceptable.

**Table 4.8: Reliability statistics for income' constructs**

Cronbach's Alpha	N of Items
0.784	8

Lastly, the Cronbach's alpha coefficient of investment' constructs had a total score of 0.816 (Table 4.9), which is acceptable.

**Table 1.9: Reliability Statistics for capital' constructs**

Cronbach's Alpha	N of Items
0.867	8

Cronbach's alpha reliability coefficient normally ranges between 0 and 1. The closer the coefficient is to 1.0, the greater is the internal consistency of the items (variables) in the scale. Cronbach's alpha coefficient increases either as the number of items (variables) increases, or as the average inter-item correlations increase (i.e. when number of items is held constant. The output is interpreted based on the rule that >0.9 (excellent), >0.8 (Good), >0.7 (Acceptable), >0.6 (Questionable), >0.5 (Poor), and <0.5 (Unacceptable).

#### **4.5.2 Employment at individual level**

Table 4.10 show mean, number standard deviation and standard error mean for constructs set showing the effects of YDF to employment at individual level. The Mean of employment at individual level after YDF was greater than employment at individual level before YDF.

**Table 4.10: Paired samples statistics at employment at individual level**

	<b>Construct</b>	<b>Mean</b>	<b>N</b>	<b>Std. Deviation</b>	<b>Std. Error Mean</b>
Pair 1	Meeting 90% needs (before)	2.7736	93	0.77563	0.1065
	Meeting 90% needs (after)	3.7925	93	0.66096	0.0907
Pair 2	I considered my job as most significant to my livelihood (before)	3.0943	93	0.76621	0.1052
	I considered my job as most significant to my livelihood (after)	3.6792	93	0.5809	0.0797
Pair 3	I would choose it is job based of necessity (before)	3.0189	93	0.74655	0.1025
	I would choose it is job based of necessity (after)	3.4151	93	0.77046	0.1058
Pair 4	I enjoy my job; it is interested and most attractive work(before).	2.6604	93	0.70557	0.0969
	I enjoy my job; it is interested and most attractive work (after).	3.4528	93	0.74849	0.1028

*\*Before=before YDF, after= after YDF.*

The Sig. (2-Tailed) value in Table 4.11 is .000 for all constructs except 1, all values are less than .05. Because of this, there is a statistically significant difference between the employment before and after YDF. Table 4.10 it shows that employment has increased by 19% after YDF. Before YDF youth were employed in activities that could not meet 90% of their needs, not significant to livelihoods and not attracted work. Some of activities included; selling fruits, clothes, vegetables, shops, and alcohol.

YDF was found creating employment opportunities directly through groups, whereby some of group members have been employed in group economic activities, likewise, employed themselves in their economic activities started and expanded from YDF funds divided among group members or the profit generated from economic

activities or both. Therefore, the findings show that the YDF have contributed to employment at individual level directly and indirectly.

The study found apart from employment created to youth attached by groups benefited from YDF directly. Also, other youth who are not members of these groups have been benefited by getting employment opportunities from various economic activities owned and managed by groups and economic activities of individuals. Likewise, the study noted that employment created has not been to youth only but also adults have been benefited from youth groups and individuals' economic activities, which show the bigger impacts in the community.

**Table 4.11: Paired samples test**

Pair		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
					Lower	Upper			
Pair 1	Meeting 90% needs (before) - Meeting 90% needs (after)	-1.019	0.8658	0.119	-1.26	-0.78	-8.567	92	0.000
Pair 2	I considered my job as most significant to my livelihood (before) - I considered my job as most significant to my livelihood (after)	-0.585	0.7188	0.099	-0.78	-0.387	-5.924	92	0.000
Pair 3	I would choose it is job based of necessity (before) - I would choose it is job based of necessity (after)	-0.396	1.044	0.143	-0.68	-0.108	-2.763	92	0.004
Pair 4	I enjoy my job; it is interested and most attractive work (before) - I enjoy my job; it is interested and most attractive work (after)	-0.792	0.9064	0.125	-1.04	-0.543	-6.365	92	0.000

*\*Before=before YDF, after= after YDF.*

### 4.5.3 Income at individual level

Economic activities resulted from YDF directly or indirectly are important sources of income at individual level for people employed and self-employed in specific activities. Economic activities resulted from YDF generate income to youth in different ways including salaries and wages from employments created.

Economic activities resulted from YDF, some of youth were employed in some activities which could not provide enough income while the majority were not employed at all in any economic activities. But the study found generating income which were not created before. Table 4.12 shows the mean of income after engaged in economic activities financed by YDF was greater than income before YDF.

**Table 4.12: Paired samples statistics of income at individual level**

Pair	Construct	Mean	N	Std. Deviation	Std. Error Mean
Pair 1	I considered my job as most beneficially to my livelihood (Before)	2.6604	93	0.73231	0.10059
	I considered my job as most beneficially to my livelihood (After)	3.6038	93	0.63062	0.08662
Pair 2	My income is sufficient to meet all my needs (Before)	2.9057	93	0.59692	0.08199
	My income is sufficient to meet all my needs (After)	3.566	93	0.69364	0.09528
Pair 3	I get surplus from my job (Before)	2.7547	93	0.61724	0.08478
	I get surplus from my job (After)	3.434	93	0.82063	0.11272
Pair 4	My household income as youth involved in economic activities in general has increased (Before)	2.7547	93	0.64765	0.08896
	My household income as youth involved in economic activities in general has increased (After)	3.6604	93	0.67776	0.0931

*\*Before=before YDF, after= after YDF.*

The Sig. (2-Tailed) value in Table 4.13 is .000 for all constructs. This value is less than .05. Because of this, there is a statistically significant difference between the income before and after YDF. Therefore, youth after engaging in economic activities financed by YDF their income has increased by 8% and sufficient to meet all their needs and the surplus is saved. They considered their job as most beneficially to livelihoods, sufficient in meeting all needs, getting surplus and increasing of incomes.

The study found the income generated has been used to meet their basic needs such as buying food, shelter, clothes, accessing health services and paying school fees for their children. Likewise, the income was revealed used in home improvement, buying some of households' assets and supporting some of family members.

**Table 4.13: Paired samples test of income at individual level**

Pair	Construct	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
					Lower	Upper			
Pair 1	I considered my job as most beneficially to my livelihood (before)- I considered my job as most beneficially to my livelihood (after)	-0.9434	1	0.13311	-1.2105	0.6763	-7.09	92	0.000
Pair 2	My income is sufficient to meet all my needs (Before)- My income is sufficient to meet all my needs (after)	-0.6604	0.8	0.11411	-0.8894	0.4314	-5.79	92	0.000
Pair 3	I get surplus from my job (before) - I gets surplus from my job (after)	-0.6793	1	0.13939	-0.959	0.3995	-4.87	92	0.000
Pair 4	My household income as youth involved in economic activities in general has increased (Before) - My household income as youth involved in economic activities in general has increased (After)	-0.9057	0.9	0.12127	1.149	-0.6623	-7.47	92	0.000

\*Before=before YDF, after= after YDF.

#### 4.5.4 Capital at individual enterprise level

Table 4.14 shows the mean of capital at individual enterprise level after access to YDF was greater than investment before YDF, which show the effects of YDF in capital at individual enterprise level. The study findings the part of funds divided among members and income generated from employment and profits divided among members has contributed to increase capital for their businesses while others getting capital to start new economic activities.

**Table 2 Paired samples statistics of capital at individual enterprise level**

Pair	Construct	Mean	N	Std. Deviation	Std. Error Mean
Pair 1	My capital was enough to start up my business (Before)	2.8679	93	0.62134	0.08535
	My capital was enough to start up my business (After)	3.4906	93	0.6686	0.09184
Pair 2	My capital was enough to expand my business (Before)	2.7925	93	0.66096	0.09079
	My capital was enough to expand my business (After)	3.5283	93	0.8902	0.12228
Pair 3	My business was could generate fund for starting or expanding other business (Before)	2.9245	93	0.72983	0.10025
	My business was could generate fund for starting or expanding other business (After)	3.4906	93	0.60836	0.08356
Pair 4	Wealth has been created by youth from economic activities (Before)	2.7925	93	0.63119	0.0867
	Wealth has been created by youth from economic activities (After)	3.566	93	0.63577	0.08733

*\*Before=before YDF, after= after YDF*

Capital has been a big challenge to youth both skilled and unskilled, and the introduction of YDF has solved this challenge for some of percentage, though to big extent the challenge is still big in the country which needs cooperation of different stakeholders, including public and private organizations.

The Sig. (2-Tailed) value in Table 3.15 is .000 for all constructs, which is less than .05. Because of this, there is a statistically significant difference between the investment at enterprise level capital at individual enterprise level before and after YDF. Therefore, YDF have increased capital at individual enterprise level by 98%, general entrepreneurial spirit and development, and wealth has been created by youth from economic activities initiated.

**Table 4.15: Paired samples test of capital at individual enterprise level**

Pair	Construct	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
					Lower	Upper			
Pair 1	My capital was enough to start up my business (Before) - My capital was enough to start up my business (After)	-0.6226	0.79	0.10851	-0.8404	-0.4049	-5.738	92	.000
Pair 2	My capital was enough to expand my business (Before)- My capital was enough to expand my business (After)	-0.7359	0.94362	0.12962	-0.9959	-0.4758	-5.677	92	.000
Pair 3	My business was could generate fund for starting or expanding other business (Before) - My business was could generate fund for starting or expanding other business (After)	-0.566	0.82063	0.11272	-0.7922	-0.3398	-5.022	92	.000
Pair 4	Wealth has been created by youth from economic activities (Before) - Wealth has been created by youth from economic activities (After)	-0.7736	0.84675	0.11631	-1.007	-0.5402	-6.651	92	.000

*\*Before=before YDF, after= after YDF*

## **CHAPTER FIVE**

### **DISCUSSION OF FINDINGS**

#### **5.1 Introduction**

The chapter presents the discussion of findings presented in chapter four based on the study objectives. The chapter discusses the procedures and conditions of accessing YDF, types of economic activities financed and its performance after accessing YDF and provides the discussion on effect of YDF to youth capital, employment and income.

#### **5.2 Procedures and Conditions of Accessing YDF**

The study found YDF provided to unemployed youth who are in registered group, with existing economic activity, whereby, the focus of YDF is creating employment among youth. The focus of YDF is similar to other youth funds found different countries in Africa like Botswana, Mali, Tunisia, Zimbabwe, Swaziland and Kenya (ILO, 2011; Mavundla *et al.*, 2015) and other developed countries like Poland (Organisation for Economic Co-operation and Development, 2015).

The study found the fund provided with interest rate of 10% when was channeled through SACCOS and charged 5% currently when channeled directly to the group. This is different from various countries especially Botswana who provides youth development fund by 50 percent being a grant and 50 percent interest free loan.

The requirement of youth groups accessing YDF through SACCOS intended to control defaulting and easily repayment follow-up. These requirements were not only in Moshi Municipal Council, but common in many districts in the country, which was accompanied with pressure from ward councilors and politicians in different districts for each district to have a SACCOS formed by youth. Therefore, in many districts the youth SACCOS are registered by their bylaws they have specified membership that they should be below age of 35 years including the Vijana Manispaa SACCOS which was used to channel YDF in Moshi Municipality. This pressure made many youths to join SACCOS intentionally to access YDF and

ignoring savings and credit which are major objective of SACCOS, which makes these SACCOS its performance to be poor since no savings put or credit.

In addition, the SACCOS formed by youth when members reach 35 ages are no longer called youth, cannot get YDF and some SACCOS was formed for purpose of channeling YDF their membership should stop since are no longer youth. This violates the section 39 (2) of Cooperative Societies Regulations of 2015, which stipulates that “the ground for termination of membership shall be made upon (a) a members’ death, (b) a member ceasing to hold a share or shares and any contributions as required by the by-laws of a cooperative society, (c) expulsion of the member by the general meeting (d) failure of a member to participate in the activities of the cooperative society as required by the by-laws (e) a member becoming of unsound mind; and (f) withdraw from membership”.

The study revealed the following challenges faced by youth in applying for YDF at the Municipal council, including delays in fund processing, insufficient amount provided by municipal council and youth groups spending YDF differently from the intended purposes. This supported by Mussa (2013) in his study in Kahama District Tanzania who found the same challenges of insufficient funds and delayed loans. Also, Wohoro (2016) supports that the process of business registration and the age limit of youth, are challenges faced in by youth in access to youth enterprise development fund.

### **5.3 Types of Economic Activities Financed and Its Performance after Accessing YDF**

The study found motorcycle economic activities such as taxies ‘bodaboda taxis’, hand craft, VICOBA, tailoring, crafting and selling processed lemongrass managed by group members. The capital of groups is below 10,000,000TSHSs except Omega group which has more than 50,000,000TSHSs. This mean that the municipal does not consider the amount of capital the group has to be supported, the consideration is on viability of economic activities. Omega VICOBA has already built saving culture and its members have access to credit based on the value of their shares, therefore,

the concentration needs to be put to groups that real need capital support to expand their economic activities.

The YDF has contributed to the increase of capital among groups from 8,435,714TSHSs to 12,435,714TSHSs in average, has increased profit from 851,429TSHSs to 1,174,286TSHSs in average, and while employment opportunities created has increased from 3 youth from 8 youth at group level from group activities. The contribution of YDF in terms of capital, employment creation and profit generation are also reported in various countries such as Botswana, Mali, Tunisia, Zimbabwe, Poland, Swaziland, Malawi, Zambia and Kenya (ILO, 2011; Mavundla *et al.*, 2015; Organisation for Economic Co-operation and Development, 2015). The economic impact of YDF introduced by the government noticed in capital, employment and profit (income) is linked by Keynesian theory by John Maynard Keynes, whereby, government interventions (YDF) has stabilize output of over economic activities (Jibrilla, 2013; Adebayo, 2015).

The study found YDF targeting youth who have already have economic activities operating, this is different from various countries like in Tunisia, Swaziland and Botswana which support all youth new economic or operating activity (ILO, 2011; Mavundla *et al.*, 2015). YDF in Tanzania targeting existing economic activities raises questions that if youth who are already employed in various economic activities are supported, what about graduates who are fresh from schools and have no any business to be supported due to limited access to capital. Politicians and government officials advocate that youth should go to their district council access YDF, but when they go, they find them in dilemma after lacking capital to start economic activity to qualify for YDF.

#### **5.4 Effect of YDF to Youth Capital, Employment and Income**

The findings show that YDF has generated employment at individual level by 19%, income has increased by 8% after engaging in economic activities financed by YDF and capital at individual economic activity level has increased by 98%. The contribution of YDF at individual and economic activity level is supported by study

done by Maina (2013), Charles *et al.*, (2012) and Kemunto (2014) in Kenya, also Kemunto (2014) in Malawi, and Sisinyize and Shalyefu (2015) in Namibia.

In addition, even though groups have violated conditions of YDF by diversifying the YDF provided to specific activities. This diversification has helped group members to get fund for investing in their own economic activities which was found important in increasing youth capital, creating employment and generating income. This show the need of group members to discuss their financial needs especially small loans which can be accommodated in their bylaws to meet their individual needs.

## **CHAPTER SIX**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **6.1 Introduction**

The chapter presents policy reflections, summary, conclusion and recommendations based on the study findings, and, provides areas for further studies.

#### **6.2 Policy Reflections**

Reflecting the National Youth Development policy of 2007 specifically on the issue of youth and employment opportunities the government has managed to create enabling environment to youth employment opportunities through YDF, but the challenge is its conditions especially requiring a group to have existing economic activity. This has eliminated unemployed youth and those who have no economic activity. On the issue of equitable access to land and other resource allocations still is faced by challenge of gender imbalance in inheritance (Charles et al., 2012; Ndyali, 2016). Traditions and customs limits women rights to access resource and other material properties like land in the community.

#### **6.3 Summary**

The study found the registered group, group formed by youth and existence of economic activity as important considered conditions provisioning of youth development fund. Also, procedures for accessing YDF includes application for YDF, Application assessment and economic activity assessment and approving fund.

The amount of money given to youth ranges from 4,000,000 TSHSs to 5,000,000 TSHSs, the funds was channeled through Vijana Moshi Manispaa Savings and Credit Cooperative Societies (SACCOS) formed by youth, due to different challenges now YDF is given directly to groups. In addition, the study revealed the following challenges faced by youth in applying for YDF at the Municipal council including; delays in fund processing, insufficient amount provided by Municipal Council and youth groups spending YDF differently from the intended purposes.

Types of economic activities financed by YDF through groups included motorcycle taxis 'bodaboda taxis', hand craft, VICOBA, tailoring and crafting and selling processed lemongrass. Also, discusses the performance of economic activities. The study found YDF has contributed to the increase of capital among groups from 8,435,714TSHSs to 12,435,714TSHSs in average, has increased profit from 851,429TSHSs to 1,174,286TSHSs in average, and while employment opportunities created has increased from 3 youth to 8 youth at group level from group activities.

The findings show that YDF has generated employment at individual level by 19%, income has increased by 8% after engaging in economic activities financed by YDF and capital at individual economic activity level has increased by 98%.

#### **6.4 Conclusion**

Youth development fund has positive impact to growth of youth economic activities by expanding capital, creating more employment opportunities and generating profit from economic activities. The employment created and income generated from economic activities started by youth with support of divided fund among members from part of YDF, have helped members to meet households needs. These include; food, clothing, shelter, payment of school's fees for their children and home improvements, this eventually has improved livelihood of members. This was a particularly interesting finding of the study, as it does not appear to have been an original goal or desired effect of the YDF. Moreover, it does support existing literature on the effects of YDF funds.

The study found youth development fund accompanied by challenges, and thus reducing these challenges in the district council will influence growth of economic activities and hence more youths will join groups and involve themselves in gainful activities. The study concludes that the YDF offered to youth have assisted youth groups particularly in expanding their economic activities and starting individual' economic activities.

## **6.5 Recommendations**

The study recommends the following to Vijana Moshi Manispaa SACCOS, groups' members and Moshi Municipal Council.

### **6.5.1 Vijana Moshi Manispaa SACCOS**

Since SACCOS' members (youth) joined to access YDF which is not channeled through SACCOS from now onwards, need to adopt saving culture of VICOBA of meeting every week for savings. This will help SACCOS to expand its capital and provide loans to its members at lower interest rate.

The SACCOS was formed by youth, but as time goes the age also increase, and thus today's members who are youth will not be regarded as youth in 10 years. Therefore, SACCOS should change its bylaws to enable both youth and adult to join the SACCOS, this will help number of members to increase and hence the capital will increase eventually.

### **6.5.2 Group members**

Group members divided part of YDF provided intentionally to be injected in economic activities, which is differently from the intended goals. Therefore, group members through their meeting should plan the means of using the profit generated instead of dividing among members only but be used as well as though provision of credit to members, which will be paid with lower or free from interest rate.

### **6.5.3 Moshi Municipal Council**

- (i). The focus of the government when introduced YDF was to create employment opportunities to youth, who were rejected by commercial banks since they have no collateral. Therefore, the condition of the group having existing economic activity makes graduates who have no economic activity to unqualified to access YDF. Therefore, the Municipal should provide YDF to both groups having existing economic activity and those who have no any activity.

- (ii). The study found the Municipal providing YDF even to VICOBA, which is good, but since VICOBA have already capital, should not be given priority, and therefore, should set a limit of groups with a certain amount of capital to qualify for YDF.
- (iii). The entrepreneurship trainings should be enhanced and made compulsory before any group is to be funded. This will ensure that the youths will be able to make the right decisions on investments as well as on the proper accounting of their financial resources rather than diversifying YDF.
- (iv). The amount of money given to youths in groups should be increased at least to 10 Million, but the amount should depend on the nature of economic activity and nature of expansion expected.

#### **6.6 Suggestion for Further Studies**

The researcher suggested further studies on the influence of YDF on growth of individual youth economic activities. This may provide a good comparison between the influence YDF has on the growth of group economic activities and the influence it has on individual economic activities. This comparison would be important so that the Government would know exactly which mode to use in attempt to help the youths self-employ themselves.

To enhance effective utilization of YDF, the study needs to be undertaken on influence of YDF on economic activities owned by disabilities and women.

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## APPENDICES

### Appendix I: Questionnaire for Youth

*The purpose of this questionnaire is to collect data for the dissertation entitled “Effects of Youth Development Fund to Growth of Youth Economic Activities: Lesson from Moshi Municipal Council”. All information you will provide for this study will be treated with due study ethics and only for the purpose of this study and not otherwise. Please be free to answer questions as asked and give all necessary.*

#### A: Background Information

1. Age \_\_\_\_\_ i)15-20 ii)21-25 iii)26-30 iv)31-35
2. Sex \_\_\_\_\_
3. Marital Status\_\_\_\_\_ i) Single ii) Married iii) d=Divorced iv) Widowed
4. Educational level\_\_\_\_\_ i) Primary education ii) Secondary education iii) College/University iv) No formal education

#### B: The Implications of Youth Development Fund to Youth Economic Activities

5. Do you have other economic activity(es) you have invested using the income generated from group project(s)? (i) Yes (ii) No
6. Mention such activity .....
7. To what extent do you agree or disagree with the following statement about youth development fund and employment before

<b>Employment</b>	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
a) My job enabled me to meet 90% of my need					
b) I considered my job as most significant to my livelihood					
c) I would choose it is job based of necessity.					
d) I enjoy my job; it is interested and most attractive work.					

*After accessing the fund*

<b>Employment</b>	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
a) My job enabled me to					
b) I considered my job as most significant to my livelihood					
c) I would choose it is job based of necessity.					
d) I enjoy my job; it is interested and most attractive work.					

8. To what extent do you agree or disagree with the following statement about youth development and income before accessed the fund.

*Before accessing the fund*

<b>Income</b>	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
a) I considered my job as most beneficially to my					
b) My income is sufficient to meet all my needs					
c) I get surplus from my job					
d) My household income as I involved in economic activities in general has increased.					

*After accessing the fund*

<b>Income</b>	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
a) I considered my job as most beneficially to my					
b) My income is sufficient to meet all my needs					
c) I get surplus from my job					
d) My household income as I involved in economic activities in general has increased					

9. To what extent do you agree or disagree with the following statement about youth development fund and capital.

*Before accessing the fund*

<b>Capital</b>	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
a) My capital was enough to start up my business					
b) My capital was enough to expand my business					
c) My business was could generate fund for starting or expanding other business					
d) Wealth has been created by youth from economic activities.					

*After accessing the fund*

<b>Capital</b>	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
a) My capital was enough					
b) My capital is enough to expand my business					
c) My business was can generate fund for starting or expanding other business					
d) Wealth has been created by youth from economic activities.					

**Appendix II: Interview Guiding Questions for Group Leaders**

**A: Procedures and Conditions of Accessing YDF**

1. What is the name of your group? .....
2. When was it found? .....
3. How many members forms your group? .....
4. When did you take loan from the Municipal? .....
5. How much did you take? .....
6. What was the purpose of loan? (i) Business startup (ii) business expansion ( )
7. How much did you pay per month (average) to the municipal? .....
8. What are procedures of accessing loan from the municipal?  
.....  
.....
9. What are conditions of accessing loan from the municipal?  
.....  
.....
10. Do you pay loan on time as scheduled in the loan contract? i) Yes ii) No
11. If no, what are the reasons for delay?  
.....  
.....
12. Which challenges do you face in loan application and access?  
.....  
.....

**C: Types of Economic Activities Financed and its Performance**

13. Types economic activities financed by youth development fund accessed from the Municipal

.....  
.....

14. Indicate number of years in business (please choose one that applies to you)

a.) Not yet started, b.) Under 1. Year, c.) 1 – 2 years d.) 3 – 4 years e.) Over 5 years

15. What was the average of capital, profit, number of employments before and after accessing loans from CRDB?

	<b>Before</b>	<b>After</b>
a. Capital		
b. Number of employments		
c. Profit		

**Appendix I: Interview Guiding Questions for Youth Officer at Municipal Council**

1. What is the range of amount provided to youth? .....
2. How loans are provided? .....
3. What are procedures of accessing loan from the municipal?  
.....  
.....
4. What are conditions of accessing loan from the municipal?  
.....  
.....
5. Can I get the report about youth funds from the municipal?
6. Challenge you face in the provision of YDF