YOUTH'S CREDIT ACCESSIBILITY AND EMPLOYMENT CREATION IN TANZANIA: A CASE OF KILOMBERO DISTRICT, MOROGORO

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A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE DEGREE OF MASTER OF ARTS IN PROJECT MANAGEMENT AND EVALUATION OF SOKOINE UNIVERSITY OF AGRICULTURE. MOROGORO, TANZANIA.

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ABSTRACT

This study was conducted to assess youth's credit accessibility and employment creation in Kilombero District. Specifically, the study aimed at, identifying the proportion of youth with access to credit, identifying the challenges faced by the youth in their endeavor to acquire credit and determining the contribution of youth's access to credit towards employment creation. The study adopted a cross -sectional design whereby data were collected once from 181 randomly selected youth. Data were collected through a questionnaire survey, focus group discussions and key informant interviews. Primary quantitative data were analyzed using SPSS whereby descriptive and inferential statistics were determined. Qualitative data collected through the focus group discussions and key informants interview were analyzed using a thematic analysis. Findings from the study show that only a few of the youth had access to credit. Lack of collateral was the major challenge the youth faced in accessing credit. The study observed that interest rate was another setback to youth's access to credit. Lastly, the study findings show that most of the youth who had credit were able to create employment for others thus, contributing to the reduction of unemployment. Based on the findings the proportional of the youth accessing credit in Kilombero District is very small and this is mainly due to inadequate collateral. It is recommended that the issue of collateral needs to be looked at, so as to create positive conditions for the youth to access credit. Lending institutions should reduce their interest rates to enable youths to access credit. Also, training on financial management before and after the disbursement of credit should be done so as to get the most from the credit accessed by the youth.

DECLARATION

I, Alphoncina Pius Temu, do hereby declare to the Senate of Sokoine University of Agriculture that this dissertation is my own original work done within the period of registration and that it has never been nor concurrently being submitted for a higher degree award in any other institution.

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The above declaration is confirmed by;

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(Supervisor)

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I love to dedicate this work to my precious Daughter Elsa Deogratius as an encouragement as she grows to aim for higher achievements. I also dedicate this work to my lovely parents Prof. and Mrs. R.P.C. Temu who laid the foundation of my education from day one till today. Thank you so much for your unconditional love. Lastly, it is dedicated to my siblings, Margreth, Ndeonasia and Tony for their support all along my academic journey

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LIST OF ABBREVIATIONS

DCDO	District Community Development Officer
FGDs	Focus Group Discussion
FIT	Financial Inclusion Theory
FMECD	Federal Ministry for Economic Cooperation and Development
IIT	Imperfect Information Theory
KIIs	Key Informant Interviews
NBS	National Bureau of Statistics
SACCOS	Savings and Credit Co-operatives Societies
SPSS	Statistical Package for Social Science
URT	United Republic of Tanzania
WDO	Ward Development Officer

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Financial services have a major role in development by facilitating economic growth, enterprise creation; reducing poverty levels and employment creation. Financial services allow poor people and disadvantaged groups such as the youth, people with disabilities and women to save and borrow thus enabling them to build their assets, invest in education, venture into entrepreneurial activities and improve their livelihoods (World Bank, 2012). Globally, youth are defined as a group of people who are in the transition phase from childhood to adulthood, i.e. the age between 15 and 24 years (World Bank, 2011). However, in Tanzania planners, policymakers define youth as a person aged between 15 to 35 years (NBS, 2014). Therefore, the current study uses Tanzania's government's criteria when referring to the youth.

Despite the growth of many financial institutions, which provide credit youths are still unemployed and dependant. According to the World Bank (2010), youths in developing countries rely on personal savings, friends and family for start-up capital and expansion. Without such finances, they have limited chances of starting and maintaining their businesses. Indeed, a study carried out by Chigunta (2005) in Zambia, pointed out that the majority (72.4 percent) of potential youth entrepreneurs cited lack of capital as the major reason as to why they were not self-employed.

Youth entrepreneurs suffer from unlimited liability which makes them less attractive to funding by financial institutions due to the high risks involved. Therefore, limited access to credit by the youth is almost a universal problem. In some cases, even where credit is available, the youths may lack freedom of choice because the lending conditions may force them to purchase heavy and immovable equipment that can serve as collateral for the loan (Maina, 2011).

A study conducted by Cheston and Kuhn (2002) on the uptake of credit by the youths in the US at Bloomfield showed that youth's access to financial access had increased, but loans were given to youth in different sizes considering their residential location of either urban or rural areas. Also easy access to credit to youth was mentioned but the majority did not apply for credit because of the interest charged.

Despite the variety and coverage of microfinance in Indonesia, poor access to credit correlates strongly with a deficiency in income and lack of assets for collateral, land ownership in general. Access to saving and credit services from a semiformal or formal financial institution were limited in the rural households even if they had a viable commercial enterprise (Charitonenko and Iswan, 2002).

Further to the above, a study conducted in Ghana by Amonoo (2003) on the impact of interest rates on demand for credit by the youth and SMEs showed that, there was a negative relationship between interest rates and the demand for credit. It was noted that lowering interest rates would increase demand for credit, in a way that it would have attracted a high number of youth to access credit due to the low interest charge.

In Nairobi, unemployment and lack of reliable youth-friendly credit facilities were the leading causes for youth dependency in the county (Masau, 2013). According to Ahaibwe *et al.* (2013), the youth in Uganda are disenfranchised in accessing credit. The current study aimed at establishing if the youths in Kilombero District Tanzania have access to credit and how access to same has helped in employment creation.

1.2 Problem Statement

A report from the Tanzania National Council for Financial Inclusion (2014) observed that there have been a growing number of finance agencies in Tanzania. However, the beneficiaries still have not changed much as many youth remain unemployed. The rate of unemployment in Tanzania was 11.7 %, higher among youths by 13.4% with that of female youth being relative higher at 12.6%, while male youth were 10.7%. Unemployment was much higher in urban areas at 16.5% in 2012 (URT, 2012). In addition, the population most at risk of unemployment was the educated youth entering the labor market for the first time.

Despite efforts by the government and various financial institutions to offer credit, most of the youth in Tanzania still fail to acquire the same level of access (Chebet, 2016). As a result, due to low accessibility, youth fail to generate adequate income from venturing in different self-employment projects and enterprises (Ramachandar,2009) Unfortunately, in Kilombero District, despite the availability of a number of economic opportunities, and financial institutions which provide credits there was limited evidence in this district as to why majority of the youth in the district were unemployed. Hence, the need for an investigation to provide an insight regarding youth's access to credit and employment creation.

1.3 Justification for the Study

The current study provides a good understanding of youth's access to credit in Kilombero District. In addition it highlights on how those accessing credits have been able to create employment for others. The study is in line with the Tanzania National Youth Development Policy of 2007 which among other things aims at providing an enabling environment for youth empowerment and enhancement of employment opportunities and security. Therefore, the findings of the study could be used by the policymaker when reviewing the policy and any other stakeholders interested in youths welfare. Moreover, access to credit according to literature is vital for investment, productive enterprises and even expansion of existing ones (Mano *et al*., 2011; World Bank, 2012).According to Agnew (2003), credit is the life blood of any investment or productive enterprises, they cannot survive without enough funds. Generally growth, survival and performance of enterprises or firms are influenced by access to credit. According to Machirori (2012) productive enterprises that have access to credit are expected to perform better than those without access. This is due to the fact that they have higher chances of having high capital to run their business and have a good return.

Further to the above, as it has been reported in the literature Musau *et al.,* (2013) found out that poor access to credit for income generating activities had led to economic dependency among the youth. Also, most of the credit institutions refuse access to credit for young people, because they cannot provide collateral (FMECD, 2010). According to the United Nations (2013), youth face challenges in securing loans since commercial banks usually consider youth unreliable and risky, so they are wary of offering them loans.

1.4 Objectives

1.4.1 General objective

The main objective of the study is to assess youth's access to credit and employment creation in Kilombero District.

1.4.2 Specific objectives

i) To determine the proportion of youth with access to credit in Kilombero District
ii) To determine factors responsible for youth's access to credit in kilombero District
iii) To determine contribution of the credit accessed towards employment creation.
iv) To identify challenges facing youth when it comes to credit access.

1.5 Research Questions

i) What is the proportion of youth who have access to credit in Kilombero District?
ii) How does youth's access to credit lead to employment creation?
iii) What factors influence youth access to credit in Kilombero District?
iv) What are the challenges facing youth in their access to credit access?

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Conceptualization of Key Terms

2.1.1 Youth

The definition of the youth varies considerably according to national conditions and definitions. While the usual international definition refers to a person aged between 15 and 24 years, in Tanzania, the youth refers to a person aged between 15 and 35 years (URT, 2008; Urassa, 2015). This current study will define a youth as a person aged 15-35 years.

2.1.2 Credit

Credit is an agreement whereby a financial institution decides to lend a borrower a maximum amount of money over an agreed period of time. Interest is normally charged on the outstanding balance (Guerrieri and Lorenzoni, 2017). It is a contractual agreement in which a borrower receives something of value now and agrees to repay the lender at some date in the future, generally with interest (Almeida*et al*., 2017).

2.1.3 Employment

Employment is referred to as a state of having paid work or may mean utilization of something. Employment is an agreement between an employer and an employee that the employee will provide certain services on the job. Employees work in return for payment, which may be in the form of an hourly wage, by piecework or an annual salary, depending on the type of work an employee does or which sector she or he is working in (Metcalfe*et al.*, 2017; Pierce*et al*., 2017).

2.1.4 Under-employment

Under-employment occurs when an individual is employed, but not in the desired capacity, whether in terms of compensation, hours or level of skill and experience (Maina, 2012). It is under-use of a worker due to a job that does not use the worker's skills, or is part time, or leaves the worker idle (Bell and Blanchflower, 2018).

2.1.5 Self-employment

Self-employment is the state of working for oneself rather than an employer. It is the practice of owning and operating a small enterprise as a means of livelihood, working for one’s own account, often in the informal sector (Contreras *et al*., 2017; Mitra and Arzeni, 2017). This is the process where a youth creates his/her own new ventures with a new product into an existing market, existing product into a new market, the introduction of an improved service to the existing product, and/or the creation of the new organization (Maina, 2012).

2.1.6 Youth unemployment

Youth unemployment is a development challenge globally and in several African countries Tanzania included despite the positive economic growth rates (Katebalirwe, 2014). According to Haji (2015), youth unemployment in Tanzania is relatively low, at 6.5 percent among those of 14- 25 years due to lack of capital.

Unemployment has become a challenge to young people globally in 2012, (International Labour Organization (ILO), 2012; Schuppler, 2012) found that nearly 75 million youth are unemployed around the world. According to Lam (2014), many poor countries, especially in sub-Saharan Africa, continue to have high rates of youth population. Therefore, it is evident that the increase in youth population without serious intervention for employment creation will lead to serious unemployment.

2.2 Youth's Access to Credit

Despite extensive financial sector reforms over the past few decades, most Sub-Saharan African countries are still facing severe financial development gap. Access to finance for the disadvantaged group is a major step to economic growth (Allen *et al.*, 2012). According to Mujeri (2015), access to the operational financial system can empower individuals economically and socially, particularly the poor people, youth and women. This will enable them to get involved into the economy and contribute actively to development. According to Demirguc-Kunt *et al.* (2013), up to 2012 only about 6% of the youth in Africa had access to loans from financial institutions showing that youth's borrowing was very low.

A report by the United Nations (2012) indicated that the reasons financial exclusion among the youth may be legal restrictions, negative attitude towards this group as well as high transaction costs. According to Bwahisa Ouma (2013), accessibility of credit was a great challenge for youth in Kenya especially for those from poor households since they lack collaterals. Alang'o (2017) on his study of microcredit as a strategy for poverty reduction, youth and women empowerment in Ghana, observed that the impact of credit to the youth can be positive or negative whereas some beneficiaries are successful, others partially successful and few have failed to use the loans to create employment and improve their lives.

Furthermore, Kasim and Jayasooria (2001) noted that one of the ways to reduce poverty and create employment is through accessing credit since the financial institutions have the ability to mitigate the heat of the economic turmoil by raising productivity of self-employment. Access to credit is often cited as one of the main barriers affecting youth self employment. Youth tend to have fewer savings, lack business experience, lack collateral and title deeds that are always necessary during accessing credit (Llisterri e*t al.*, 2006; Chigunta, 2002).

2.3 Factors Influencing Youth's Credit Access

2.3.1 Interest rates of the loans

Saalemi (2007), defined interest rate as the percentage of the borrowed amount of money whereas interest was defined as the return on capital. Lending institutions for example, commercial banks charge high interest rates for credit which make most of the beneficiaries reluctant when it comes to accessing loans. According to Weiss (2008), lending institutions in the USA charge a higher interest rate to youth because they lack enough collateral. Amonoo (2003) argues that lowering interest rate can increase demand and access to credit by the youth.

A study by Nyeti (2009), in Kenya on credit access among small micro enterprises showed that most respondents said that the loans were charged with high interest rates whereby banks loans were having very high interest rates, followed by saving and Credits

Co-operatives Societies (SACCOS) loans and informal lenders. Another study conducted by Cheluget (2013) on effects of access to a financial credit on the growth of youth owned small retail enterprises in Uasin Gishu County: a case of Kapseret Constituency. The results showed that interest rates affected access to credit by youth entrepreneurs owning small scale business enterprises in Kapseret Constituency. Additionally, Sacerdoti(2005), realised that higher interest rates discourage rural people to access credit since interest rates are very higher in developing countries due to the higher administrative costs in relations to their scale of operations. Many countries in Africa have introduced interest rate ceilings to protect consumers from high interest rates charged by micro lenders Alshebami *et al.* (2013). Such ceilings are often the response of governments facing political or cultural pressure to keep interest rates low. This has helped to some point the youth to access credit.

2.3.2 Collateral security

Collateral security is usually demanded by financial institutions as one of the requirements for beneficiaries to get credit which can sometimes be a barrier to credit accessibility. Some studies have indicated this to be one of the reasons for most of the beneficiaries to be reluctant in accessing credit. In Swaziland, youth face a major challenge when it comes to securing loans due to lack of collateral; they cannot access credit since they cannot afford the collateral need (United Nations, 2013).Most entrepreneurs fail to obtain credit due to lack of assets to use as collateral and most of them started their businesses from their savings and informal borrowings (Nyeti (2009). Again, according to Ng’ang’a, (2015), one of the factors which prevent youth entrepreneurs from accessing loans is collateral. The youth possess little resources and assets that are inadequate and, in some cases, unacceptable as collateral for loans by financial Institutions. Like the youth, most women who venture into businesses in the rural areas and need finance lack the needed collateral to enable them secure bank loans Ochieng *et al.* (2013).

In Kenya, lack of capital and access to affordable credit is cited by youth as the main factor behind the low productivity in agriculture (Kangai *et al.*, 2011). Mwabobia (2012), emphasizes that youth entrepreneurs owning small businesses are held back by heavy local conditions, most of them are unable to raise huge collaterals demanded by banks as a condition to access loan and thus limiting their access to credits.

2.3.3 Literacy levels of the beneficiaries and access to credit

Access to information on financial credit is also among the important factors of beneficiaries to access the same. For example a study by Hopkins *et al*. (2011) on youth entrepreneurs in Kenya showed that most of the respondents had a low understanding on financial decisions and no formal training on financial business credit thus low credit accessibility among the beneficiaries. According to Cole *et al.* (2009), education is considered an important factor for women entrepreneurs to access credit.

Generally, women's low literacy levels on financial credit worsen their accessibility to loans. Birech (2013) argues that, there is a significant correlation between financial literacy and uptake of credit by the youth. According to Lagat *et al*., (2014) most of the youth are not well informed about loans; this makes a challenge in accessing the same.

Therefore, information on credit is needed to the youth so as to increase their uptake of the same credit.

2.3.4 Gender of the beneficiaries and beneficiaries

In Vietnam, Rand (2007) found that male-owned firms accessed credit more frequently in comparison to female owned firms, due to men owning more resources' which makes them creditworthy. According to Sebopeti and Belete (2009), men have more access to credit compared to women. Generally, women are marginalized and vulnerable as most of them are illiterate and have no assets compared to men. A study by Langowitz and Minniti (2007) also indicated that women's access to credit is a major constraint especially at the enterprise's levels compared to men. Doan *et al.* (2010) using Tobit model showed that gender does not matter in credit participation but it plays a role in explaining loan size. There is an existence of gender gap in sub-Saharan Africa countries for example in Mozambique; women have less access to financial services than men, (Aterido *et al.,* 2013).

2.3.5 Income of the beneficiaries and access to credit

Ones income is among the factors which influence access to credit in financial institutions; generally the ability of people with low income or unstable incomes to access credit is lower compared to those with high income or stable income's especially in developing countries (Denkyirah *et al.*, 2016). Income is among the important factors that influence the decision and ability to get credit, income had a positive influence whereby those with high incomes were forward coming with regard to credit access relative to those with low incomes. Financial institutions believe that higher income is seen as a collateral for loan hence they use the borrowers’ income as a measure of repayment capacity (Chandio *et al*., 2017)

2.4 Sources of Credit to the Youth

The main sources of credit accessibility include commercial banks, co-operative societies and informal sources that include money from money lenders, friends or relatives. A study on credit sources and determinants by farmers in Nigeria by Ijioma and Osondu (2015), shows that most of the beneficiaries accessed credit from co-operative societies that accounted for 43.33%, followed by informal ones that accounted for 30% of the beneficiaries and then commercial banks being the least preferred that accounted for 1.1%. This shows that most of the beneficiaries are able to access credit from informal sources than formal ones, and this could be due to setbacks that these beneficiaries get from formal sources.

2.5 Access to Credit and Employment Creation

Employment has been high on the social, economic and political agenda in the world (National Bureau of Statistics (NBS), 2015). A study by the Food and Agriculture Organization (FAO) (2014) indicated that access to credit is the main aspect in creating self employment opportunities for the youth, however its access is hindered by some barriers such as restrictions in the legal and regulatory environment (such as minimum age and identification requirements. According to Pathak and Gyawali (2010) the prime objective of people to participate in the micro-finance program is to get access to credit fund so that they could start micro-business and create employment for themselves. Therefore, access to credit had a positive impact and a vital role in enterprises creation and employment generation.

The loans provided by micro-finance program have been mostly invested to operate small retail shops like grocery, cosmetic (Pathak and Gyawali, 2010). According to Kurgat and Owembi (2017), the youth with access to credit have better job opportunities and access to credit facilities leads to job creation for youths with the same employing other youths. In Nigeria Abdulsalam and Tukur (2014) found out that accessed credit enables businesses to increase the value of capital while increasing employment generation due to business expansion. Therefore, this study assessed how credit access has helped youth in Kilombero District to create employment for themselves.

2.6 Theoretical Framework

2.6.1 Imperfect information theory (IIT)

This is one of the theories which guided the study. Generally, the IIT shows differences between two parties being that one party having more or less information than the other party;the party which is missing information fails to access credit. In addition, information asymmetry can lead to the imperfection of financial markets (Greenwald and Stieglit, 1986).Ndungu (2016) argues that in most cases, the theory shows that many financial institutions cannot be effective in credit services supply, because informal lenders have less information than the credit borrowers. Therefore, these institutions fail to set affordable criteria for the borrowers. Furthermore, these institutions in trying to avoid the cost of imperfect information set high transaction costs and tight regulations to borrowers which at times become a setback to credit availability. In this study, the imperfect theory has been applied to see whether the youth’s access to credit is hindered by criteria set by the financial institution.

2.6.2 Financial inclusion theory (FIT)

FIT theory explains the accessibility of financial services and resources for different economic beneficiaries at an affordable cost and time. This includes the vulnerable groups especially the low-income earners and women (Mbutor and Uba, 2013). According to Chakrabarty (2011), financial inclusion ensures that every fairly and transparent person has access to any kind of financial services.

FIT theory was useful in guiding the study since youth as a group are among the groups that should be financially included to access financial services. The ability of the youths to access different financial services, for example, the ability to access credit, in turn, opens their ability to entrepreneurship, boosts their income and also improves their livelihoods. Therefore, from the FIT theory, the study focused on the number of youth who have access to credit and further access, why some of these youths are financially excluded. In addition, it assessed how youth use the accessed credit to self-employ themselves or create employment for others.

2.7 Research Gap

According to literature (Ajagbe, 2012; Akpan *et al.*, 2013) women and small income farmers access to credit is a challenge. In addition, Ahaibwe *et al.* (2013), reported that in Uganda the youth face challenges when it comes to access to credit. Generally, most of the literature bases on credit access challenges hence little is known on how the credit accessed by the youth enables them to create employment, thus, reducing unemployment rate and also dependency, Therefore, the study focused on how credit accessed by the youths in Kilombero District has enabled the creation of employment for the youth themselves and others. Thus, the study bridges the current knowledge gap on youths access to credit and employment creation.

2.8 Conceptual Framework

The conceptual framework of the study illustrates the linkage between the dependent and independent variables. Figure 1 shows the link between the independent variables that include socio demographic factors (age, gender, literacy levels, and occupation) and the dependent variables, employment creation. Generally, the availability of lending institution will affect the employment creation in a positive and negative ways by either increasing or decreasing the number of youth accessing credit and hence the number of employment, interest rate affects the amount of loan borrowed, the higher the interest the lower the credit collateral possession also affects the amount of loan borrowed duration of repayment and also frequency of borrowing. All these will affect the employment creation in a positive and negative ways. Therefore, an increase in the proportion of youth who access credit increases chances for self- employment and employment for others.

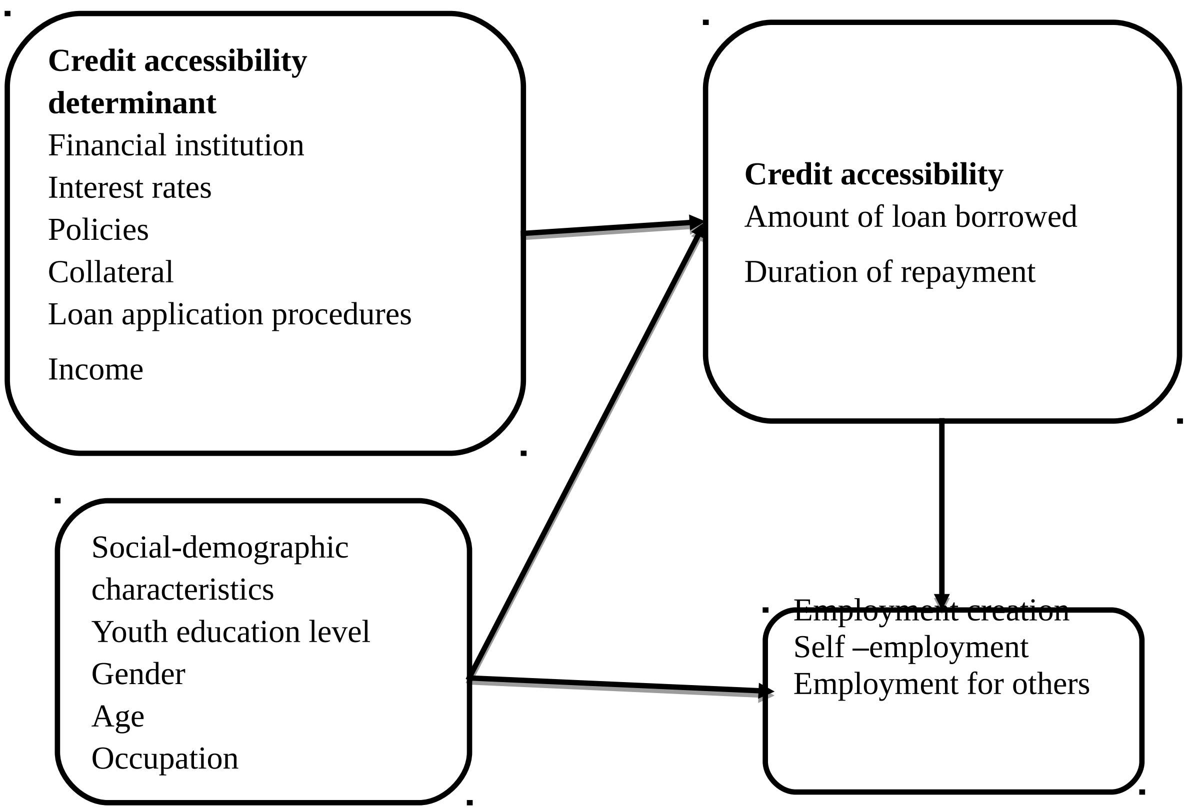

Figure 1: The conceptual framework of the study on the youths' access to credit and employment creation

CHAPTER THREE

3.0 METHODOLOGY

3.1 Description of the Study Area

Tanzania 2012 Population and Housing Census shows that Morogoro Region had a population of 2,495,462 people by 2017 and Kilombero had a population of 339,092 people by 2017; Kilombero is one of the nine districts in Morogoro Region. Its headquarters are located in Ifakara. It is bordered by Morogoro District to the East and Kilosa District to the North-East. To the North and West, it borders with Mufindi and Njombe districts of Iringa Region. To the South-East, it borders with Songea District and Ulanga District of Ruvuma Region and Morogoro Region respectively. Kilombero has 35 wards in total (NBS, 2012). Kilombero District is characterized with the following economic activities: agriculture, fishing livestock trade and hand craft e.g. poetry and basketry. In addition, Kilombero district has many financial institutions such as NMB, CRDB, TPB and Yetu Bank.

3.2 Research Design

The study adopted a cross-sectional research design whereby the data were collected at one point in time. The targeted population for the study was all the youth in Kilombero District. This design is appropriate for a descriptive study and for determining relationship between and among the variables (Saunders and Thorn, 2009).

3.3 Sampling Procedure and Sample Size

3.3.1 Sampling

The study used both multistage and simple random sampling techniques whereby Kilombero District was purposively selected from the eight districts in Morogoro Region. In addition, the two urban wards Kidatu and Ifakara were also purposively selected based on the fact that the youths in urban areas are more likely to be more informed and urban areas have more credit opportunities relatively to rural. Therefore, youths from the two wards were randomly selected from youth registers obtained from the ward offices. A total of 196 respondents were chosen.

3.3.2 Sample size

The sample size was obtained through the use of Cochran’s formula of sample size determination.

The Cochran’s formula for obtaining a sample size

The Cochran’s formula

$$n = \frac{z^2pq}{e^2} \qquad \text{……………………………………………………………………..(1)}$$

Where by: z=confidence level (α=0.07).

p=proportion of the population = (1-q)

e=allowable error

Hence z=1.96

The value of p is assumed to be 0.5 since in a large population we do not know the variability in the proportion of the population of youth who have access to credit and therefore 0.5 is assumed to be the maximum variability and hence if p=(1-q) then q will also be 0.5

$$n = \frac{(1.96^2)(0.5)(0.5)}{0.07^2} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(2)$$

n=196 respondents

Based on the above, the study was expected to involve 196 youth therefore a total of 98 youth were randomly selected from Ifakara ward and another 98 from Kidatu ward. According to Mugenda (2003) The Cochran’s formula is one of the appropriate ways of determining sample size.

In addition, data were also collected through the Focus Group Discussion (FGDS), whereby two groups from each ward having 6 people was involved making a total of 24 participants. further to the above key informants were involved in a study these are, District Community Development Officer (1), Ward development Officer (2) Commercials Banks (4) Microfinance institutions (2) The FGD’s and KII’s were used so as to validate the data collected from the questionnaires survey and allow triangulation, as a way of assuring the validity of the research.

3.3 Data Collection and Analysis

Primary data were collected from the youths through self administered pre-structured questionnaires. In addition, appendix 3 is a FGD guide for discussions which were conducted with a group of male and female youth. Further to the above, the check list was used to guide (appendix 2) key informant interviews (KIIs) that involved the DCDO, WDO, Commercial Banks and Microfinance’s institution. Primary data collected through questionnaire were coded and analyzed using computer software SPSS 21.0. Binary logistic regression analyses were used for the inferential statistic.

3.3.1 Qualitative data

All the qualitative data from the KII's and the FDG's were analyzed using thematic analysis.

Table 1: Objective methodology Matrix

No	Objectives	Data collection method(s)	Analysis technique(s)
1	To determine proportion of youth having access to credit.	Questionnaire focus group discussion	Descriptive statistic & thematic analysis
2	To determine factors responsible for youth's access to credit.	Questionnaire	Binary logistic Regression
3	To determine contribution of the accessed credit towards employment creation.	Questionnaire, Focus group discussion &KIIs	Binary logistic Regression&thematic analysis
4	To identify challenges facing youth when it comes to credit access.	Questionnaire, Focus group discussion & KIIs	Descriptive statistic &thematic analysis

3.4 Limitations of the Study

Response rate refers to the number of subjects who respond to a research instrument. The researcher issued 196 copies of questionnaires. However 181 copies of questionnaires were returned, which representing 92.3%. The possible reason for this is the fact that most youth were not ready to respond complaining that people come and question them without providing feedback. According to Mugenda and Mugenda (2003), response rate of 50% is adequate for analysis and reporting, a response rate of 60% is good and a response rate of 70% and above is very good. Another limitation was some of the youth refused to be interviewed assuming that people from TRA surveying on their business, to address this limitation few (7.66%) who did not respond. Thus, the researcher had to explain clearly to them on what was being done, later on they were convinced to provide information.

CHAPTER FOUR

4.0 FINDINGS AND DISCUSIONS

4.1 Introduction

This chapter presents the findings of the study and a discussion of the findings. Generally, the study findings are presented and discussed in line with the study's objectives and the chapter is divided into five sections. The first section consists of the respondent's background characteristics covering parameters such as age, education, marital status occupation and household size. The second section provides detailed information on youth's access to credit and employment creation. Specifically, the section focuses on (i) proportion of youth who have access to credit. (ii) Factors responsible for youth's access to credit (iii) contribution of the credit accessed towards employment creation and challenges faced by the youth while accessing credits.

4.2 Respondents Socio-demographic Characteristics and their Access to Credit and Employment Creation

4.2.1 Proportional of Youth Having Access to Credit

Study findings (Table.2) show that the majority (77.3%) of the youths could not access credit while a few (22.7%) were able to access the same. The study area has fewer youth accessing credit and this is because most of them lack collateral (56.7%) though some have collateral but it is inadequate to meet the most common collateral demands set by the financial institutions. Generally, the most preferred collaterals in the study area were houses and farm plots; low access to credit by the youth tends to undermine the government's effort to create an enabling environment for the youth's self employment and employment for other (URT, 2007). Therefore the need for establishment of youth friendly credit supports services that empower the youth in relation to access to credit and its management (URT, 2007). The surveyed youth do not apply for credit because of the huge collateral requirements. This is also supported by Nagrajan, 2005 and Wachira, 2012 who both realised that unequal access to credit by youth entrepreneurs is to a large extent a result of youth's lack of collateral.

4.2.1.1 Youth's *age*, access to credit and employment creation

Study findings (Table 2) show that most (46.4%) of the youth were aged between 29 and 35 years. A few (18.2%) of the youth were aged between 15and 21years. Also, the study findings show that over a third of (36.9%) the youths aged between 29 and 35 years were the ones accessing credit and over three quarters (77%) of these were able to create employment out of the credit accessed. Youth aged between 15 and 21years, could not access credit, only a few (3%) accessed credit and all (100%) created employment out of it. The study found out older youth could easily access credit because they are in a right age of property possession that they could use it as collateral.

According to the study findings (Table2), youth aged below 22 years had no access to credit but had ideas on how to create employment for themselves and others when they have opportunity to access credit. Literature by (Ernest and Young, 2011; FMECD, 2010;

United Nations, 2013), shows that young people have great difficulties in accessing credit because of their age, in addition to having little experience and few assets. Therefore, they can neither employ themselves nor create employment. The above studies generally show the importance of access to credit and creation of employment. Moreover, credit is needed for the establishment or expansion of enterprises or firms, and enhance establishment of employment.

4.2.1.2 Youth's level of education, access to credit and employment creation

According to the study findings (Table 2) about half (49.7%) of the surveyed youth in Kilombero District had primary school education. Over a third (38.1%) had secondary school education and only a few (7.7%) had university education, while only a few (4.4%) of the respondents lacked formal education. Based on the study findings (Table 2) the majority of the respondents were literate and able to comprehend and fill the questionnaires appropriately. Generally, under a quarter (22.6%) of youth with education had access to credit and 80.4% out of them did create employment, while those who never went to school lacked access to credits and hence could not create employment. The study findings show that the more youths get education their ability to access credit increases. Education acts as one of the important information and its gives you credit to qualify and also to be trusted that you're going to utilize the credit accessed effectively.

Generally, being educated helps the youth to have knowledge on credit in addition, some may possess jobs which they can use as collateral to access credit compared to the uneducated ones. According to Kisunza and Theuri (2014), education provides a person with the ability to recognize commercial opportunities, have the knowledge, self-esteem and skills to act on them. It also gives young entrepreneurs the ability to access sources of financing. The study findings confirm to the findings by Ajagbe (2012) in Nigeria who reported that only a few youth entrepreneurs who accessed credit had attained, university level education. Probably because most graduates prefer white-collar jobs and hence, will not be operating businesses which require micro-loans. Despite the fact that here in Tanzania employment is used as collateral However, all the borrowers had gained some formal education.

4.2.1.3Youth's occupation, access to credit and employment creation

According to the study findings about two third (65.7%) of the youth involved themselves in entrepreneurial activities, such as food vending, hairdressing, Bajaj (tricycle) and *bodaboda* (motorcycle) operations. However, a few (2.8%) of the youth were unemployed. In addition, only under two fifth (18.4%) of the youth doing the entrepreneurial activities had access to credit, and the majority (90.9%) of them created employment.

The study findings (Table2) show that the number of entrepreneurs accessing credit is low but, most would want to access credit to expand their business, however lack of collaterals and poor performance of some of the businesses hinder them on one way or another. Some of the youth are worried that they could lose the small business they had once they fail to repay the loans. The study findings are similar to those by Signhild (2010), who reported that access to credit was one of the major obstacles to entrepreneurial growth among the youth. In addition, Wanjohi(2011) points out that lack of access to credit is almost universally indicated as a key problem for youth enterprises.

Generally, youth entrepreneurs fail to access credit due to the higher interest rates being charged (Cheluget, 2013).

Table2: Youth socio demographic characteristic credit accessed and their employment creation (n=181)

Personal information		Credit accessibility(n=181) Yes	Credit accessibility(n=181) No	Employment creation(n=41) Yes	Employment creation(n=41) No
Age group	15-21	1	32	1	0
	22-28	9	55	8	1
	29-35	31	53	24	7
Level of education	Primary level	18	72	17	1
	Secondary level	14	55	13	1
	University level	9	5	3	6
Occupation	Entrepreneur	22	97	20	2
	Civil servant	2	0	1	1
	Private employee	11	9	6	5
	Farmer	6	29	6	0
Sex	Male	25	107	21	4
	Female	16	33	12	4
Marital Status	Single	9	76	7	2
	Married	29	59	24	5
	Divorced	2	5	2	0
	Widow	1	0	0	0

4.2.1.4 Youth sex, access to credit and employment creation

The study received most of the information from male youths who accounted for just three quarters (72.9 %,) of the total population as shown in Table 2. In addition, male youth were the ones most active in accessing credit whereby about a fifth (18.9%) of them did access credit and 84% of them created employment. Study findings in (Table2) also show that only (32%) females could access credit and 75% created employment out of the same. The study's observations show most male youth could access credit and invest to create employment; female youth could not access credit in a large numbers because most of them owned less assets that they could use as collaterals.

Generally, most businesses were own by male youth and female youth were left at home taking care of their families. The results are similar to those of a study by Kangogo *et al*. (2013) whereby it was observed that gender of the borrower was positively related to micro-credit group participation and that female are more disadvantaged compared to the male in terms of collaterals, According to Owour (2009), the majority of women in Africa still lack right to property to hold as collateral against credit. Moreover other studies findings, (Armendariz and Morduch, 2005; Siwadi *et al*., 2011; World Bank, 2012; Makena *et al.*, 2014; Moraa, 2014) report similar findings that most women do not posses collateral compared to men. In Mozambique, women have less access to financial services than men, something that is in Sub-Saharan Africa (Aterido *et al.*, 2013). Mainly due to the existence of gender gap in Sub-Saharan Africa.

4.2.1.5 Youth's marital status and access to credit

According to the study findings on the youth marital status about half (48.6 %) of the respondents were married while 47% were single nonetheless some lived with families, in additional, about a third (32.9%) of the youth who were married did access credit and 82.7% of them created employment it is observed that married couples could access and create employment for them and others. Marriage has been used as security in accessing credit from the study area. It is shown that if you are married you are likely to be trusted by the financial institution because when you fail to pay there is someone (husband) responsible to clear the debt.

4.3 Reasons for Youth's Lack of Access to Credit

The findings show that more than three quarter (77.3%) of the surveyed youth lacked access to credit according to Table 3. The major reason for the above was lack of collateral which was reported by more than a half (57%) of the respondents. Generally, common collaterals required by most financial institution in Kilombero District are one to have a plot /farm, house, salary slip or owning a certain business already as collateral to access credit. Most of the youth lacked them or had collaterals which were inadequate. The study findings is similar to observation by Nganga, (2015) who reported that youth possess little resources and assets that are inadequate and sometimes they are unacceptable as collateral for loans by financial institutions. Normally very few financial institutions like YETU bank and NMB can lend you small credit only, if you have movable assets such as furniture or being a in a group of 6-7youth. This too acts as collateral. This observation is supported by what was pointed out in the FDGs as shown in the quote below:

> *"Some of us have collateral i.e. home assets such as furniture however, these are not compatible with most of financial institution as most require house and farm plots so as to get a promising amount unfortunately we don't own them."(A 29 year old male, youth in Kilombero District 13th December2018).*

Another female youth said that:

Some financial institutions accept the movable assets such as furniture but this is for the very small loans. One may want to add up on your existing business or if you want to open up a small business, (A 27 year old female, youth in Kilombero District, 13th December 2018).

Table 3: Most common collateral required (n=180)

Common collateral required	Frequency	Percent
House	95	52.5
salary slip	4	2.2
Plot/farm	49	27.1
Running business	14	7.7
Group membership	1	.6
Movable assets	18	9.9

The study findings are similar to an observation by Ernest and Young (2011) from more than 200 youth entrepreneurs who gathered for the G20 Young Entrepreneur Summit in Toronto June 2010. Generally, the youth mentioned that they had great difficulties in accessing credit because of their little experience, few and inadequate assets. From the study findings it was observed that there were youth who are not employed and they wanted to start up a new business hence possessed neither collateral nor an existing business that could act as collateral. Consequently, they faced difficulties in accessing credit as shown in the quote below by one of the FDGs participants

"For us who are not employed and we want to start our business, we face so many difficulties in accessing credit because, first we do not have collateral that is compatible to most financial institutions requirements. In addition, we do not have salary slips that we can use as collateral employers and guarantee. We don't

own any business that we can use as collateral therefore accessing credits is difficult" (*A 25 year old male, in Kilombero District 13th December 2018).*

The finding of this study is similar to that Mcnulty and Nagarajan (2005) who reported that loans were generally only provided to youth who have an established business rather than to start-ups, and that this was mainly due to the fact that financial institution believed for a start up businesses posed a lot risk as they may collapse leading the borrower failing to return the money.

Table 4: Most common collateral required and whether respondent has access to credit (n=181)

Most common collateral	Youth accessing credit	
	Yes	No
House	18	77
Salary slip	1	3
Plot/farm	8	41
Business ownership	3	11
Youth's Group	0	1
Movable assets(bed, utensils)	11	7

4.4 Purpose of Credit Accessed by the Youth

Youth access credit for many purposes. Generally, most youth access credit with the intention of creating employment or expanding their investments: However, youths have different purposes of accessing credit apart from investing. From the study findings

(Table5), the majority (95.1%) of the youth who accessed credit invested on business self-employment and employment for others, a few (4.87%) youth who accessed credit could not create employment because they failed to manage the credit and some used it on other unproductive purposes such as paying school fees, kid's birthday parties which resulted to failure in paying the loan back and hence being liquidated. This study finding conforms to the findings by Onchangwa *et al.* (2013) who reported that misallocation of loans in non production activities reduced chances of investments and this posed the high probability of the loan default in Kenya. The above observation is supported by what was pointed out in the FDGs as shown in the quote below.

> *"Some youth access credit for personal use such as paying school fees and they end up being liquidated"(A 35 year old male youth Kilombero District,11th December, 2018).*

Another female youth said that

> *"Most female youths access credit so as they can hold parties for their kids or buy home assets competition with other women in the streets, which leaves them bankrupt and with lots of debts"(A 29 year old female, youth, Kilombero District, 11th December 2018)*

Lastly, it was observed from the study that some of the youth lacked education on credit and that credit accessed has to be used in productive purposes hence the possibility of returning the credit accessed without any loss. The argument is supported with what one of the key informants said as shown in the quote below:

> *"Most of the youths in this area need education on the importance and how to manage the credits they accessed. Doing so will help them to create more employment by investing in more productive investments"*
> *(A 30 year's old female key informant, kilombero District, 12th December 2018)*

Table 5: Purpose of credit accessed by the youth (n=41)

Purpose of credit	Frequency	Percent
Short terms need	2	4.87
Buying fixed assets	6	14.63
Starting new firm	5	12.19
Improving the existing business	25	60.97
Investing on agriculture	3	7.31

4.5 Factors Responsible for Youth's Access to Credit

Binary logistic regression results show that, "collateral" and "youth's occupation" had a significant influence on youth's credit access. Generally, the binary logistic regression results show that these were significant at $p \leq 0.05$(Table 6); hence the null hypothesis that is rejected as shown in Table 6.Therefore, collateral is one of the two determinants for youth to get credit in Kilombero District and that the youth need to have the preferred collateral for them to access credits. Only youth having the required collateral will be able to access credit.

The above findings are similar to those reported in the literature by (Kimuyu and Omiti, 2000; Kamau, 2013). Also occupation of the youth influences the access to credit. In kilombero District the occupation of the youth influences one to get credit. Different scholars independently investigated the relationship between access to credit and applicants' occupation. The convergence is that there is a positive and significant relationship between the two (Okurut, 2008; Okurut *et al.*, 2009; Clamara *et al.,* 2014).

Moreover, financial institutions use occupation as collateral for loan, thus whereby the borrowers' occupation is used as a measure of repayment capacity. However, other factors: age, gender and marital status do not have significant influence on the youth's access to credit since their significant values are greater than p-value of 0.05. This study observation is similar to some studies (Bakhshoodeh and Karami, 2008; Rand, 2007; Baiyegunhi *et al.*, 2010) which have reported a negative significant relationship between age of the borrower and access to credit.

Table 6: Factors responsible for credit access

Parameter	B	S.E	Wald	Df	Sig	Exp (B)
Gender	8.632	54.102	0	1	0.999	5609.1
Occupation	1.41	42.356	0.198	1	0.03	4
Marital	-1.364	79.212	0	1	0.996	0
Level of Education	-1.421	33.104	0	1	0.987	0.2415
Household Size	0.321	82.219	0.01	1	0.897	1.3785
Collateral	1.321	2.496	0.282	1	0.021	3.747
Constant	1.325	2.496	0.282	1	0.596	0.266

4.6 Access to Credit and Employment Creation

Based on study findings (Table 3) more than three quarters (77.3%) of the youth lacked access to credit due to the challenges identified in (Table 9). Generally, lack of access to credit has reduced the chances of the youth creating employment or full employing themselves. Based on the result of the binary logistic regression analysis, different factors were associated with job creation by the youths. According to Table 7 age, gender and marital status had no significant influence at $p \leq 0.05$. Hence these factors were not significantly associated with the surveyed youth's job creation. However, the "amount of credit accessed" was significantly associated with the youth's ability to create jobs. This is because the amount of credit accessed does determine what type of business one can invest in and how big the business will be and how many people one will be able to employ; hence the null hypothesis is rejected and the alternative hypothesis is adopted.

Table 7: **Binary logistic regression results for access to credit and employment creation (n=41**)

Parameters	B	S.E.	Wald	df	Sig.	Exp(B)
Age	0.85	1.366	0.387	1	0.534	2.34
Gender	-0.886	1.056	0.704	1	0.402	0.412
Marital	-21.858	40192.9	0	1	1	0
Amount accessed	1.23	0	3.409	1	0.045	3.42123
Household Size	0.973	1.212	0.453	1	0.564	2.6459
Level of Education	0.876	1.198	0.354	1	0.407	2.4013
Constant	18.571	40192.9	0	1	1	1.2E+08

The study findings revealed that there are youths who could access credit and have created employment by 80.5% out of it. Table 8 shows number of job that were created as a result of the surveyed youth access to credits. Most youth improved their existing business, whereby (4) of them did buy new *boda-boda*,(2) added food vending station,(2) added new shops,(4) added new sewing machines,(6) added new Bajaj,(4) expanded their e wallets business,(3) added new saloon (5)started new firm completely whereby (5)youth opened new shops completely, while (3) youth invested in agriculture where by all the (3) youth cultivated land for crop production as illustrated on (Table 8). Hence, more than half of the beneficiaries of the credits created employment thus suggesting that credits play a major role into boosting employment rate in Kilombero District this contributing significantly into reducing the unemployment rate. According to Khamis (2011), lack of credit is a crucial challenge to the development of the people especially the youth in Zanzibar.

Table 8: **Employment created (n=33)**

Category	**Frequency**	**Percent**
Bought a *bodaboda*	4	2.2
Crop cultivation	3	1.7
Food vending	2	1.1
Added a new shop	2	1.1
Bought a sewing machine	4	2.2
Opened a new shop	5	2.8

Added a Bajaj	6	3.3
Expanded e wallets business	4	2.2
Saloon activities	3	1.7

4.7 Challenges Faced By the Youth When Accessing Credit

According to the findings (Table 9) identified challenges for youth access to credit include lack of collaterals pointed out by more than a half (57.14%) of the youth. This observation was similar to what was reported by study done in Kenya whereby accessing credit remains difficult for young people, since they often lack the required collateral such as land or savings to obtain credit from financial institutions (Herbel *et al.,* 2010). Also, the majority of the youths in Bomet County suffer from limited access to formal credit due to lack of collaterals (Moraa, 2014).

The study findings (table 9) show that about a quarter (26.42%) of the youth did not access credit due to fear of being liquidated once they failed to pay the credit back. This is similar to what has been reported by a study done in Egypt where it was found out that youth fail to access funds/credit due to fear of losing their properties by not being able to pay back the loans (Sieverding, 2012). High interest rate was also mentioned to be one the hindrances in relation to access to credit. The study findings are similar to observations by Kangogo *et al.* (2013) that interest rate is of great concern in determining both the participation and level of participation in credit groups. Moreover, Mwangi and Bwisa, (2013) have also reported that the rate of interest for credit is high. Generally, high interest rates can make the youth entrepreneurs shy away from accessing credit. Lastly, Wachira (2012) reported a negative relationship between interest rates and the uptake of credit for youth. Other challenges were such as low education to credit accessibility and unreliable business market and requirement not reached.

Despite Kilombero District having a youth development fund (YDF) from which the youth could access credit one FGD participant pointed out that there was a challenge in accessing the same as shown in the quote below:

> "*Credit is given to those youth who are from well off families and to those whose parents are having a certain position in the society, we youth who have nothing are not trusted and face difficulties in accessing credits*." (A 25 female youth, Kilombero District 13th December 2018).

Further to above during the FDGs participant argued that, most of the financial institutions require them to be in groups so as to get credit. Generally, youth are suppose to be in a group of six to seven youth, then the group acts as collateral and that's a challenge. One participant said:

> "*Being in groups as how financial institutions require us to do is a challenge to us; due to the fact that the groups loans delay ones mission and success. You cannot succeed in groups since we differ in perspectives"(*A 29 years old female youth ,kilombero District 13th December 2018).

Another FDG participant said;

> "*Sometimes within a group, members are not faithful especially the time of repaying. Other group members disappear and the rest of the group is forced to pay his/her debts*" (A 24years old female youth, Kilombero District,13th December 2018).

Table 9: Challenges faced by the youth when accessing credit (n=140)

Challenge for youth's access to credit	Frequency	Percent
Lack of collateral	80	57.14
Less education to credit accessibility	10	7.14
Fear of being liquidated	37	26.42
High interest rate	10	7.14
Unreliable business market	2	1.42
Requirement not reached	1	0.71

Apart from the above mentioned challenges by the FGDs another major challenge as shown in the quote below is the loan repayment system. The youth at Kilombero District argued that the financial repayment system were not friendly; the repayment period are short. Considering the nature of business they perform most of them are not reliable and also the nature of the place, the circulation of money takes time and thus the return or profit in the business delays. In general, most of the youth in Kilombero perform unreliable business or activities that depend on season and some perform the business that they take long to return profit. For example, cultivation is a process; it needs time, till you get profit. Hence youth fail to access credit on the fear that they won't be able to return the credit accessed on time. As portrayed below:

> *"The repayment system is not suitable for us; since the repayment period is short and our businesses are not reliable; sometimes our business are shaken and we fail to return restorations in time" (35 year male youth, Kilombero District 13th December, 2018).*

According to the literature (Herrington, 2011; Okurut and Ama, 2013), loan repayment period generally limits youth's access to credit since they cannot meet the repayment rules and time. Hence youth opt not to access credit.

Table 10: Repayment condition hinders credit access to youth (n=181)

Repayment condition		Frequency	Percent
Hinders credit	Yes	114	63
Accessibility	No	67	37

CHAPTER FIVE

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The main objective of the study was to assess youth's credit access and how the same enables them to create employment. Specifically, the study aimed at determining the proportion of youth having access to credit, determine factors responsible for youth's access to credit, determining contribution of credit accessed towards employment creation, and identify the challenges faced by the youth towards credit access.

Generally, it can be concluded from the study that the proportion of youth accessing credit in Kilombero District is very minimal and this is mainly due to lack or inadequate collateral, inadequate information on credit access, other hindering factors include high interest rate and short repayment period.

It is also concluded that the significant factors that are responsible for credit access are occupation and the amount to be accessed whereby from the study the amount a youth want to access matters and this is related to the collateral she or he possess. As it has been revealed that occupation is also a factor and that acts as collateral.

It is further concluded that creation of employment from credit accessed depends on the amount of credit accessed, the higher the amount of credit, and the higher the likelihood of employment for oneself and to others. In addition, the amount accessed enables one to have accessed wide range of business or employment creation.

Lastly, it is concluded that the major challenges faced by the youth in Kilombero while accessing credit is lack of collaterals. Most of the youth in Kilombero cannot afford and do not possess the collaterals required by the financial institution. Others are fear to be liquidated, high interest rate unreliable business market, and poor education on credit access and management.

5.2 Recommendations

Based on the findings and conclusion, the following are recommended;

i) Lending institutions should change the modality of collaterals, so as to enable the youth to access credit with the collateral they possess which can enable them to fully self-employ themselves and create employment for others.

ii) Financial institutions in Kilombero District and in particular in the study areas should properly train the youth on credit access and its management doing so will ensure that the youth accessing credit can benefit and at the same time repay the borrowed amount.

iii) In addition, high interest rate has made the youths to shy away from accessing credits hence lending institutions should reduce interest rates to make them youth-friendly so as to encourage many youths to access credit thus allowing them to employ themselves and employ others.

iv) Lending institutions should pay particular attention to special groups such as female youth as their current access to credit is not that promising. Therefore, they should see how they can create special loans for women that they can afford and do not demand higher collaterals. Doing the above, will help the female youth to self employ and employ others.

v) Lastly, it is recommended that financial institutions should increase loan repayment period in Kilombero District. Doing so will allow the youth to have enough time to grow their enterprises hence acquiring the necessary profits or financial flows that will allow them to comfortably repay their loans without much suffering.

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APPENDICES

Appendix 1: Questionnaire

Study Title: Youth Access to Credit and Employment Creation: A Case Study of Kilombero District, Tanzania

Introduction and Consent

Hello, my name is…………………. and I am doing the above study as a partial requirement for the degree of Master of Arts in Project Management and Evaluation of Sokoine4 University of Agriculture. If you agree to participate, I would like to ask questions about accessibility of credits, collateral security and rate of interest. All the information you give will be kept strictly confidential and will be used for academic purposes only. I would appreciate if you could answer the questions as openly and as truly as you can. At this time, do you have any question that you would like to ask about the research? May I begin the interview now?

Part A: General Survey Information

Item	**Response**
Region	
District	
Ward name:	

Part B: Socio-Economic and Demographic Profile of Respondent

S/N	Item	Response
1	Name of respondent (*Optional*):	
2	Phone number of respondent (*Optional*):	
3	Age (in complete years) of respondent:	|___|___|___|
4	Sex (Please circle only one that apply)	Male Female
5	Education level (Please circle only one that apply)	Never went to school Primary school Secondary school Tertiary level (university/college) Other (Please Specify)
6	What is your main occupation?	Business/entrepreneur Civil Servant Employed-private sector Farmer Unemployed
7	Marital status	Single Married Divorced/separated Widow
8	What is your household size?	

Part C: Credit Accessibility

S/N	Item	Response
9	Do you have access to credits?	Yes No
10	If no , why	
11	If yes, what were the criteria enabled you	
12	please mention the source of credit	Source:
13	How did you hear about the source you have mentioned?	
14	When did you access credits for the first time?	Year started accessing credit:
15	Amount of credits you obtain in the year	
16	Did you receive the same amount requested?	1.Yes 2.No
17	If No what was the reason for the credit source did not give you the entire credits?	1.Insufficient collateral in possession 2. Short repayment period 3.Others...........(specify)
18.	What was the purpose of the credits accessed?	
19.	How much of the credit was used for the purposed intended?	

20	Was the collateral one of the conditions to access the most recent credits?	1.Yes 2.No
21.	If yes what were the form of collateral used	
22.	Is the collateral in your possession adequate/fully acceptable by the lending institution?	1.Yes 2.No
23	Based on your knowledge do you think all lending institutions in your areas require collateral?	1.Yes,all 2.No,not all
24	What is the most common collateral?	
25	In your views, do you think these conditions of collaterals are easily meet by youth in this community?	1.Yes 2.No
26	Do you think the interest rate charge by lending institution is the hindrance of youth to access loans?	1.Yes 2.No
27.	What is the interest rate on the credit you access?	
28	How frequently do you access credits?	
29	How long does it take to process the credits?	
30	Are the lending institutions on your area youth friendly?	1.Yes 2.No
31	Are the lending procedures youth friendly?	1.Yes 2.No
32	State maximum length of repayment of the maximum loans you have taken from any lending institution	
33	Do the repayment rules hinder access to loans by the youths?	1Yes 2.No
34	Did you receive any training on how to manage credits before you access the credits?	1.Yes 2.No
35	In what areas was the Training on?	
36	How much training on credits access and management have you attended?	
37	Indicate the nature of the training normally takes?	1.Formal training 2.on job training 3.workshop and Seminars
38	From the credit accessed did you manage to create employment	1 yes 2 No
39	What employment did you create?	

Appendix 2: Interview Guide for Key informant Interview

Sex: ….…….....District…Ward…Street…

Date……………………Phone no……………………………….

Dear ……………………(Position), the interview is aimed at collecting information about Youth's Access to Credit and Employment Creation specifically at Kilombero. I would appreciate your opinions, ideas and views which will contribute to enrich my study.

Be assured that this information is only to serve the purpose of this study, and will be treated confidentially. The following are Guiding questions

A) Proportional of Youth Who Have Access to Credit

1. Do you think youth have access to credit?
2. On what proportion/percentage youth access credit?
3. What are the main sources of credit for youth?
4. How youth access credit in that source? What are the criteria for getting credit?

B) Factors Influencing the Youth Access to Credit

5. What do you think are the factors which encourage youth to get credit?
6. What are the external factors which affect/influence youth credit accessibility?

C) Contribution of Credit Accessibility on Employment Creations

7. Do you think accessibility of credit youth influence employment creation? How?
8. What are the main forms of employment created by youth after get credit?

D) Challenges Facing the Youth in Credit Accessibility

9. What are the challenges facing youth in credit accessibility?

10. What should be done to improve youth credit accessibility?

E) Any Other Information

11. Is there anything I have not asked which you want to add?

This is the end of our interview. I will contact you if I need further information and clarification about this

Appendix 3: Focus Group Discussion Guide

District: ……………………..…...Ward: …….…………..….. Street: ………………..…..

Date……………………

Dear participants, the discussion are aimed at collecting information about Youth's Access to Credit and Employment Creation specifically at Kilombero. I would appreciate your opinions, ideas and views which will contribute to enrich my study. Be assured that this information is only to serve the purpose of this study, and will be treated confidentially.

The following are Guiding questions

A) Proportional of Youth Who Have Access to Credit

1. Do you think youth have access to credit?
2. On what proportion/percentage youth access credit?
3. What are the main sources of credit for youth?
4. How youth access credit in that source? What are the criteria for getting credit?

B) Factors Influencing the Youth Access to Credit

5. What do you think are the factors which encourage youth to get credit?
6. What are the external factors which affect/influence youth credit accessibility?

C) Contribution of Credit Accessibility on Employment Creations

7. Do you think accessibility of credit youth influence employment creation? How?
8. What are the main forms of employment created by youth after get credit?

D) Challenges Facing the Youth in Credit Accessibility

9. What are the challenges facing youth in credit accessibility?
10. What should be done to improve youth credit accessibility?

E) Any Other Information

11. Is there anything I have not asked which you want to add?

This is the end of our discussion. Thank you for your participation and your opinions.