

**CONTRIBUTION OF YOUTH DEVELOPMENT FUND IN CREATING YOUTH  
EMPLOYMENT OPPORTUNITIES IN KILOSA DISTRICT, TANZANIA**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTER OF ARTS IN RURAL  
DEVELOPMEMNT OF SOKOINE UNIVERSITY OF AGRICULTURE.**

**MOROGORO, TANZANIA.**

## **EXTENDED ABSTRACT**

Youth unemployment is a worldwide challenge. Tanzania is among the Sub-Saharan African countries which face the problem of unemployment. Lack of capital to venture in informal income generating activities is among the causes of youth unemployment. Youth Development Fund (YDF) was introduced in Tanzania with the aim of reducing youth unemployment through providing soft loans to youth. This study aimed at investigating how YDF contributed to the performance of youth IGAs and employment creation. The specific objectives were: i) To assess loan utilization practices and the types of youth enterprises/ investments after accessing loans from YDF, ii) To assess the non-financial support services and youth economic activities performance and iii) To examine the youth who managed to employ themselves or employ others as a result of YDF.

A cross-sectional study was conducted. A survey was used to collect data from 100 respondents. The study held 10 focus group discussions and 6 key informant interviews. Inferential and descriptive statistics were analysed through IBM-SPSS and STATA software. Association between YDF and youth employment creation was determined through a multiple linear regression model which was run using STATA. Content analysis was used in the analysis of qualitative data. Findings indicate that 89% of the respondents managed to employ themselves and employ others while 11% managed to employ themselves. Age of respondents, amount of capital invested, business experience had significant influence on youth employment at  $P \leq 0.05$  level while marital status, income generated per year had significant influence at  $P \leq 0.01$  level on employment creation. Loan from YDF was utilized for establishment of new businesses (59%) while the income generating activities mentioned were agriculture and livestock keeping (50.8%), transport (16.7%) and petty business (32.6%). The non-financial support services provided to the

youth were training and business linkages. The study concludes that YDF loan has positive contribution towards employment creation in terms of self-employment to youth and other youth in the established business enterprises. Therefore, it is recommended that the Ministry of Labour, Youth, Employment, and Persons with Disability in Tanzania should strengthen youth support through YDF loan and other non-financial support services. Also, the programme should continue with coaching and monitoring of YDF beneficiaries so as to improve business performance hence a reduction in youth unemployment.

## DECLARATION

I, Lightness Bigvai Sehaba, 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 submitted nor concurrently being submitted for a higher degree award in any other institution.

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## **ACKNOWLEDGEMENTS**

I would like to express my sincere appreciation to the Almighty God, the creator of heaven and earth, for His blessings, guidance, and divine intervention, and good health to me, my supervisor and my family during the whole period of my studies. I extend my sincere gratitude to my Supervisors; Dr. S.S. Nyanda and Dr. J.J. Ringo for their valuable guidance, constructive criticism, encouragement, love, and support throughout my studies. Their tireless attention and devotion have contributed greatly to the successful accomplishment of this dissertation. I am grateful to all the Department of Development and Strategic Studies and Department of Policy Planning and Management staff for their contribution and cooperation during my studies. Also, I am grateful to my classmates John Kwingwa and Pirilan Mphepo for their cooperation during my studies.

Furthermore, I appreciate the Department of Community Development and Kilosa District Council for their readiness and cooperation during data collection. Special thanks to the District Community Development Officer Mr. Rwegerela Katabaro and the Youth Development Officer Mr. Thomas Shebila for their cooperation during data collection. I extend my thanks to the Ward Executive Officers, Ward Community Development Officers, Village Executive Officers and group leaders who were involved in this study for their help in organizing data collection activity. I am also very grateful to all participants in the study for their time and patience during the interviews and focus group discussions.

Last, but not least, my thanks go to all my family members for their prayers, inspiration, moral and financial support during the whole period of my studies.

God bless you abundantly

## **DEDICATION**

This work is dedicated to the Almighty God and my mother Eveline Awed Lyatuu, who laid the foundation of my studies. The educational journey you initiated and inspired made it possible for me to achieve my dream today. Thank you indeed.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

DCDO	District Community Development Officer
FGD	Focus Group Discussion
FWD	Foundation for Working Development
FYDP	Five Years Development Plan
GDP	Gross Domestic Product
GoT	Government of Tanzania
ICT	Information and Communication Technology
IFC	International Finance Corporation
IGAs	Income Generating Activities
ILO	International Labour Organization
IMF	International Monetary Fund
IFAD	International Fund for Agriculture Development
LGAs	Local Government Authorities
MDG	Millennium Development Goal(s)
MLR	Multiple Linear Regression
NBS	National Bureau of Statistics
NGOs	Non-Governmental Organizations
NSGRP	National Strategy for Growth and Reduction of Poverty
NYDP	National Youth Development Policy
OECD	Organisation for Economic Co-operation and Development
SDGs	Sustainable Development Goals
SPSS	Statistics Package for Social Sciences
SSA	Sub-Saharan Africa
SUA	Sokoine University of Agriculture

TDV	Tanzania Development Vision
TRA	Tanzania Revenue Authority
TZS	Tanzanian Shillings
UN	United Nations
UNESCO	United Nations Economic and Social Council
URT	United Republic of Tanzania
VAEO	Village Agricultural Extension Officer
VEO	Village Executive Officer
VETA	Vocational Education Training Authority
VICOBA	Village Community Bank
WAEO	Ward Agricultural Extension Officer
WB	World Bank
WCDO	Ward Community Development Officer
WEO	Ward Executive Officer
YDF	Youth Development Fund
YDO	Youth Development Officer



## **CHAPTER ONE**

### **1.0 INTRODUCTION**

#### **1.1 Background Information**

The United Nations (2019), defines youth as persons aged between 15 to 24 years old. But Tanzania National Youth Development Policy (2007) defines youth as persons aged between 15 to 35 years old. Nigeria National Youth Policy (2009) defines youth as all young women and men aged from 18-35 years. This study uses the Nigeria's definition of youth because the Youth Development Fund (YDF) programme provides loans to youth who are between 18-35 years of age. Globally, there are 1.2 billion youth accounting for 16 percent of the global population whereby in Africa alone youth constitute 226 million people accounting for 19 percent of the global population (UN, 2015). Tanzania has over 54.2 million people as per 2018 National Bureau of Statistics (NBS); among them the youth constituted 35.1% of the population. Youth in a country represent future innovators, entrepreneurs, executives, engineers, community leaders, educators, and investors. However, this age group has been facing different socio- economic challenges like limited access to health services, formal education and employment opportunities. They also represent an essential human development capital; if the country can utilize them well it can lead to economic growth and poverty reduction (Ndyali, 2016). Despite slight improvement in the world's economy, youth employment situation has worsened in recent years (UN, 2019). Globally, 71 million youth are unemployed whereby in Northern Africa and Sub- Saharan Africa youth unemployment rate stood at 29.3% and 10.8% respectively (ILO, 2016).

Unemployment refers to inability of a national economy to generate employment opportunities to individuals who are qualified to work, ready to work and are seeking job

opportunities (Haji, 2015). Youth unemployment is the situation whereby young men and women are ready to work and are seeking job opportunities but fail to attain them (Haji, 2015). In this study youth unemployment refers to the state whereby youth fail to engage in any payable activity in terms of salary or wages. Youth unemployment is high in developing countries, for example, youth unemployment rate in Tanzania is 9.7% (NBS, 2018). Employment challenges facing youth in Tanzania are associated with mismatch between employers' demands and youth skills, poor access to capital for running informal income generating activities, lack of labour search experience, poor labour market information as well as use of advanced technology like ICT which replaces human labour (Kimaro, 2015).

An increase in youth unemployment rate in Tanzania was first experienced in the 1970s, when the country had economic crisis reflected by fall in annual Gross Domestic Product (GDP) growth rate from an average of 5% to an average of 2.6% in early 1980s and about 1% in the beginning of the 1990s (Mapunda, 2010). In 1996, the government started dealing with the problem of youth unemployment by formulating a national policy on youth development. In 1997 the national employment policy was put in place and reviewed in 2007. The policy aimed at fighting the problem of youth unemployment through increased employment opportunities (Mapunda, 2010). The national youth development policy resulted into formulation of youth development strategies in Tanzania; establishment of a fully-fledged youth department in the Ministry of Information, Youth and Sports which works on youth matters in all community development departments; youth mapping countrywide which is done in collaboration with Local Government Authorities (LGAs) to identify youth locations and their activities for empowerment and counseling; establishment of Vocational Education Training Authority (VETA) with over 40 centers national wide providing vocational skills for self-

employment promotion among the youths in Tanzania; establishment of a YDF to support youth income generating activities in which LGAs contribute 5% of their revenue collections and the central government contribute the same amount contributed by the LGA in each district.

YDF is an empowerment program aimed at promoting active participation of youth in the socio-economic development of a country. It aimed at encouraging marginalized and unemployed youth to venture into sustainable and viable income generating activities (IGAs). YDF in Tanzania was launched in 1994 with the aim of providing youth with soft loans which will help them to engage in different income generating activities to reduce youth unemployment (Chachage, 2006). Other countries in Africa such as Botswana, Nigeria and Kenya also implement YDF programs with the same objective although there are slight technical differences in the approach. For example, while YDF loans in Tanzania are provided to registered youth groups willing to conduct businesses or run existing businesses; YDF loans in Botswana are provided to individual youth or group of youth upon submission of approved business plan and registered business name (RoB, 1991; URT, 2013). In Tanzania, YDF program is specifically implemented through LGAs and coordinated by the Department of Community Development. According to the Youth Development Policy (2007), all LGAs are supposed to contribute 5% of their annual own sources budget to YDF programs. Kilosa is one of the districts in Tanzania that implement YDF as a strategy towards dealing with the problem of youth unemployment. Youth in Kilosa District especially those in remote areas engage in self-employment specifically in agriculture sector while those found in urban centres are engaging in transportation, welding, small business and other activities. However, the District has limited industrial base in which most youth can be employed; thus there are few employment opportunities to youth in Kilosa. YDF provides an opportunity for youth to engage in business (URT,

2015). Therefore, the proposed study aims to assess the contribution of YDF in creating youth employment opportunities in Kilosa District as a case study.

## **1.2 Problem Statement**

Youth in any country constitute a large portion of dependable workforce. Meaningful economic growth of a country requires reasonable utilization of youth as a driving labour force of a nation (URT, 2011). Securing decent and well-paying job is a dream and inspiration of every young person in Tanzania (World Bank, 2014). However, youth employment situation remains one of the key challenges in Tanzania. According to NBS (2018), unemployment rate among youth in Tanzania is 9.7 per cent. And those who are unemployed are struggling in search for jobs or any employment opportunity. It is also estimated that over 800 000 young men and women enter the labour market in Tanzania every year. These comprise school and college graduates and people who have migrated from rural areas to urban areas (World Bank, 2014). Various initiatives by the government of Tanzania such as policy formulations and empowerment programmes for reducing youth unemployment have been in place since 1996. YDF is among the youth empowerment programmes aimed at creating employment opportunities for youth through soft loans provision. The programme is expected to have significant contribution in the reduction of youth unemployment since it is implemented in every Local Government Authority. Yet, despite being the long time youth credit source in Tanzania, the unemployment is still increasing among the youth, whereby in Tanzania there is an increase of 0.43% from 2019 which was 3.96% to 4.39% in 2020 (NBS, 2020).

Several studies have been conducted on youth un-employment in Tanzania; for instance, Haji (2015) reported that there was still long-lasting unemployment among the youth by 9.9% in 2015. At the same note, studies by Mussa (2013), Gaima (2014) and Tarimo

(2019) revealed that, the intention of YDF in creating youth employment opportunities was not well met. Additionally, these studies identified inadequate amount of loans provided by the YDF to youth and delays in loan disbursement as factors contributing to low performance of the loan. Although those studies were on YDF, little is known on the contribution to youth employment opportunities creation. Therefore, this study aimed at assessing the contribution of Youth Development Fund in creating youth employment opportunities in Kilosa District.

### **1.3 Justification for the Study**

The proposed study is in line with Sustainable Development Goals, SDG's (2030) Goal 1 on poverty elimination and Goal number 8 on decent work and economic growth. Also the proposed study is in line with various national development policies such as National Strategy for Growth and Reduction of Poverty (NSGRP) Cluster 1 Goal 2 which emphasizes on reducing income poverty through promoting inclusive, sustainable employment, enhancing growth and development (URT, 2011). Also the study is in line with the Tanzania National Youth Policy (2007) which aims at creating an enabling environment for youth empowerment and enhancement of employment opportunities and security. Furthermore, the study in lines with Tanzania Development Vision (TDV) (2025) Target 1: which focuses on high quality livelihood. Additionally, findings from this study will be essential for policy makers and development partners in taking appropriate measures towards designing appropriate development programmes for youth empowerment and employment creation.

## **1.4 Objectives**

The study worked towards achieving the following objectives.

### **1.4.1 General objective**

To determine the contribution of Youth Development Fund in creating youth employment opportunities in Kilosa District.

### **1.4.2 Specific objectives**

- i. To assess loan utilization practices as well as the types of youth enterprises or investments after accessing loans from YDF.
- ii. To assess the association between non-financial support services and youth economic activities performance.
- iii. To examine the youth who managed to employ themselves or employ others as a result of YDF.

### **1.4.3 Research questions**

- i. What are the types of youth enterprises established and the loan utilization practices among YDF beneficiaries in Kilosa District?
- ii. How non-financial support provided to youth associates with performance of youth economic activities?
- iii. How does YDF influence youth employment creation?

## **1.5 Hypothesis**

This study hypothesizes that access to YDF loan coupled with other services improve performance of youth economic activities and creates employment opportunities in Kilosa District.

## **1.6 Theoretical and Conceptual Framework**

### **1.6.1 Theoretical framework**

The study was guided by the empowerment theory. The theory suggests that actions, activities or structures may be empowered and that the outcome of such processes result in a certain level of being empowered (Perkins and Zimmerman, 1995). Empowerment comprises both practices and consequences. There is a critical distinction between empowerment process and outcome. Practices in empowerment involve an attempt to support someone in terms of skills and materials so as to get control over resources and help them to solve different individual problems. It may include people's ability to participate in community organization, collective decision making, shared leadership as well as ability to access government resources for example, loans, trainings, media, and others (Perkins and Zimmerman, 1995). Empowered consequences on the other hand refer to outcome of empowerment or intervention done to the people. It includes operationalization of the empowered processes, for instance, after accessing loan and skills on entrepreneurship community members might be able to establish enterprises and gain control of economic resources.

The theory assumes that empowerment is context and population specific (Zimmerman, 2012). This is probably because the community is not homogeneous since the demand, resource, attitude and nature of activities do differ, thus they need a variety of appropriate financial and non-financial services so as to navigate in both social and economic needs (IFAD, 2015). Therefore, the empowerment programmes for youth differ from those of women, children and elders.

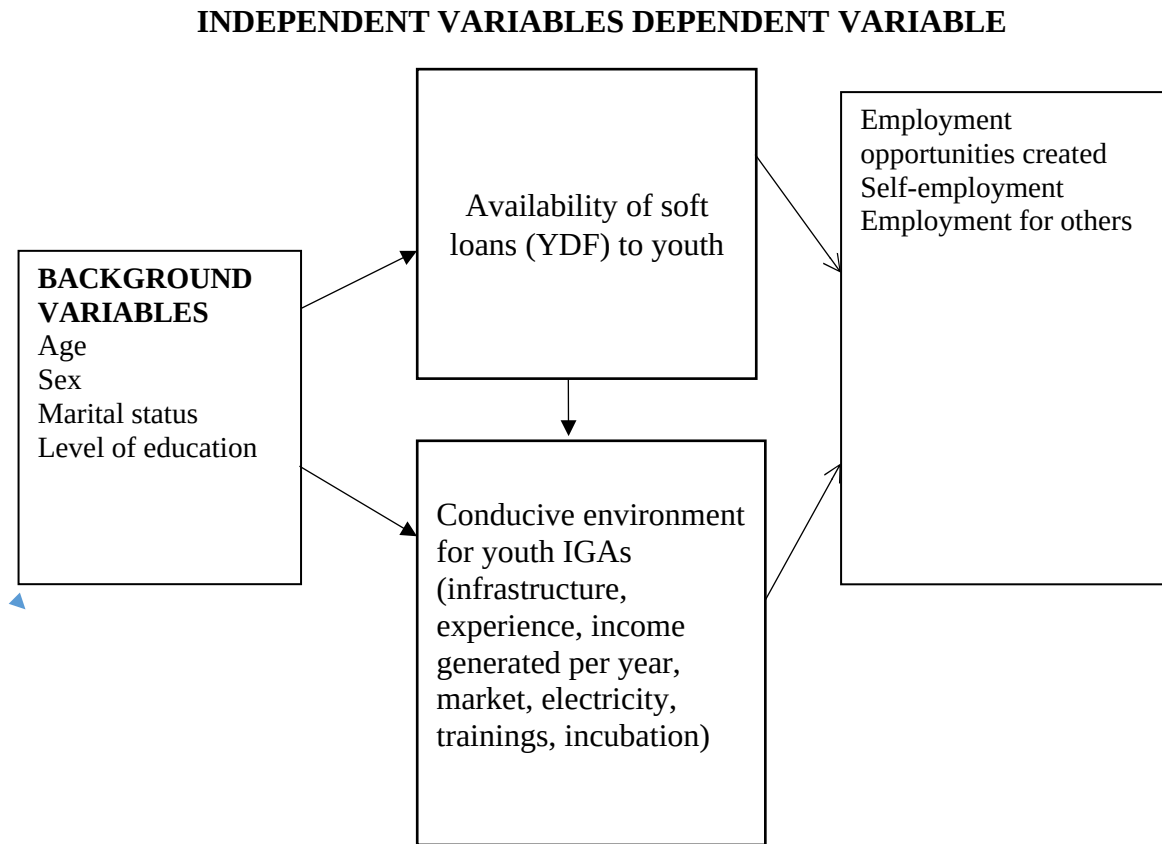
The theory is selected because of the association and interdependence link between YDF as an empowerment program to youth and youth employment opportunities as a result of YDF loans, trainings, incubations and other support offered.

YDF as one of the empowerment initiatives imposed by the government aimed at reducing unemployment among Tanzania's youth. The youth often feel powerless to address the socio-economic issues confronting their communities, yet, they have huge potential to contribute to a community's socio-economic well-being (Morsilo, 2003). Therefore, empowerment of the youth in terms of capital, skills and technical support will help them to start new income generating activities or expanding the existing ones. Through established or expanded income generating activities youth might be able to gain profit, employ themselves as well as employ others. Thus, the theory fits this study.

### **1.6.2 Conceptual framework**

The study's conceptual framework (Figure 1.1) shows there is a close relationship between YDF as an empowerment programme and increased youths employment opportunities. For example, through YDF the youth can access loans with no interest rate which can enable them to engage in various income generating activities in the form of Small and Medium Enterprises. Apart from loans YDF programme can offer or support youth by creating good environment for them to run their activities. After receiving loans and other support from YDF, the youth will engage in different income generating activities such as agriculture, arts, transportation and other legally recognized activities. Through these economic activities youths will be in a position of increasing their income and expand their enterprises hence employing themselves and other jobless youths.





**Figure 1.1: Conceptual framework for the contribution of the YDF in creating the youth employment opportunities.**

**Source: Author own constructs**

### **1.7 Organization of the Dissertation**

The dissertation employs SUA's publishable document layout; it is structured in four chapters. Chapter one explains the introduction that covers the background information, problem statement and justification, objectives and research questions, theoretical and conceptual framework. Chapter two presents the first manuscript titled non-financial support and performance of youth empowered economic activities and it covers objectives one and two. Chapter three is manuscript two which is on the role of YDF in youth employment creation and it covers objective three. Lastly, is chapter four which presents a summary of the key findings, conclusions and recommendations from the study.

### **1.8 Limitations of the Study**

The study had two limitations. First, data collection activity was conducted from January to April 2021. These are the peak months for crop production activities in Kilosa District. It was very challenging to organize YDF beneficiaries for filling in the questionnaires and conducting focus group discussions. However, through ward community development officers and group leaders the researcher was helped to organize the participants who were involved in the study. Second one, the covid-19 pandemic; the youth were not willing to meet the researcher. This was solved by adhering to all precautions given by the government such as wearing masks and keeping social distance.

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## **CHAPTER TWO**

### **2.0 NON-FINANCIAL SUPPORT AND PERFORMANCE OF YOUTH EMPOWERED ECONOMIC ACTIVITIES: A CASE OF YOUTH DEVELOPMENT FUND IN KILOSA DISTRICT, TANZANIA**

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Manuscript has been submitted for publication in the Sub Saharan Journal of Social  
Sciences and Humanities (SJSSH)

## **2.1 Abstract**

Non-financial support services and loan utilization practices play a critical role in the performance of empowerment initiatives by the government. Most of the empowerment programmes in Tanzania including youth development fund (YDF) provide loan to groups, but, the performance of the investments made from the loans remains low. This study aimed at examining the non-financial support services and youth economic activities performance in Kilosa District. Specifically, the study sought to: (i) assess YDF utilization among the youth and (ii) investigate the non-financial support provided to youth, and their contribution to the performance of youth enterprises. A cross-sectional research design was applied whereby a total of 100 youths were involved in the survey. Ten focus group discussions with YDF supported groups were held, and a total of six key informants were interviewed. Quantitative data were analysed using SPSS version 20, while qualitative data were analysed through content analysis. Findings indicate that respondents who utilized the loan to expand existing enterprises performed better than those who utilized loan to establish new businesses. The non-financial support services provided were on training (55%) and business linkages (30%). Training and business linkages had linear association with the performance of youth empowered enterprises. The study concludes that loan utilization practises by youth and non-financial support services delivered to the youth are necessary in stimulating the performance of the youth enterprises. It is, therefore, recommended that the Ministry of Labour, Youth, Employment and Persons with Disability should provide business and financial coaching to YDF beneficiaries in order to realize the expected result of YDF.

**Key words:** Entrepreneurship, YDF, youth, business linkages, youth empowerment.

## 2.2 Introduction

World-wide, youths are considered as a focus for change; as such every country in the world works on how youth manpower can best be utilized to foster economic development (UNESCO, 2021). The major global concern is on how the governments consider youth as an opportunity and not a problem. Thus, globally different countries took initiatives in mainstreaming youth economic empowerment policies, plans and implementing programmes that would create a good environment for youth to participate in economic development and improve living standards (UNESCO, 2021). According to ILO (2020), the African youth are characterised as the age group that work under poverty. This is due to poor working environment and low quality informal jobs in which majority of the youth engage in (Haji, 2015). The youth engage in informal rural based agriculture in which they lack capital, technical know-how on production, management and marketing of the products (Restless, 2010). In addition, most of the informally employed youths in Africa and Tanzania in particular have little or no education at all while the educated youth regard themselves as they do not deserve to engage in informal economy (Restless, 2010). As such, youth unemployment in African regions is alarming (ILO, 2020).

Various African countries formulated and implemented different youth economic empowerment and transformation programmes to solve the challenge. Youth empowerment programs are initiatives introduced by the government or private sectors in order to help marginalised youth to gain capital, confidence, skills and other opportunities that may enable them to get control over resources and improve their living standards (Abdussalam, 2015; Zimmerman, 2012). There are different youth empowerment programs in Africa, some of them are Youth Enterprise Development Fund (YEDF) in Kenya, Namibia Youth Credit Scheme (NYCS) in Namibia, Youth Funds in Botswana,



and Youth Development Fund (YDF) in Tanzania, just to mention a few. Youth in this manuscript are defined as men and women aged 18-35 years old. In Tanzania, YDF is a youth empowerment initiative introduced by the state so as to solve the problem of youth unemployment by helping youth to establish new income generating activities (IGAs) or to expand the existing enterprises (Chachage, 2006). The fund is operated under LGAs whereby local governments contribute 5% of their revenue and central government contributes 5% to this fund. The 10% of the revenue collected is distributed as follows: 4% for youth, 4% for women and 2% for the people with disabilities (Jafo, 2019). This fund is disbursed as a loan to youth groups after submission of a well-defined and implementable business plan to the district community development office. Due to group arrangements, individual members were also given loan capital from the group loan accessed or profit generated from group initiative. The funds are repaid back to LGAs without any interest after three months (Jafo, 2019).

Financial support is very necessary for youth groups to invest, grow and perform well. However, performance of the established enterprises depends on different non-financial aspects. Non-financial supports are the services provided to loan borrowers that help them to solve other business growth barriers apart from capital challenge (IFC, 2012; Potter *et al.*, 2014). They provide a special opportunity for the beneficiaries to improve their IGAs and increase the performance. With regard to this study, non-financial support is defined as all services provided to YDF beneficiaries that complement the financial support of the YDF programme. They include training, business linkages, consultancy and networking. According to Fonke (2019), provision of the loan and training to newly starting or existing enterprise is important, but the utilization of the given fund may lead to the performance of the businesses.

Loan utilization refers to the manner in which loan recipient exploits and uses the given fund (Ibrahim *et al.*, 2015). In this manuscript loan utilization is operationally defined in terms of whether the given loan has been used by the youth to establish new enterprises or expand the existing ones as well as the types of income generating activities in which the youth invest the YDF loan. It is argued that, the youth consider entrepreneurship as a viable venture towards economic growth and financial freedom, yet, entrepreneurship process encounters different challenges such as lack of knowledge, legal complications, scarce resources, lack of necessary information and negative societal perceptions (Kavita and Aashu, 2017). Additionally, Mhagama (2020) proposed that together with YDF provision, the government of Tanzania could introduce youth capacity building programme with the objective of empowering youth with entrepreneurship skills, creativity, innovations and business management skills.

The capacity building programme may help to build business competencies and confidence to youth. Nonetheless, according to National Youth Development Policy (2007) youth economic activities vary according to context, sex, age as well as natural resources available (URT, 2007). Majority of youth in Tanzania engage in several economic activities such as agriculture, animal husbandry, fishing, mining, welding, carpentry, tailoring, petty business and other legal accepted and recognized activities (URT, 2007). Generally, in Kilosa District, people invest in agriculture, livestock keeping, petty business, as well as transport (Karoli, 2013). These activities require non-financial support services in facilitating proper utilization of the resources, business management and prepare youth to meet local and global challenges and become competitive in business (Aruma, 2011). The foundation for youth empowerment in terms of skills and capital are based on making youths as change agents and provide social economic benefits to the entire community (OECD net FWD, 2014). Thus the combination of both financial

and non-financial supports is a strategy towards the success and survival of youth IGAs and the funding empowerment programme (Ahaibwe *et al.*, 2014).

Despite the implementation of different frameworks, programmes and strategies including YDF to stimulate youth participation in economic activities in Tanzania, the performance of youth established or expanded income generating activities is still low (Issa and Kiruthu, 2019). Furthermore, various studies have been done on the provision of YDF; for example, Tarimo (2019) investigated effects of YDF on the growth of youth economic activities; while Gaima (2014) assessed the contribution of youth development fund in addressing youth unemployment in Ngorongoro District; Renatus (2010) explored default dynamics by micro loan beneficiaries of YDF in Bukoba. Another study was conducted by Mussa (2013) assessed the general performance of YDF in Kahama District. In these studies, it can be observed that little has been done on YDF utilization practises, non-financial support services delivered to youth in relation to performance of the youth IGAs which is the focus of the present paper. The findings will inform the YDF operators, policy makers and other stakeholders on the necessity of non-financial support in their efforts of improving the performance of youth informal IGAs as among the solutions to youth unemployment problem. Reduced youth unemployment contributes to the achievement of the Sustainable Development Goals (SDGs) 2030, Goal 1 on poverty eradication and Goal number 8 on decent work and economic growth.

## **2.3 Methodology**

### **2.3.1 Description of the study area**

The study was conducted in Kilosa district, Morogoro region. Kilosa district has a population of 438 175 people (URT, 2013). According to national census URT (2013), Morogoro region is among the regions with high percentage of youth population which is

18.5%. Kilosa district is located in East Central Tanzania, about 148 km from Morogoro town. The district is located between latitudes 5°55' and 7°53" South and longitudes 36°30' and 37°30" east. It covers 12 394 square kilometres and divided into 35 wards and 118 villages. According to the records from Morogoro regional community development office, the amount of YDF disbursed to youth up to 2020 was apparently high 2 081 170 597/= Tanzanian Shillings to 546 groups compared to other regions like Dodoma which was 431 297 600/= TZS to 151 youth groups (URT, 2020a). Table 2.1 shows that Kilosa district has the higher average amount of YDF loan disbursed to youth groups compared to other districts within Morogoro region (URT, 2020b). For instance, 2018/2019 the average amount of money provided to 46 youth groups in Kilosa district was Tanzanian Shillings 4 818 796/= and in 2019/2020, 7 558 425/= was disbursed out to 39 groups (URT, 2020c). Eighty percent of the land in Kilosa district is utilized for agriculture (URT, 2015a). Generally, the people in Kilosa District engage in petty businesses, vegetable production, subsistence farming of food crops and few cash crops like sugarcane, sisal and ginger (URT, 2015b). Based on the number of groups benefiting from the programme and the average amount of loan disbursed to youth in Kilosa district, therefore, the District was purposively selected for this study.

**Table 2.1: YDF loan disbursement roaster in Morogoro region**

Name of the district	Financial years					
	2018/2019			2019/2020		
	Total amount (TZS)	Number of groups supported	Loan average (TZS)	Total amount (TZS)	Number of groups supported	Loan average (TZS)
Manispaa	402 500 000	140	2 875 000	355 800 000	96	3 706 250
Ifakara	118 000 000	69	1 710 145	190 000 000	39	4 871 795
Moro DC	32 391 300	26	1 245 819	111 600 000	56	1 992 857
Kilosa	221 664 630	46	4 818 796	294 778 565	39	7 558 425
Mlimba	394 000 000	151	2 609 272	400 000 000	91	4 395 604
Ulanga	152 258 000	77	1 977 377	166 209 168	65	2 557 064
Mvomero	100 000 000	45	2 222 222	156 405 432	62	2 522 668
Gairo	16 990 000	16	1 061 875	44 405 432	18	2,466 968
Malinyi	201 781 000	81	2 491 123	361 972 000	80	4 524 650
<b>Total</b>	<b>1 639 584 930</b>	<b>651</b>	<b>2 518 564</b>	<b>2 081 170 597</b>	<b>546</b>	<b>3 811 667</b>

Source: Regional Community Development Office, 2020.

### 2.3.2 Study design

A cross-sectional research design was used in this study; the design allowed collection of similar data from youth groups at different geographical locations, one point at a time (Creswell, 2014). This was used because it allowed information to be collected within a short time without affecting the quality of data, and it is inexpensive (Setia, 2016).

### 2.3.3 Data collection

Data were collected through a survey, focus group discussions (FGDs) and key informants interviews (KIIs). The survey was conducted through the use of a questionnaire to collect data on the non-financial services provided to the youth, loan utilization, the types of enterprises performed by the youth, performance of the youth enterprises and loan repayment. Ten FGDs were held using FGD checklist, each comprising 6-12 participants. A key informant guide was used to conduct 6 KIIs; consisting of five (5) Ward community development officers and one (1) District YDF

coordinator. It was through FGDs and KIIs that qualitative data were gathered. Data collection methods employed by the researcher aimed at allowing supplementing each other. Before the actual data collection, the questionnaires were pre-tested to ensure understanding of the questions and clarity.

#### **2.3.4 Sampling procedure and sample size**

A total of 100 Youth Development Fund beneficiaries were involved in this study. According to Fraenkel and Wallen (2000), a sample size of 30-100 respondents is minimum for studies in which data are analysed through association or descriptive statistics. Moreover, Louangrath (2017) demonstrated that in social science research the minimum number of the sample size can range from 30-200 respondents especially when the study involves generalization of the findings. Two stage random sampling was done to select the respondents. First, random sampling was done to select 10 youth groups out of 46 groups benefited within the district. This was followed by simple random sampling to select 100 YDF beneficiaries out of 10 groups. In order to get different opinions from the groups, FGD participants were selected basing on i) sex, because both men and women were involved in the programme and ii) member participation in group meetings and group activities. Lastly, purposive sampling was employed to select 6 key informants who were the YDF district coordinator and five (5) ward community development officers within eight wards.

**Table 2.2: Groups and number of respondents who participated in the study**

<b>Name of the group</b>	<b>Total number of group members</b>	<b>Number of respondents</b>
Mshikamano	22	11
Nyota	16	9
Ushirikiano	18	9
Vijana Agrovat	17	10
Tupendane	24	11
UVCCM Group	25	10
Mbogasaba	25	11
Vijana Bodaboda	20	10
Vijana Ilonga	20	10
Youth Entrepreneurs	21	10
<b>Total</b>	<b>208</b>	<b>100</b>

### 2.3.5 Data analysis

The study employed descriptive statistics analysis. Frequencies, percentages and cross tabulations were computed through IBM-SPSS version 20. Frequencies and percentages aimed at generating information on the youth loan utilization practices, economic activities performed by the youth, loan repayment rate and the types of non-financial support services delivered to the youth. Cross tabulations, specifically chi-square test was used to determine the association between loan utilization, non-financial support services provided to the youth and the performance of the YDF empowered enterprises. In addition, the qualitative data were analysed through content analysis the responses collected were categorised and presented in meaningful themes based on the study objectives.

## **2.4 Results and Discussion**

### **2.4.1 Respondents' demographic and socio-economic characteristics**

The study findings show that 58% of the respondents were aged 26-35 years, with 62% being males (Table 2.3). Generally, in most of the government financial empowerment programmes which include both males and females within a single group, it is males who are active to grasp the opportunity and participate. Ooko and Otengah (2018) argue that the majority of the youth groups are organised for economic purposes and most of the communities in Africa are patriarchal dominated hence the acquisition of the government funds and economic assets are commonly for men than for women. Additionally, Ayele (2014) argues that men are more active in accessing loan and employing themselves. However, Watson and McNaughton (2007) argue that women offer a reasonable share of their time to family supervision and parenting, and are consequently less active in entrepreneurial activities. Ooko and Otengah (2018) found that men are more informed about the availability of the funds and interact more among themselves than women, hence majority of men get access to funds.

Furthermore, the study results show that, above 60% of the respondents have attained primary school education. This implied that, the level of literacy in the study area was good, therefore, empowerment programmes like YDF may easily be understood, accepted and implemented by individuals. Education helps better decision making in business start-up, build confidence in management of the business, stimulates a sense of independence and widen people's perceptions (Fayolle and Gailly, 2015; Belás *et al.*, 2017; Hamida *et al.*, 2017).

The study results also show that 72% of the respondents were married. The high number of the married couples can be reflected in the age profile where majority of the



respondents ranged from 26-35, most people marry at this age. Married people are likely to be more organised and settled in development plans. Therefore, it is easy for them to engage in groups and access loan for investment. Furthermore, married couples are less mobile compared to other groups. The study findings are in line with the ones by Mussa (2013) which indicated that 63% of the respondents who accessed YDF loan and opened business enterprises in Kahama district were married. From these findings it can be argued that, majority of the married couples had clear mutual development plans and decisions in loan application and investment.

**Table 2.3: Distribution of respondents by socio-economic characteristics (n=100)**

Variable	Category	Frequency	Percent
Sex	Male	62	62
	Female	38	38
Age	18-25	23	23
	26-35	58	58
	36+	19	19
Education level	Primary	60	60
	Secondary	37	37
	Certificate	2	2
	Never Attended	1	1
Marital status	Married	72	72
	Divorced	3	3
	Single	23	23
	Widow	2	2

#### 2.4.2 YDF loan utilization

Investigations on how loan from YDF was used indicate that 59% and 41% of the respondents established new businesses and expanded their existing businesses respectively (Table 2.4). This implies that majority of the beneficiaries who accessed loan from YDF, used funds as a start-up capital for establishment of the new business ventures.

The establishment of new enterprises or growth of existing investments is among factors for economic development of any country (Kisunza and Theuri, 2014). By enabling youth engagement in economic activities whether through opening or expansion of existing business, it confirms that YDF as an empowerment programme achieved one of its goal which is utilization of the youth manpower in economic activities. The findings concur with the key objective of YDF which is to increase youth engagement in economic activities so as to empower themselves and enhance national economic growth by harnessing youth manpower (Chachage, 2006).

**Table 2.4: YDF loan utilization by youth (n=100) for individuals (n= 10) for groups**

Variable	Individuals	Percent	Groups	Percent
	Frequency		Frequency	
Establishment of the new business	59	59	6	60
Existing business expansion	41	41	4	40
<b>Total</b>	<b>100</b>	<b>100</b>	<b>10</b>	<b>100</b>

#### **2.4.2.1 YDF and establishment of new businesses**

The findings in Table 2.5 show that 88% of the respondents who established new businesses as a result of YDF empowerment programme, managed to open only one business, whereas for the groups 50% also established only one business. This implies that services received by the youth from the programme did not facilitate well youth groups to diversify and expand their income generating activities. Since majority of the respondents engage in crop production which is seasonal in nature thus diversification could be more beneficial to them. The results concur with the findings reported by Gaima (2014) that, small number of the youth has managed to establish more than one economic activity after accessing loan from YDF.

**Table 2.5: Distribution of Respondent by the Number of Businesses Supported**

<b>Variable</b>	<b>Individual (n=100)</b>		<b>Group (n=10)</b>	
<b>Number of businesses established</b>	<b>Frequency</b>	<b>Percent</b>	<b>Frequency</b>	<b>Percent</b>
One	52	88.1	3	50
Two	6	10.2	2	33.3
Three	1	1.7	1	16.7
<b>Total</b>	<b>59</b>	<b>100</b>	<b>6</b>	<b>100</b>
<b>Number of businesses expanded</b>				
One	36	87.8	3	75
Two	5	12.2	1	25
<b>Total</b>	<b>41</b>	<b>100</b>	<b>4</b>	<b>100</b>

#### **2.4.2.2 YDF and expansion of existing businesses**

YDF beneficiaries in the study area have used loan to expand their existing businesses. This means that before loan application and acquisition, some of the respondents were already involved in businesses. The study findings in Table 2.5 show that 87% of the respondents expanded only one (1) business after accessing loan. However, results from key informants interview showed that the groups or individuals who secured loan for business expansion performed better than those who utilised loan in business start-up. This was attributed by the youth commitment in business as it was pointed out by one of the key informants.

*“Observation during our rare YDF beneficiaries monitoring showed that, those who invested in existing businesses performed well due to commitment and seriousness they had. Therefore, as a community development officer I recommend the programme should only focus on the youth who have their businesses operating. Thus, they utilize the loan in expanding the business and maximize profit” (Key informant Luhembe, 25<sup>th</sup> February 2021).*

#### **2.4.2.3 Types of economic activities conducted by YDF beneficiaries**

Youth Development Fund is intended to promote youth engagement in income generating activities. Therefore, understanding types of the youth enterprises formed after accessing loan was key in this particular study. The study identified types of activities which the youth invested the loans from YDF. Findings in Table 2.6 show that 50.8% of the respondents engage in agriculture (crop production and livestock keeping) and 32.6% engage in petty business while 16.7% of the respondents engage in transportation activities. From the findings, it can be argued that majority of youth in Kilosa district invested the YDF loan in agriculture production compared to other income generating activities. This is because Kilosa district is among the districts with limited industrial base where the youth have limited business opportunities for investment, thus most of them opt to invest in agriculture and petty businesses. This is also supported by Kilosa district socio-economic profile which shows that, the main economic activity of the residents is crop production as well as livestock keeping. About 80% of the land in Kilosa district is utilized in farming and livestock keeping (URT, 2015a). The study findings by Mussa (2013) in Kahama district revealed that most of the youth engage in petty vocational businesses like carpentry, welding, soap making, tailoring and catering services in wedding and other ceremonies. This means that the mining industry in Kahama provides diverse investment opportunities to the youth. It is therefore argued that the variation in

the nature of investments by the youth depends on the main economic activities in the respective areas.

**Table 2.6: Distribution of Respondent by the Types of Economic Activities****Conducted (n= 100)**

Variable	Number of		Number of	
	individual youth	Percent	groups	Percent
Petty business	43	32.60		
Transport	22	16.70	1	10
Crop production and livestock keeping	67	50.80	9	90
<b>Total</b>	<b>132</b>	<b>100.00</b>	<b>10</b>	<b>100</b>

Results are based on multiple responses

**2.4.3 The non-financial support services**

The study investigated the non-financial support provided to the youth as they have contribution to the performance of the enterprises and an ultimate impact of the loans provided. Study results indicate training and business linkages to be the main support provided to the youth. Results in Table 2.7 show that 55% of the respondents and 50% of the groups received training. Further findings indicate no costs that the youth were required to incur to attend the training as it was pointed out by one of the FGD participant

*“We appreciate the efforts done by the group leaders and community development officer especially on organising the training schedule and activity. We have learnt nine lessons from self-screening topic to loan repayment without paying anything”*  
(A 27 years old female FGD participant 23rd February 2021).

From the study findings, it can be argued that a reasonable number of the respondents and groups have received training. This can also be reflected from the education level of the respondents whereby 60% have attained at least primary level education. Generally, people with that level of literacy are ready to learn new business skills as well as life skills (Robb *et al.*, 2014).

On the other hand, 30% of the respondents and 60% of the youth groups were provided with the business linkages (Table 2.7). The linkages were facilitated by the community development officers whereby the youth were linked to different service providers like agro dealers, extension officers, buyers, Tanzania Revenue Authority (TRA), traffic officers and others. From the results, it can be argued that it was easy to conduct group business linkages than individual business linkages. This is due to procedures that favour group needs (collective demands) which are easy to meet than individual needs. It is simple to organise and conduct group activities than individual ones. The linkages helped youth to gain technical assistance and advice in conducting their economic activities. The study by Mbaluko (2014), also reported three-day training on loan utilization, business linkages and on how to look for opportunities after youth accessed loan. It is further argued that, when young people are given correct combination of ideas, motivation as well as existence of opportunities, they are more likely to establish more productive business and expand their incomes (Bashemera, 2017; Kurgat and Owembi, 2017). From the findings, YDF beneficiaries were not only provided with financial supports but also supported with the necessary services, which helped them to run their businesses. The explanations on how the support provided contributed to the performance of the enterprises conducted by the youth are explained hereunder.

**Table 2.7: Non-financial support provided (n=100 for individuals n=10 for the groups)**

Variable	Individual (n= 100)		Group (n=10)	
	Frequency	Percent	Frequency	Percent
Training	55	55	5 50	
Business linkage	30	30	6	60

#### **2.4.3.1 Trainings offered to YDF beneficiaries**

The YDF beneficiaries and groups which were interviewed during the study were provided with different training. Types of training delivered were more less the same due to almost similar economic activities that were conducted by the youth in the study area as well as similar competencies among the training providers. Results in Table 2.8 show that different training provided to youth were on entrepreneurship, financial management, business management, marketing as well as good agricultural practices (GAPs). These training were facilitated by the ward community development officers with the assistance from other stakeholders like agricultural extension officers and group leaders.

Moreover, results in Table 2.8 show that 41% of the individuals and 62.5% of the youth groups received training on entrepreneurship. This can be explained basing on the key purpose of the YDF loan which is to promote entrepreneurship activities (business start-up or expansion). According to Chachage (2006), the main purpose of the youth funds is to influence the youth engagement in economic activities through informal sectors (entrepreneurship) so as to reduce youth financial dependence and improve financial independence hence employment creation. Also, 28% of the respondents and 25% of the youth groups were provided with financial management training. This was done to facilitate youth to repay the loans because the funds were revolving in nature whereby youth were supposed to repay the loan within three months. Therefore, more efforts were put on the entrepreneurship and financial management training because the loan was supposed to be invested, generate profit and repaid back. The training on entrepreneurship helped the YDF beneficiaries in the course of undertaking their businesses as pointed out by some members in the focus group discussions



*“Entrepreneurship training and financial management training received from LGA’s helped us in proper loan utilization and invest in more than one economic activity so as to spread risks” (A 37 years old male FGD participant, 25<sup>th</sup> February 2021).*

Another beneficiary of YDF programme mentioned that;

*“Skills and knowledge I have gained during entrepreneurship training have helped me to build a good foundation of my business, I have gained confidence in operation of the business hence I have got new energy thus, I am proceeding well with my business” (A 28 years old female FGD participant, 25<sup>th</sup> February 2021).*

Apart from proper loan utilization and acquisition of business confidence among the youth, skills and knowledge offered to the youth stimulated business performance by fostering creativity and innovations hence increase the size of the enterprise and production of quality products so as to generate more income for loan repayment and continued production.

However, limited training on marketing to individual youths (14.6%) were also reported. Results from the key informant interviews indicated lack of competencies among the training providers and/or poor plan by the YDF coordinators were among the causes for the limited training on marketing. This aspect caused difficulties in managing and conducting marketing activities of the youth products and services. Research findings by Kitomari and Abwe (2016) indicate that lack of training in establishment and management of economic activities led to underperformance. Appropriate training not only help in improving the business skills but also increase capital and reduce poverty (Maleko *et al.*, 2013). Training in entrepreneurship, financial and business management helps the youth in planning and invest in profitable businesses (Mwema, 2017). All types of training are

necessary for the establishment, growth and performance of enterprises by the youth (Ahaibwe *et al.*, 2014). Marketing skills training is crucial to be delivered before loan disbursement and business investment. It provides the youth with knowledge on market plan, search strategy and price negotiation (Aaram and Shakespear, 2015).

**Table 2.8: Trainings offered to youth**

Variable	Individual (n=100)		Group (n=10)	
	Frequency	Percent	Frequency	Percent
Entrepreneurship Skills	40	41.7	5	62.5
Financial Management	27	28.1	2	25
Business Management	3	3.1		
Marketing Skills	3	14.6		
Agricultural Training	12	12.5	1	12.5
<b>Total</b>	<b>96</b>	<b>100</b>	<b>8</b>	<b>100</b>

Results are based on multiple responses

The importance of the delivered training was observed on the group capacity in loan repayment. Investigation on loan repayment indicated that 30% of the groups managed to repay the complete amount borrowed whereas 40% of the groups repaid a half way of the loan (Table 2.9). From the findings it can be argued that there is low default rate since the loan performed better. Therefore, YDF utilization and services received by the youth facilitated youth investments start-up, survival of the businesses and performance of enterprises which later enabled them in loan repayment. The study findings are consistent with the results of Chemwa (2015) who found that, core business skills gained by youth during the training impacted positively business growth and loan repayment. Training on entrepreneurship skills which also focused on group solidarity and collective decisions and actions played a great role to some of the groups in business performance and timely loan repayment. This was demonstrated by one of the respondents during FGD at Kasiki ward.

*“As a group, in 2017, we were given five motorcycles from the district as a loan which was worth approximately 12,580,000/= TZS, but within one year we managed to repay the loan and take another loan of ten motorcycles. Till now, every member in our group owns a motorcycle and we have managed to repay the full loan to the district. Also, skills gained on road safety and regulations have helped us to be good drivers hence attract a lot of customers” (A 31 years old male participant on 22<sup>nd</sup> February 2021).*

Also findings from the key informants’ interviews indicated few groups succeeded to repay loan on time, but the groups that failed to repay on time had asked for a grace period and committed to repay within the period of grace period. One of the key informants was quoted saying:

*“I have approved the letters of four groups which asked for more time for loan repayment. Most of them have got marketing challenges of their agricultural products due to low price of paddy last year, and their produce were stored at village and ward offices waiting for the prices to rise and sell” ( Key informant interview on 4<sup>th</sup> March 2021).*

Therefore, there is a necessity of empowering the youth to invest in more than one income generating activity so as to spread risks and ensure income flow throughout the year.

**Table 2.9: Loan repayment**

<b>Variable</b>	<b>Individuals</b>	<b>n= 100</b>	<b>Groups n = 10</b>	
<b>Loan repaid</b>	<b>Frequency</b>	<b>Percent</b>	<b>Frequency</b>	<b>Percent</b>
Completed	43	43	4	40
Half way	24	24	3	30
Nil	33	33	3	30
<b>Total</b>	<b>100</b>	<b>100</b>	<b>10</b>	<b>100</b>

#### **2.4.3.2 Supportive business linkages**

Supportive business linkages include aspects that make the business environment to be suitable for youth economic activities to grow (Themba, 2015). Potential linkages together with other factors give positive results to the growth of an enterprise. In this study, business linkages were facilitated by the LGAs particularly ward community development officers. From the findings, the supportive business linkages reported were linkages with the agro dealers, buyers, and government authorities like Tanzania Revenue Authorities (TRA), traffic police and extension officers as well as business partners. Linkages were done according to group or individual economic activities and the resources available. For example, youth who dealt with motorcycle transport service (bodaboda) were linked with TRA so as to simplify the process of accessing driving licenses. Also for those who dealt with agriculture were linked with potential agro-dealers as well as extension officers to access farm inputs and necessary extension services respectively.

Results in Table 2.10 present the linkages done to individual members and youth groups. Results show that 58.8% of the respondents and 50.0% of the groups were facilitated with government authorities' linkage and 29.40% of respondents and 33.3% of the youth groups were linked with agro dealers. Business linkages done offered a number of potential benefits to youth enterprises. Among of them were simplifying services provision and information sharing as well as enabling technology transfer among youth groups. From the findings, it can be argued that, it was easy to link YDF beneficiaries with government authorities than with other private business partners in the sense that, YDF is a government empowerment programme hence government authorities were ready to cooperate and consider as their responsibility. There was no bureaucracy in linking

youth with government authorities as well as agro-dealers since agro-dealers are business people who always seek for market, hence linking them with youth was easy. On the other hand, marketing linkage was done to 8.8% of the respondents and 16.7% of the youth groups. Findings from FGDs also indicated limited marketing linkages as mentioned in one of the discussions.

*“We incur a lot of costs in ginger production but when it comes to marketing stage, it is the buyer who decides the price. Also there is no specific measurement scale/ package, sometimes we use bags to measure, sometimes we use a scale to measure” (A 28 years old male, FGD at Makwambe on 18<sup>th</sup> February 2021).*

Another FGD participant explained on the importance of business linkages;

*“We have not been able to repay the loan on time because last year we faced the challenge of low price of our paddy; this made us to store the products in village go down believing that this year the price would rise and we may sell our products profitably. Unfortunately, the price did not increase, community development officer connected us with the people who sell food in hotels so we may prepare rice and sell to them in bulk. Although it is with slow speed at least we have collected enough money that helped us in farm activities this year” (A 22 years old, FGD participant at Chanzuru on 17<sup>th</sup> Feb 2021)*

Few marketing linkages can also be reflected from the limited marketing training provided to the youth. Marketing linkage is a result of several marketing determinants such as market information, price fluctuations, world market price and the expected buyers/users demand. Unsupportive marketing environment undermines youth entrepreneurship activities (Ismail, 2018) leading to poor marketing of products and low profits gains from the businesses. Appropriate business linkages are necessary in development of small firms which find difficulties in penetrating into large market or

accessing technical knowledge from higher authorities (Themba, 2015). This was also pointed out by Lugonelo *et al.* (2015) that unfavoured market prices of the youth products is the main challenge that face youth entrepreneurs. The youth were required to have an idea on market demands, how to sell, where to sell, expected price of their produce, as well as associated market risks of the business.

**Table 2.10: Different types of linkages**

Variable	Individual (n=100)		Group (n=10)	
	Frequency	Percent	Frequency	Percent
Marketing linkage	3	8.8	1	16.7
Agro- dealer linkage	10	29.4	2	33.3
Government authorities linkage	20	58.8	3	50
Linkage with other business partners	1	2.9		
<b>Total</b>	<b>34</b>	<b>100</b>	<b>6</b>	<b>100</b>

Results are based on multiple responses

#### **2.4.4 Association between non-financial support services and the performance of youth economic activities**

The success of the youth income generating activities was checked on whether the established enterprises were progressing well, progressing but not well and declining. Information was captured basing on the status of the business if it is existing or otherwise, exploitation of the other business opportunities, application of science and technology in business operation as well as retention of the key customers and service providers. Among the four features, a firm with four features was regarded as progressing well; two to three were regarded as progressing but not well while the ones with zero to one feature were regarded as declining or collapsing. Non-financial support services which were associated with the growth of the youth enterprises were the trainings offered and business linkages conducted. The distinct categories developed under training were the frequency of training attendance as well as motives towards attending the trainings. Whereas those developed for business linkages were opportunities generated and number

of business partners a beneficiary was connected with. Results in Table 2.11 revealed that 50% of the youth attended training very frequently, and 46.6% of the youth managed to generate three to four business opportunities as a result of linkage. This is to say, the frequency of attending training helped the youth with necessary skills in dealing with ever changing production factors, grabbing opportunities and business management.

**Table 2.11: Trainings and Business Linkages Categories (n=100)**

Variable	Frequency	Percent
Training Frequency		
Very Frequently	28	50
Frequently	20	35.7
Less Frequently	08	14.2
Training Motive		
Skills Acquisition	31	55.3
Meet Group Regulations	13	23.2
Pleasure	12	21.4
Linkage and Opportunities Created		
0-2	12	40
3-4	14	46.6
5 and above	04	13.4
Linkages and Business Partners Connected		
1-3	13	43.3
3-5	12	40
5 and above	05	16.6

Results on the association between the training delivered to the youth and the performance (survival and progress of the business) indicated a direct association since ( $P= 0.047$ ). This implies that the training received by the youth contributed to good management of the enterprises and influences the performance of the enterprises. The results are consistent with the findings of Bjorvatn (2015) which revealed that training delivered to the youth influence a sharp growth of the business, production of the quality products and attract more customers.

Additionally, results in Table 2.12 reveal that the linkages done to the youth had linear by linear association with the growth of the youth enterprises ( $P = 0.075$ ). Explanation on the reported results can be as follows: the more linkages done with government authorities and agro dealers played a good role in facilitating the youth on-going economic activities, growth and created a good environment for business expansion. Similarly, Atieno (2009) argued that, business linkages help in removing some of constraints which may hinder business performance.

**Table 2.12: Association between non-financial support and the progress of the youth empowered enterprises**

Variable	Categories	Progress of youth enterprises						Chi- Square tests	
		Well progressing		Progressing but not well		Declining/ collapsing			
		Count	%	Count	%	Count	%	Pearson Chi-square	Asymptotic sign, (2-sided)
Training	Yes	22	62.9	13	37.5	20	60.6	6.128	0.047**
	No	13	37.1	19	62.5	13	39.4		
Business linkage	Yes	15	42.9	5	15.6	12	36.4	5.192	0.075*
	No	20	57.1	27	84.4	21	63.6		

\*and\*\* meaning that the chi- square test at 90% and 95% level of significance respectively

## 2.5 Conclusions and Recommendations

The study concludes that, in any empowerment programme, consideration of the necessity of loan utilization practises, types of economic activities performed and non-financial support services are key in ensuring the achievement of the programme goals. Also, taking the advantage of business experience they had, the youth who utilised the given fund in expanding and improving the existing businesses performed better than those who utilised fund to start new enterprises. It is further concluded that the training and linkages



done to the youth vary according to the types of youth economic activities. The non-financial supports provided to the youth groups (training and business linkages) were necessary in helping youth to identify their potentials for development and improve the capacity of the youth in entrepreneurship innovation and creativity thus increasing the performance and expansion of the youth enterprises.

The study recommends that the Ministry of Labour, Youth, Employment and Persons with Disability of Tanzania and all stakeholders working under community development department to continue improving services provision to YDF beneficiaries. These non-financial supports need to be considered as necessary as a loan itself. The following support services are recommended: -

- i. Provide clear guidelines for the youth groups training and business linkage. The guidelines are supposed to be relevant to youth economic activities.
- ii. Entrepreneurship training provided to the youth groups should also focus in empowering them on how to diversify their economic activities, facilitate more innovations and application of science and technology. This will increase their abilities in investing in more than one economic activities, employ others and increase their incomes.
- iii. Consultation with the private sectors like NGO's which can work better in provision of trainings to the youth and coordinating business linkages.
- iv. The youth empowerment initiatives should increasingly put more efforts in building youth entrepreneurship culture and later support them with resources such as capital, technology as well as putting in place commercial infrastructures.

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### **CHAPTER THREE**

#### **3.0 THE ROLE OF YOUTH DEVELOPMENT FUND IN YOUTH EMPLOYMENT CREATION IN KILOSA DISTRICT IN MOROGORO REGION, TANZANIA**

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Manuscript has been Submitted and Accepted for Publication in the Tengeru Community  
Development Journal (TCDJ)

### 3.1 Abstract

In Tanzania, youth unemployment is a serious development challenge. Therefore, the government of Tanzania introduced the Youth Development Fund (YDF) in 1994 to address the challenge. This study aimed at assessing the nature of the youth employments created as a result of YDF as well as the number of the youth who managed to employ themselves and those managed to employ others. The study was conducted in Kilosa district, Morogoro region. A cross-sectional design was used whereby data were collected through survey with the youth (n=100), focus group discussions with the youth groups (n=10) and key informants interviews (n=6). Inferential and descriptive statistics were used to analyse quantitative data using STATA and IBM-SPSS software respectively. The study findings revealed that amount of capital from YDF invested in business, business experience and age had positive influence on employment creation and were statistically significant at  $p \leq 0.05$  while marital status and income generated per year were significant at  $p \leq 0.01$ . A significant percentage of respondents who accessed loan (89%) had managed to create employment for themselves and for other youths. The study concludes that, loans from YDF have contributed to employment creation among the youth. It is, therefore, recommended that the Ministry of Labour, Youth, Employment, and Persons with Disability in Tanzania should strengthen youth support through YDF, coupled with relevant training on entrepreneurship skills.

**Keywords:** Youths, Youth Development Fund, unemployment, employment creation.

### 3.2 Introduction

Worldwide, there are over 68 million youths who are looking for jobs (ILO, 2020a). Most of them are from developing countries including those from Africa (North Africa and Sub Saharan Africa). From 2015 to 2017, youth unemployment in Africa stood at 13.3% (Byiers and Pharatkhatlhe, 2019). In Africa, youth unemployment keeps growing whereby North Africa is leading by youth unemployment rate of 29.6% whereas in sub-Saharan Africa youth unemployment rate stood at 8.7% (ILO, 2020b). Moreover, the youth are more likely expected to self-employ than adults, nonetheless, their rate of self-employment is considerably low (Potter *et al.*, 2014). This is because of the challenges related to: lack of orientation of education and training, awareness, experience, limited networks, fewer financial resources as well as market barriers (Potter *et al.*, 2014). Most of the African leaders have put various initiatives to promote youth development. But, little has been achieved; this is due to less consideration of the potentials of informal activities that may employ many youth and increase economic growth (Byiers and Pharatkhatlhe, 2019). In Tanzania the informal income generating activities (IGAs) are considered as the last option for most people. Less effort has been put to promote and expand informal IGAs leading to serious problem of unemployment within the country (Haji, 2015).

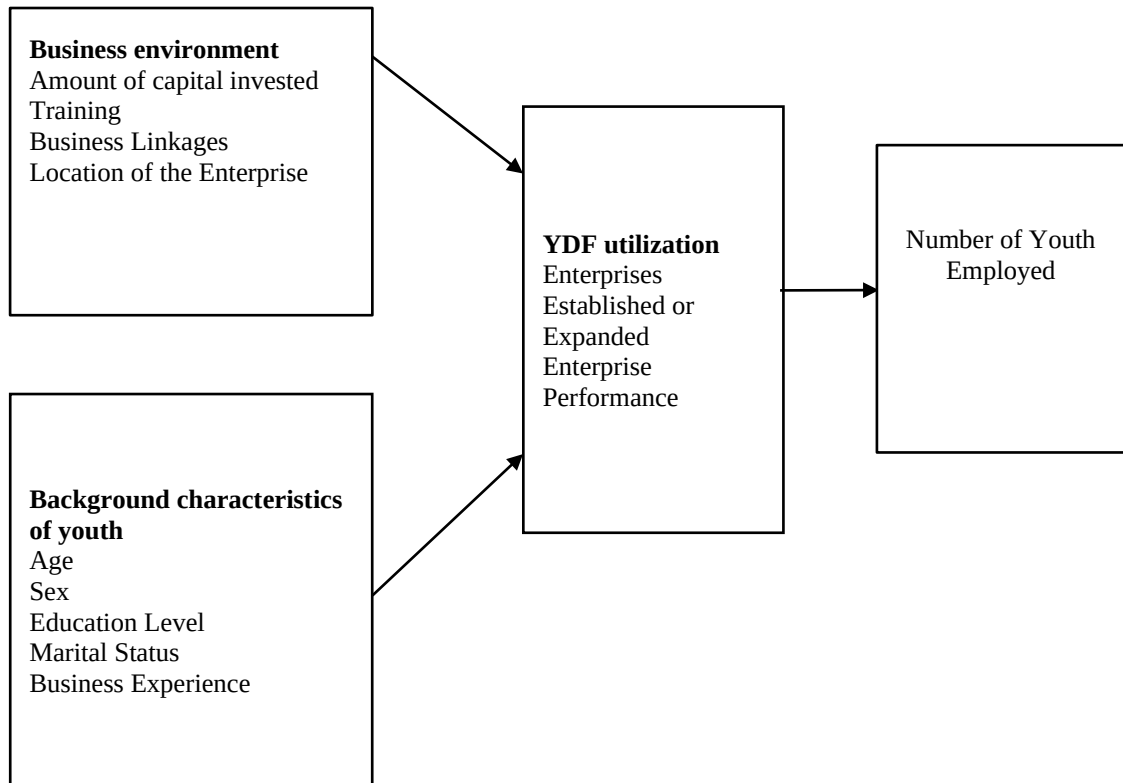
The population of Tanzania is about 60 million, and it is estimated to increase at the rate of 3 percent per year since 2018 (World Meter, 2019; World Meter, 2020). The population growth in Tanzania has brought both opportunities as well as challenges. One of the major challenges brought by population growth in Tanzania is youth unemployment (Agwanda and Aman, 2014; Suleiman *et al.*, 2017). According to the National Bureau of Statistics (2020), youth unemployment rate in Tanzania is 9.5%. Youth unemployment in Tanzania is a long-time challenge (Haji, 2015); it can be traced back to 1961. In Tanzania,

youth unemployment is a result of lack of skills and technical knowhow among the youth, few job opportunities a nation can offer, skills mismatch and lack of capital to invest in informal IGAs (Haji, 2015). The government put more efforts in soft skills development, soft loans disbursement among youth so that they can invest in informal sectors and become self-reliant (Mabala, 2017). Additionally, the government of Tanzania introduced several policies and initiatives to make youth participate in economic activities. Among the policies formulated is the National Youth Development Policy (NYDP) (1996) which was later reviewed in 2007. The policy gives a clear direction of preparing youth with soft skills, attitude and competences for the job market and self-employment (Lugonelo *et al.*, 2015). The formulation of NYDP in Tanzania led to the introduction of several strategies to deal with unemployment challenge. Some of the initiatives were the establishment of youth department under the community development department, Vocational Education Training Authority (VETA), and Youth Development Fund (YDF) (Mussa, 2013).

YDF is a government empowerment programme which aimed at promoting active participation of youth in socio-economic development of a country (URT, 2013a). The fund operates under Local Government Authorities (LGAs), it is generated from 5% of the LGAs revenue with the other 5% from the central government (Jafo, 2019). The main objective of the funds is to encourage the disadvantaged youth to engage in legal income generating activities to increase their income. YDF was first launched in Tanzania in 1994 with the main objective of reducing youth unemployment (Chachage, 2006). Despite the implementation of different frameworks and strategies, including YDF to reduce youth unemployment in Tanzania, the challenge of youth unemployment still exists and is on the rise (Suleiman *et al.*, 2017). Furthermore, various studies have been done on provision of YDF, for example, Tarimo (2019), investigated on the effects of YDF on the growth of youth economic activities; while Renatus (2010) explored on the default dynamics by

micro loan beneficiaries of YDF in Bukoba; another study was conducted by Mussa (2013) on the assessment of the general performance of YDF in Kahama district. All these studies did not examine the influence of YDF in youth employment creation in Tanzania which is the focus of this particular study. The study findings provide a highlight on the contribution of YDF in jobs creation which may be of great use to policy makers, YDF operators and youth themselves in their efforts to reduce unemployment challenge. Reduced youth unemployment contributes to the achievement of the Tanzania Third Five Years Development Plan (FYDP 2021/22 - 2025/26) specifically objective number (8) on accelerating inclusive economic growth through poverty reduction and social development strategies as well as productive capacity for youth, women and people with disabilities.

The study hypothesized that loan from YDF, together with other supporting factors, influence youth participation in economic activities through providing youth with initial capital to establish and/or expand IGAs hence creating youth employment opportunities. However, IGAs performance and creation of employment to other youths beyond those received loan from YDF depend on good environment for business establishment and background characteristics of youth who received the loan. The background characteristics considered in this study are age, sex, education level, marital status and business experience. It is therefore, the combination of both financial and non-financial support to youth which shapes the production of quality products and services, good marketing strategies, increased incomes, expanded enterprises and increased number of youth employed in an enterprise (Fig. 3.1).



**Figure 3.1: Conceptual framework on the role of YDF in employment creation**

### 3.3 Methodology

#### 3.3.1 Description of the study area

The study was conducted in Kilosa district, Morogoro region. Kilosa district has a population of 438 175 people (URT, 2013). According to national census URT (2013), Morogoro region is among the regions with high percentage of youth population which is 18.5%. Kilosa district is located in East Central Tanzania, about 148 km from Morogoro town. The district is located between latitudes 5°55' and 7°53" South and longitudes 36°30' and 37°30" east. It covers 12 394 square kilometres and divided into 35 wards and 118 villages. According to the records from Morogoro regional community development office, the amount of YDF disbursed to youth up to 2020 was apparently high 2 081 170 597/= Tanzanian Shillings to 546 groups compared to other regions like Dodoma which was 431 297 600/= TZS to 151 youth groups (URT, 2020a). Table 2.1 shows that Kilosa district has the higher average amount of YDF loan disbursed to youth groups compared

to other districts within Morogoro region (URT, 2020b). For instance, 2018/2019 the average amount of money provided to 46 youth groups in Kilosa district was Tanzanian Shillings 4 818 796/= and in 2019/2020, 7 558 425/= was disbursed out to 39 groups (URT, 2020c). Eighty percent of the land in Kilosa district is utilized for agriculture (URT, 2015a). Generally, the people in Kilosa District engage in petty businesses, vegetable production, subsistence farming of food crops and few cash crops like sugarcane, sisal and ginger (URT, 2015b). Based on the number of groups benefiting from the programme and the average amount of loan disbursed to youth in Kilosa district, therefore, the district was purposively selected for this study.

**Table 3.1: YDF loan disbursement roaster in Morogoro region**

Name of the district	Financial years					
	2018/2019			2019/2020		
	Total amount (TZS)	Number of groups supported	Loan average (TZS)	Total amount (TZS)	Number of groups supported	Loan average (TZS)
Manispaa	402 500 000	140	2 875 000	355 800 000	96	3 706 250
Ifakara	118 000 000	69	1 710 145	190 000 000	39	4 871 795
Moro DC	32 391 300	26	1 245 819	111 600 000	56	1 992 857
Kilosa	221 664 630	46	4 818 796	294 778 565	39	7 558 425
Mlimba	394 000 000	151	2 609 272	400 000 000	91	4 395 604
Ulanga	152 258 000	77	1 977 377	166 209 168	65	2 557 064
Mvomero	100 000 000	45	2 222 222	156 405 432	62	2 522 668
Gairo	16 990 000	16	1 061 875	44 405 432	18	2,466 968
Malinyi	201 781 000	81	2 491 123	361 972 000	80	4 524 650
<b>Total</b>	<b>1 639 584 930</b>	<b>651</b>	<b>2 518 564</b>	<b>2 081 170 597</b>	<b>546</b>	<b>3 811 667</b>

Source: Regional Community Development Office, 2020.

### 3.3.2 Study design

A cross-sectional research design was used in this study; the design allowed collection of similar data from the youth groups at different geographical locations, at one point at a time (Creswell, 2014). The research design was used because it allowed information to be

collected within a short period of time without affecting the quality of data, and it is inexpensive (Setia, 2016).

### **3.3.3 Data collection**

Data were collected through survey, focus group discussions (FGDs) and key informants interviews (KIIs). The survey was conducted through the use of a questionnaire to collect data on the capital invested by the youth in their enterprises, average income generated per year, employment opportunities created by youth as a result of YDF loan bounded with other services, number of the youth employed under the established or expanded businesses, as well as the status of the created employment whether it is temporary or permanent employment. In addition, 10 FGDs were conducted involving 6-12 participants. Lastly, 6 KIIs were conducted. The interview involved five (5) ward community development officers and one (1) district YDF coordinator. It was through FGDs and KIIs that qualitative data were gathered. Data collection methods employed by the researcher aimed to supplement each other. Before the actual data collection, the questionnaires were pre-tested to ensure clarity of the questions.

### **3.3.4 Sampling procedure and sample size**

A total of 100 YDF recipients were involved in this study. Two stage random sampling was done to select the respondents. First, random sampling was done to select 10 youth groups. This was followed by simple random sampling to select 100 YDF beneficiaries from the 10 selected youth groups. Different literature highlight on sample size selection. For instance, Fraenkel and Wallen (2000) reported that a sample size of 30 -100 respondents is reasonable for studies in which data are analysed through association or descriptive statistics. Additionally, Louangrath (2017) demonstrated that in social science research the minimum number of the sample size can range from 30-200 respondents



especially when the study involves generalization of the results. In order to collect different views from the groups, FGD participants were selected basing on i) sex, because both men and women were involved in the programme and ii) member participation in group meetings and group activities. Lastly, 6 key informants who were the community development officers and YDF coordinator were purposively selected basing on their role in the programme and community development in general.

**Table 3.2: Groups and number of respondents who participated in the study**

<b>Name of the group</b>	<b>Total number of group members</b>	<b>Number of respondents</b>
Mshikamano	22	11
Nyota	16	9
Ushirikiano	18	9
Vijana Agrovat	17	10
Tupendane	24	11
UVCCM Group	25	10
Mbogasaba	25	11
Vijana Bodaboda	20	10
Vijana Ilonga	20	10
Youth Entrepreneurs	21	10
<b>Total</b>	<b>208</b>	<b>100</b>

### 3.3.5 Data analysis

Qualitative data were analysed through content analysis whereby responses collected were categorised and presented in meaningful themes basing on the study objectives. Additionally, quantitative data were analysed through (IBM- SPSS) software version 20 whereby both descriptive (frequencies and percentages) were determined. A multiple linear regression (MLR) model was run in STATA to examine how YDF was associated with employment creation. The employment opportunities created (self-employment or employment for others) was a dependent variable which was associated with several

explanatory variables like age, education level, marital status, amount of capital invested, experience, average income generated per year and other factors.

A multiple linear regression equation used in this study was:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n + \mu$$

Whereby

Y= Number of youth employed per respondent

$\beta$ = Beta Coefficients

$\beta_0$  = Intercept

$X_1$ = Age of the respondent (years)

$X_2$ = Education level of the respondent (1= primary, 2= secondary, 3= certificate, 4= diploma, 5= degree, 6= no formal education)

$X_3$ = Amount of capital from YDF invested (actual amount of money)

$X_4$ = Number of economic activities established or expanded (numbers)

$X_5$ = Number of years in the operation of the business (years)

$X_6$ = Average income generated per year (actual amount of money gained per year)

$X_7$ = Estimated distance from the residence to the enterprise area (kilometres)

$X_8$ = Number of the trainings received (numbers)

$X_9$ = Location of the youth enterprise (1= urban, 2= rural, 3= per-urban)

$X_{10}$ = Marital status (1= married, 2= divorced, 3= single, 4= widow, 5= widower)

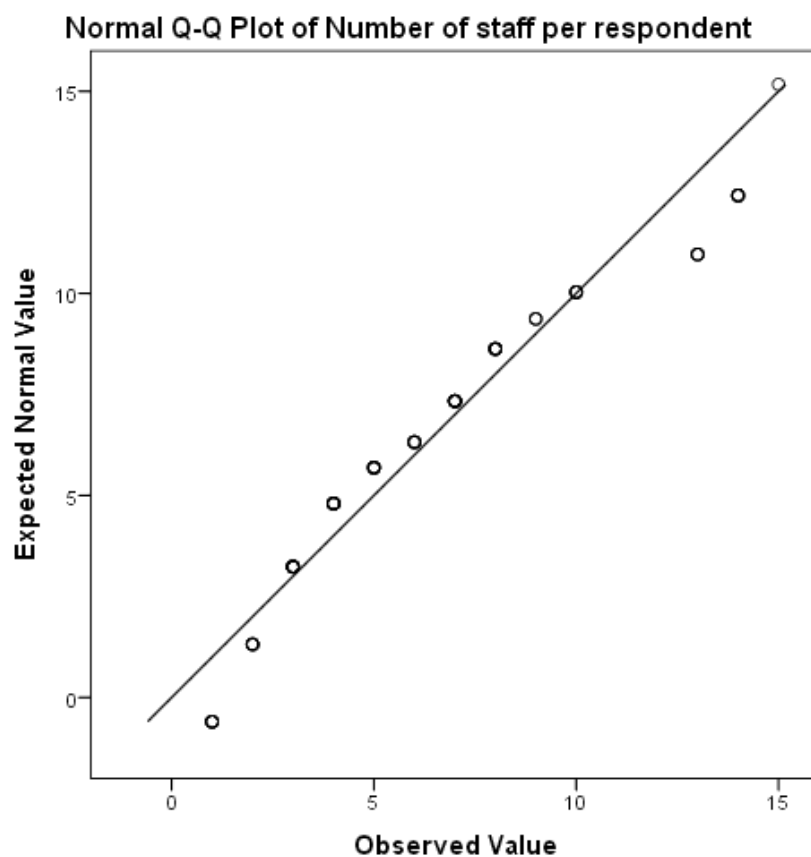
$\mu$ = Random error term

### 3.3.6 Statistical tests

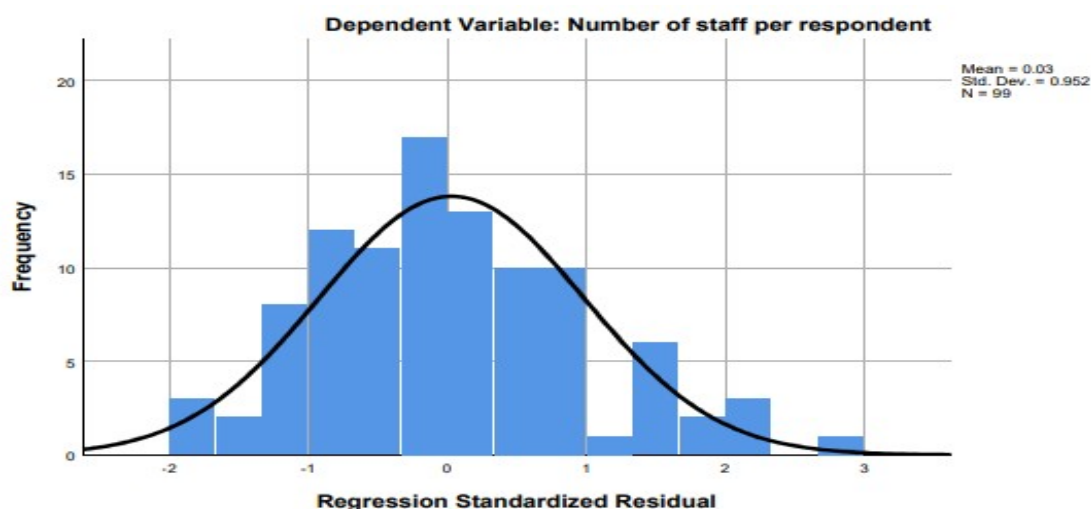
In regression analysis, it is a normal incidence to have collinearity and multicollinearity among the independent variables within cross sectional data (Belsey *et al.*, 1980). Due to that before running linear regression model, collinearity/multicollinearity diagnosis test was done to check if there is correlation among the explanatory variables. The study

revealed that the independent variable had a tolerance value of VIF “1-e (r<sup>2</sup>)” VIF = " 1/ (1-e (r<sup>2</sup>)) tolerance = 0.21239223 VIF = 3.7082702. According to Hair *et al.* (2013) a VIF of 1-5 shows that there is a moderate correlation among the independent variables but this is tolerable hence it is not severe to require attention. Therefore, there was no violation of the multicollinearity assumption in this study as reported by Hair *et al.* (2013).

Lastly, normality test was done for dependent variable which is the number of youth employed by the respondents. A normal Q-Q plot and normal curve distribution were used to present normality. The results show the scatters lie close to the line (Fig. 3.2) justifying that there is a normal distribution of errors. Moreover, a normal distribution curve (Fig. 3.3) had a peak at the middle and it is equitably regular hence they are normally distributed. Thus the normality assumption was met.



**Figure 3.2: Normal Q-Q plots for dependent variable, Number of staffs employed by respondent**



**Figure 3.3: Normal distribution curve of the response variable**

### 3.4 Results and Discussions

#### 3.4.1 Categories of employments created

Results show that 89% of the respondents had managed to employ themselves and employ others in their enterprises while 11% managed only to employ themselves (Table 3.3). This shows that in the study area, YDF loan had played a significant role in opening and expanding income generating activities hence employment creation. Further investigations on the types of the employment opportunities created as a result of YDF loan indicated that 66% of the employment created were temporary (Table 3.3). Temporary employments were based on days, weeks, and up to one month. Example of temporary employment created in the study area was farm activities whereby agriculture (crop production) is the major income generating activity. The activities were seasonal, and they took short period of time, while permanent jobs created were motorcycle transportation activities and petty businesses. Generally, youth prefer engaging in income generating activities which make them gain money within a short period of time and look for another activity. The findings in line with the findings by Charles *et al.* (2012) who reported that majority of youth who accessed loan had invested in temporary/casual activities because most of them are mobile; shifting from one place to another to look for

employment opportunities. This was also reported by Banks (2016) that most youth in Tanzania focus on conducting survival jobs rather than jobs for long term improvements of their livelihoods.

**Table 3.3: Employments created by youth (n=100)**

Variable	Frequency	Percent
<b>Employments created</b>		
Self-employ and employ others	89	89
Self-employment only	11	11
<b>Total</b>	<b>100</b>	<b>100</b>
<b>Types of employments</b>		
Permanent	24	24.0
Temporary	59	59.0
Both	17	17.0
<b>Total</b>	<b>100</b>	<b>100</b>

### 3.4.2 YDF and youth employment creation

A multiple linear regression model was used to determine the association between YDF loan and employment creation. In order to attain unbiased causal effect estimates, control variables included in the model were age, education level of the respondent, marital status amount of capital invested, number of economic activities opened or expanded, experience, distance from youth residence to enterprise, location of the enterprise and the number of the training received. Additionally, the coefficient of determination ( $R^2$ ) is 0.7953 and this means that, the ten (10) independent variables which were included in the regression model explained 79 percent of the variation in youth employment creation (Table 3.4).

**Table 3.4: A multiple regression model results for the factors associated with youth employment creation**

Variable	Coefficient.	Std. Err.	T	P> t	[95% Conf. Interval]	
Age	1.1483218	.4534422	2.54	0.013*	.3090877	1.107688
Education	.4162359	.5714913	.729	0.468	-.270174	2.031648
Marital status	1.219114	.4009744	3.05	0.003**	.3992818	3.060945
Economic activities	-.0487365	.4347868	-0.11	0.911	-.9126485	.8151755
Duration	.7121214	.4566885	-2.02	0.046*	-1.829552	-.0146912
Distance	-.9583036	.4277541	2.24	0.097	.1083654	1.808242
Location	-.0421296	.5533565	-0.08	0.939	-1.141637	1.057378
Number of Trainings	.1251742	.4906128	1.49	0.800	-1.156225	.0110233
Capital invested	1.971E-006	.050e-07	2.068	0.042 *	-2.74e-06	-1.64e-07
Income generated	3.498E-003	1.11e-06	3.099	0.003**	1.36e-06	4.20e-06
- Cons	.9872112	.13e-008	8.72	0.000	12.81933	14.09115

Number of observation = 100, F (11, 89) = 34.58, Probability > F = 0.0000, R-squared = 0.7953, Adjusted R-squared = 0.7723, Root MSE = 3.4096, Tolerance = 0.21239223, VIF = 3.7082702

NB: \* and \*\* refers to significant level at 5% and 1% respectively.

### 3.4.3 Age of respondents

Results in Table 3.4 show that age of the respondent had positive influence in employment creation. It had a beta coefficient of 1.098388 and it was statistically significant at ( $p \leq 0.05$ ) on youth employment creation. This implies that, the youth who were older had employed a large number of people compared to those who were relatively young. This was also demonstrated in the social demographic characteristics of the respondents where majority of them were at the mid-age of 26-35. Generally, at this age, most people engage in active investments so as to meet their personal and family needs. The investments require manpower in implementation and coordination hence increase in

employment opportunities created. The study results concur with the findings of Kemunto (2014), who presented similar results where he found that, in the youth funded entrepreneurship activities, the age of the respondent had positive influence towards employment creation. Further findings from key informant interview indicated that, the youth who were older had higher experience in business and had a lot of social and economic capital. As a person gets older, business experience increases as well, whereas, capability of managing the business gets low hence a demand for the workers thereby increasing employment opportunities. For example, one of the key informant mentioned that:

*“Although loans were supposed to be provided to the youth aged from 18-35 years but in Kilosa district we provide loans even to those who were above 35years. Because those who were older showed high level of seriousness in business management and employment creation due to the experience they had” (A Key Informant 03rd March 2021).*

#### **3.4.4 Marital status**

The study results show that marital status had positive beta coefficient of 1.270114 and it was statistically significant at  $P \leq 0.01$  on employment creation. This indicates that married couples who had secured a loan from YDF had higher number of youth employed in their enterprises. That is to say, due to responsibilities married couples had, majority of them were committed in investments. Commitment in investments for married youths was also pointed out by one of the respondents:

*“I am doing transportation activities using the motorcycle loan from the district council. Additionally, I have used the profit I got to open a small shop at home which my wife and one young boy are operating. Therefore, with these two*

*economic activities, I have employed three people including myself” (A 31 years old married man, FGD Kilangali ward on 7<sup>th</sup> February 2021).*

The study findings concur with the results presented by Dvouletý (2018), who reported that, married people were more devoted in economic investment so as to employ themselves. Generally, married couples prefer self-employment or employing others for the fact that most of the times they need to settle with the family at one point. Additionally, Ooko and Otengah (2018), argued that, due to different couple and family responsibilities, married people tend to be more serious in investments. On the contrary, Baque *et al.* (2017), presented different findings that married people had low investment in economic activities and employment creation, this is because of differences in attitudes among couples which happen as soon as they secure the loan. This may affect the decision on investment and make them invest in wrong businesses. On the other hand single people are less committed in making investments due to few responsibilities and fast life satisfaction. This was also commented by one of the respondents during FGD who said;

*“In our group we have given motorcycles as a loan. However, I am riding it myself and it is enough for me to meet my social/life needs. Every week I can get an estimate of 150,000/= TZS, which is enough for me to sustain life and slowly repay back the loan” (A 24 years old single man, FGD Kasiki ward on 9<sup>th</sup> February 2021).*

### **3.4.5 Average income generated**

The average income generated by a respondent per year had positive beta coefficient of 3.79 and was statistically significant at ( $p \leq 0.01$ ) on employment creation (Table 3.4). Results indicate that the youth who had invested in economic activities and their average



income increased more per year had employed more youth than their counterparts. Results also indicate the same as one of the FGD participant commented;

*“With an increased income generated per year after selling our agricultural products, we easily expand our farm sizes and employ more workers to operate”.*

*(A female FGD participant, aged 27, Chanzuru ward 17<sup>th</sup> February 2021).*

Increased income leads to an expansion of the business, hence the need for more employees as it was also reported by Kurgat and Owembi (2017). Expansion of business needs additional number of workers to operate/work in an enterprise, hence employment activities creation. Similar findings were also reported by Cheres (2019), Sisinyize and Shalyefu (2015) who presented that an increase in youth income through income generating activities performed by the youth brought a reduction in youth unemployment.

#### **3.4.6 Business experience**

Findings further indicate that, the number of years in operation of the business (experience) was statistically significant at ( $P \leq 0.05$ ) on employment creation (Table 3.4). Generally, business experience results in the gaining of skills and knowledge especially on the key opportunities and challenges of the business as well as developing strategies on how to tap the opportunities and overcome the challenges. These lead to the growth in the size of enterprise and demand for the workers hence increase in employment creation. Therefore, it is argued that respondents who had good business experience were in a good position of employing large number of youth in their enterprises. The youths with business experience were good in business operations, understand well the challenges and opportunities, good timing of the business, which lead to growth of the enterprise and employment creation. Contrary to the findings, Khahemba (2017) found that business

experience did not have an influence in business performance and employment creation, instead entrepreneurship training had significant influence on employment creation.

#### **3.4.7 Amount of capital from YDF invested in the enterprise**

Investigation on the influence of the amount of capital invested in the business on employment creation was statistically significant at ( $P \leq 0.05$ ) (Table 3.4). This means that the increase in the capital invested in the business result in the increase in youth employment creation. Generally, the amount of capital accessed and invested in the firm is among of the necessary factors that determine the size of the business in terms of how big it is and the demand of workers. Financial capital invested in the business does not only determine the size of the enterprise but also plays a significant role in determining the quality of the product, marketing strategy, packaging, as well as location of the business (Henley, 2005; Mutyenyo, 2014; Tarimo, 2019; Temu, 2019). Therefore, the findings suggest that loan from YDF (amount of capital) invested in the business has positive influence on business performance and employment creation. However, in the study area, the youth complained on the wrong timing of the funds disbursement, small amount of loans disbursed (did not match with the needs) and the procedures for loan acquisition were not friendly. Confirming the above, one of the respondents said;

*“Loan provided helped us to start new businesses and expand the existing ones. Although we submitted the business plans to the office the amount of money provided was small and did not match our needs. This made us to invest small amount and produce less profit”. (A female FGD participant aged 29 years old at Luhembe ward, 25<sup>th</sup> February 2021)*

#### **3.4.8 Training, education level and youth employment creation**

Results show that training offered to the youth and education level of the youth had positive coefficients of 0.125 and 0.416, hence influencing business performances and

employment creation. This suggests that, the more the training received to the youth and the higher education level of respondents the higher the increase in the number of youth employed by the respondent. Generally, acquisition of entrepreneurship training and increase in level of education lead to increase in entrepreneur awareness and perceptions. This was also reported by Robb *et al*, (2014) that entrepreneurship training helps in building necessary skills for business start-up, management, risk control as well as enterprise expansion. On the other hand, Chapman *et al*, (2016) presented contrary findings as there is unclear link between the training received by the youth with income increase, financial independence and unemployment reduction in Tanzania. The study argues that the impact of training on employment creation promotes enterprise growth which ultimately triggers additional labour requirement.

### **3.5 Conclusions and Recommendations**

The main objective of this manuscript was to examine the influence of YDF in employment creation. Based on the findings and discussions, the study concludes that YDF has positive contribution on the creation of youth employment opportunities. Apart from loan provided to youth, age of the respondent, income generated per year, business experience and amount of capital invested in the business determine employment creation. Majority of the youth accessed loan from YDF had created temporary employment that had contribution in sustaining their livelihoods. Based on the findings of the study, the following recommendations are made to the Ministry of Labour, Youth, Employment and Persons with Disabilities (Youth Division), to district community development departments and youth themselves.

- i. District community development departments should continue to provide trainings to the youth. This can be done in collaboration with other stakeholders like NGO's, financial institutions, agro-dealers, agro-processors as well as potential

buyers of youth products. These collaborations and linkages will help in the provision of specialized training to improve the performance of the enterprises.

- ii. YDF should focus on youth/ youth groups with existing businesses so that the loans can be used for business expansion rather than new businesses establishment to take advantage of business experience for proper investments and easy management.
- iii. District community development departments should undertake capacity building on the establishment of permanent and sustainable IGA's for the youth for more meaningful youth empowerment and poverty reduction. This will facilitate income flow throughout the year among youth and improve their livelihood.

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## **CHAPTER FOUR**

### **4.0 SUMMARY OF THE KEY FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **4.1 Summary of the Key Findings**

The key objective of this study was to assess the contribution of YDF in creating youth employment opportunities in Kilosa district. The section below explains the summary of major findings in a sequential order as discussed in the manuscripts above.

##### **4.1.1 The non-financial supports provided to YDF beneficiaries in relation to performance of youth income generating activities**

Objectives one and two of the study aimed at assessing the loan utilization practises by youth, non-financial services provided and performance of youth economic activities. Findings from the study revealed that majority of the surveyed youth who accessed loan from YDF programme utilised loan to establish new enterprises than expanding the existing ones. Additionally, a large number of youth who secured loan from the programme managed to establish only one business with the capital accessed. Furthermore, the surveyed youth in the study area mainly engage in agriculture (crop production and livestock keeping) while few of them engage in petty businesses and transportation activities.

On the non-financial support provided to YDF beneficiaries by LGAs, the findings show that, YDF beneficiaries were provided with entrepreneurship training and business linkages from community development officers, group leaders, agricultural extension officers as well as road traffic police. The youth with different economic activities funded by YDF received training and were supported with business linkages to stimulate

performance of their economic activities to increase their incomes. The types of the training delivered to the youth were entrepreneurship, financial management, marketing, business management as well as on good agricultural practice. While business linkages done were the linkage with agro dealers, buyers, government authorities and linkage with other business associates. These services were aimed at promoting the performance of the youth IGAs by encouraging more innovations, application of science and technology and creativity in all stages from production to marketing.

#### **4.1.2 The role of YDF on youth employment creation**

Objective three of this study was to examine the role of YDF in youth employment creation. From the findings, YDF enabled youth to access capital and invest in entrepreneurship activities and create employment opportunities to themselves and to other youth. Employment opportunities were created through the use of the loans to establish new businesses or expand the existing businesses. On the other hand, YDF loan accessed by youth together with other services offered helped youth in managing their businesses, dealing with the challenges faced and finding more business opportunities. To create a good environment for youth IGAs to grow and perform well, YDF works with registered youth groups, DCDO, WEOs WCDOs, VAEOs/ WAEOs so as to simplify technical service acquisition among the youth.

Multiple regression results show that age of the respondent, marital status, experience, and capital invested and income generated per year had positive and significant association with youth employment creation. Similarly, distance of the youth enterprise to youth residence was slightly associated with youth employment opportunities creation. On the other hand, variables like respondent level of education and location of the youth enterprise were not statistically significant on youth employment creation but they had

positive coefficients suggesting that they have positive association with youth employment creation.

Lastly, the study findings show that, most of the employment opportunities created by the youth as a result of YDF loan were temporary. The employment opportunities were based on days, weeks and months. These were due to the nature of activities in which most of youth engage on.

## **4.2 Conclusions**

Based on the study findings and discussions, it is concluded that YDF programmes play a great role in facilitating youth engagement in income generating activities. Large number of youth who accessed loan, utilised it as a start-up capital and invested in entrepreneurship activities and create employment opportunities for themselves and other youth.

It is also concluded that among the income generating activities that have been conducted by YDF beneficiaries in Kilosa district, agriculture (crop production and livestock keeping) was more preferred than other activities. There were however a few of them who engaged in petty businesses and transportation activities. On top of that, the youth abilities to grab new opportunities and diversify their economic activities are very low hence majority of them ended up in establishing only one economic activity with the loan accessed.

It is also concluded that YDF beneficiaries in Kilosa district received different non-financial supports that positively shaped performance of their economic activities. The supports provided were entrepreneurship training and business linkages. It is, however,

noticed that between different types of training offered to youth entrepreneurship and financial management trainings were provided to large number of YDF beneficiaries and few marketing training have been offered. On the aspect of business linkages, the study concludes that youth have been facilitated with linkage from government agencies like TRA and agricultural extension officers and linkage with agro-dealers. There were limited linkages done between youth and marketing actors which may probably simplify the process of marketing of the youth products and services.

The study further concludes that age, marital status, training, experience, amount of capital invested and income generated per year increased the number of workers employed by respondent. In addition majority of the employment opportunities created by youth as a result of YDF loan were temporary. This suggests that economic activities/employment opportunities in Kilosa district were short lived jobs in nature hence do not provide permanent solution towards youth unemployment challenge.

### **4.3 Recommendations**

Based on the study findings, discussion and conclusions above, it is recommended that, the government of Tanzania should continue with YDF provision to youth groups. However there is a need for the Ministry of Labour, Youth, Employment and Persons with Disabilities and district community development departments and other stakeholders to:

- i. Have a clear guidelines of youth training provisions and business linkages. For example the programme may request every district community development department to have training manuals, training schedules and training teams that will be responsible for delivering different entrepreneurship training to the youth. Also they need to have a clear action plan on how they will collaborate with other service providers who will provide necessary services for the growth of the youth

enterprises.

- ii. Provision of relevant training to the youth and insisting them on proper utilization of the training delivered. This can be done by arranging and training groups based on specific activities that they conduct; also doing regular groups follow-up to monitor them on training utilization and provide on-going advice for the better performance of their enterprises.
- iii. YDF programme should focus on the youth who have already established their businesses and are requesting loan for business expansion. The loan will influence the expansion of the business, performance of the business as well as employment creation.
- iv. To collaborate with other stakeholders like NGOs, agro-dealers, potential buyers of the youth products, agro-processors, transporters. This will ensure provision of good service and simplify service provision to the youth. For example, LGAs may facilitate contract farming between youth groups and buyers. The LGAs may stand as a link between two and make sure both sides meet the needs of the other side.
- v. On-going coaching of the youth groups on entrepreneurship skills and practices. By doing these, the youth will be capacitated with relevant skills and techniques on business diversification and business sustainability.

#### **4.4 Area for Further Studies**

Generally, the current study has observed that majority of the youth accessed loan from YDF managed to create employment opportunities. In addition, this study measured employment opportunities using number of staff employed by youth in their enterprises. Therefore, it is advised that further studies should expand this by looking on the assets owned by beneficiaries as a result of YDF and sustainability of the opened or expanded business as a result of YDF.

## APPENDICES

### Appendix 1: Questionnaire for YDF beneficiaries

#### General information of respondent

1. Questionnaire Number: .....
2. Village/Street: .....
3. Ward: .....
4. District: .....
7. Youth group you belong.....

#### Socio-economic characteristics of the respondent

5. Respondent's sex (Tick ✓)
  - 1) Male ( )
  - 2) Female ( )
6. Age of Respondent: (Years) .....
  - i. i.18-25
  - ii. 25-35
  - iii. 35<sup>+</sup>
8. Education level of respondent (Tick ✓)
  - i. i. Primary level ( )
  - ii. ii. Secondary level ( )
  - iii. iii. Certificate level ( )
  - iv. iv. Diploma level ( )
  - v. v. Degree level ( )
  - vi. vi. Never attended formal education ( )



## 9. Respondents marital status (Tick ✓)

- i. Married ( )
- ii. Divorced ( )
- iii. Single ( )
- iv. Widow ( )
- v. Widower ( )

**Established enterprises after accessing loan**

## 10. What are your major economic activities invested in after accessing loan? (Tick ✓)

- i. Petty business ( )
- ii. Crop production ( )
- iii. Livestock keeping ( )
- iv. Transport ( )
- v. Crafting ( )
- vi. Others ( ) please mention.....

## 11. Are there any specific income generating activities which are financed by YDF?

If yes what are they?

.....

## 12. What is the amount of capital/loan you have accessed from the group/YDF?

## 13. How did you utilize the loan you received from YDF?

- (i) Establish new business (ii) expand the existing business (iii) Both business establishment and business expansion (iv) other uses

## 14. How many enterprises have been opened or expanded as a result of loan? Mention the number.

15. Do you have other economic activity (es) you have invested in or expanded using the income/profit gained from group project(s)?

(i) Yes      (ii) No

If yes what are they? And what is the amount of money you have invested?

.....

.....

16. Your business or enterprise has operated for how long since you have secured funds from the group/YDF? (Tick ✓)

a. i. 1 month to 1year                      (   )

b. ii. 1 year to 2 years                      (   )

c. iii. 2 years and above                      (   )

17. What is the amount of capital from YDF that you have invested in that/those economic activities?

.....

18. What other sources of additional capital for the business mentioned in question 17 above?

19. Please provide the following information if you had any other source of capital for the activities mentioned in question 19 above

Business	Total Capital	Sources of capital			
		YDF	Bank	Vicoba	Others(Specify)

20. Where is your business/ income generating activity located? (Tick ✓)

i. Urban

ii. Rural

iii. Peri-urban

21. What is the actual or estimated distance from your settlement to the place where you are doing business? (Tick ✓)

i. 0-1 km

ii. 1-2 km

iii. 2-3 km

iv. 3+ km

22. What is the average income generated from your enterprise per year?

.....  
 .....

### **Other supports provided to YDF beneficiaries**

23. What are other services you have received apart from loan (Tick the appropriate service)

i. Trainings ii. Business linkage iii. Consultation and advices, Mention the other supports

24. Have you received any training? (Yes/No) If yes the training received (Tick ✓)

i. Entrepreneurship skills training ( )

ii. Financial management ( )

iii. Business management ( )

iv. Marketing skills ( )

v. others just mention.....

25. Was the training provided relevant to your business?

1) Yes 2) No ( )

Give reasons

.....

26. What is the motive forced you to attend the trainings

i. Skills acquisition ii. Meet group needs iii. Pleasure

27. What is your frequency for attending training? i. Very frequently ii. Frequently iii.

Less frequently

28. How can you rate the influence of training on the performance of your business? (Tick

√)

i. Very low ( )

ii. Low ( )

iii. Moderate ( )

iv. High ( )

v. Very high ( )

29. Has YDF programme linked you with other business partners or service providers for your business? If yes please Tick the appropriate linkage

i. Marketing linkage

ii. Agro dealers

iii. Government authorities like TRA, Banks

iv. Networking with other business actors

v. Others please mention.....

30. Do you agree or disagree if the linkages have helped your business to improve please

(tick √)

i. Strongly disagree ( )

ii. Disagree ( )

iii. Agree ( )

iv. Strongly agree ( )

31. Can you mention the number of business opportunities created and number of business partners linked with?

32. What improvements have been done in your enterprises as a result of the provided supports?

i. Is the business existing?

ii. Do you exploit other business opportunities?

iii. Do you apply science and technology in your business operations? How

iv. Are you able to maintain key service providers and key customers? if yes how many?

33. How is the progress of development activities/business for which you requested the YDF loan? (Tick ✓)

i. Well progressing ( )

ii. Collapsed or declining ( )

iii. Progressing but not well ( )

34. If collapsed or not progressing well, please give reasons for the situation?

.....

35. If business or activities are progressing well, please state what have been improved?

.....

### **Loan repayment**

36. Did you manage to pay the loan given either from the district or from the group?

If yes (Tick the appropriate category)

i. completed

ii. Half way

iii. Nil

**Youth employment creation**

37. Have you been able to employ or create any job for others as a result of YDF loan?

(Tick ✓)

i. Yes ( )

ii. No ( )

38. If the answer for question 26 above is yes, how many youths have been employed as a result of your business? (Tick ✓)

i. i. 1- 5 people ( )

ii. ii. 6-10 people ( )

iii. iii. Above 10 people ( )

39. Are the employees permanent or temporary? How many are permanent and how many are temporary?

40. For how long do temporary workers work? Please (tick ✓)

i. Daily

ii. Weekly

iii. Monthly

41. What is the maximum time you have worked with an employee in your enterprise?

S/n	Kind of employee	Number of staffs	Period of working
	Permanent		
	Temporary		

42. Do you think the employment opportunities you have created to youth may help them to develop their own capital and continue to employ others too? 1) Yes 2) No

Givereasons.....

.....

.....

43. In your opinion what can the operators of YDF do to enable the youth to benefit more from the YDF?

***This is the end of our interview thank you for your cooperation***

## **Appendix 2: Key informants interview guide**

Interview date.....

Place.....

Position of the interviewee.....

1. What is your general knowledge about YDF implementation in your ward/ village or district?
2. How many youth groups have accessed loans from YDF? how many managed to repay?
3. Can you share the names of the youth groups and the amount of loan each group have accessed?
4. What are the uses of the loans secured by youth? (In opening new business enterprises or expanding the existing ones)?
5. Do you monitor youth groups who secured loan from YDF programme?
6. How do you monitor youth enterprises to see proper use of the loans and the business progress?
7. What are other services provided to YDF beneficiaries apart from loan itself?
8. How many youth groups in your area have been provided with the service?
9. Who was the service provider?
10. In your thinking, were the services enough to support the performance of the youth enterprises?
11. How youth enterprises have influenced creation of employment opportunities in your area?
12. Do you have an exactly number of youth who has been employed as a result of YDF? If yes can you share please?
13. What support are you providing to youth before provision of loan and after securing loan from YDF



14. How does the support provided to youth relevant to the needs and demands of their enterprises?
15. What are other necessary support do you think youth need most to influence the performance of the business and why?
16. Could you please share the success stories on how YDF has led to opening or expansion of youth enterprises and increase youth employment opportunities.
17. What is your take on operationalization of YDF fund in Kilosa district and youth employment in general?

### **Appendix 3: Checklist for focus group discussion**

Date of discussion.....

Total members participated in discussion .....me.....fe.....

#### **General information of the group**

1. What is the name of your group? .....
2. When was it started? .....
3. How many members within your group? Me..... Fe.....
4. When the group accessed loan from YDF? .....
5. What amount of money the group accessed? .....
6. What was the aim of loan?
  - i. Business start-up, Mention the business
  - ii. Business expansion, Mention the business

#### **Opening of new enterprises**

7. What is the main economic activity (ies) of the group before securing loan from YDF?
8. What are the types of economic activities financed by YDF?
9. To what extent YDF has contributed to opening of the new or expansion of existing business
  - i. Very Low
  - ii. Low
  - iii. Great
10. What are the economic activities started or expanded after securing loan from YDF?.....  
 .....  
 .....

11. What amount of capital has the group invested in those economic activities?

S/n	Economic activity	Amount invested

12. Indicate number of years in business (please choose)

- i. Not yet started,
- ii. Under 1. Year,
- iii. 1 – 2 years
- iv. 3 – 4 years
- v. Over 5 years

13. Where is your business or enterprise located?

14. Can you estimate the distance in kilometres from your settlement to your business?

15. What is the amount of income generated from the group business per year?

Year	Business	Income generated

16. How does the group facilitate the opening of new enterprises at group member's level through the profit generated from the group business? How many group members have managed to open their business in your group?

17. How many group members have been supported by capital from YDF of group itself?
18. As a group did you manage to repay the loan? How about the group members who were also supported with capital?
19. How does the group leaders monitor individual business to assess the progress and the challenges they face in running their business?
20. What is the frequency of monitoring?  
  
How many individual enterprises have been visited and monitored by the group leaders?
21. What is the progress of group enterprise and group member's enterprises?  
  
Give reasons.....
22. How does the group help the individual youth in improving their businesses?.....  
  
.....  
  
.....

### **Other support provided to youth groups**

23. What other supports did you get in your group apart from loan? Please mention.
24. Who gave you those supports you mentioned? Or who facilitated the linkage between the group and the service providers.
25. What forced you to attend the trainings and what is the frequency of getting the services?
26. Explain how the supports provided were helpful in your business  
  
.....  
  
.....  
  
.....

27. Apart from the provided supports, what other supports do you think are necessary for youth involvement in economic activities and employment creation.....

**Employment opportunities created**

28. From the group enterprise have you managed to employ group members and other jobless youth out of the group?
29. If yes how many are they?
30. Are the employment opportunities created permanent or temporary?
31. What is the maximum duration you have worked with a single employee?
32. Are your employees capable of establishing their own enterprises and employ other youth? If yes how.

***Thank you for your cooperation***