

# Exploring Challenges in Government Youth Financing: Lessons from Uwezo Fund in Suba North Constituency, Kenya.

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***Abstract- Youth unemployment and poverty remain persistent challenges in Kenya, despite government initiatives such as the Uwezo Fund—a Vision 2030 flagship program aimed at improving financial access for youth, women, and persons with disabilities. In Suba North Constituency, only 74 out of 198 registered youth groups had accessed the fund by December 2022, raising concerns over its effectiveness. This study investigates the factors influencing Uwezo Fund uptake among youth groups in the constituency, focusing on the roles of capacity building, group dynamics, and lending requirements. A descriptive research design was employed, sampling 159 respondents from 53 youth groups, alongside interviews with fund officials. Data were analyzed using descriptive and inferential statistics, including regression analysis. Findings revealed that inadequate training, unstable group dynamics, and restrictive loan conditions significantly hindered fund uptake. Regression results indicated that the three factors explained 78.5% of the variance in fund uptake. The study concludes that while capacity building and lending requirements significantly impact fund uptake, group dynamics have a lesser effect. Policy recommendations include increasing training frequency, streamlining loan disbursement processes, enhancing public awareness, and revising fund policies to improve accessibility and impact.***

***Index Terms- Challenges, Government Youth Financing, Uwezo Fund.***

## I. INTRODUCTION

Youth unemployment and poverty are major global development concerns. The International Labour

Organization (ILO, 2020) reports that youth in meaningful work declined from 568 million in 1999 to 497 million in 2019, with an estimated 600 million jobs needed to meet current demand. The United Nations (2020) highlights persistent inactivity, with female youth more affected (30%) than males (13%). These trends undermine the attainment of Sustainable Development Goals (SDGs) 1 and 8.

In Africa, youth poverty is particularly acute: one in five young people lives on less than US\$1 per day (UN, 2020). Despite policy interventions such as South Africa's UMSOBOMVU Youth Fund and Uganda's Youth Venture Fund, high unemployment persists due to challenges including inadequate training, political interference, and low loan repayment rates (Mbaluko, 2014).

In Kenya, youth aged 18–34 constitute over one-third of the population (UNDP, 2010) and 55% of the unemployed (ILO, 2020). To address this, the government established initiatives such as the Youth Enterprise Development Fund (YEDF) and Uwezo Fund, launched in 2013 to provide affordable financing and capacity building for youth, women, and persons with disabilities (Uwezo Fund, 2013). However, uptake of Uwezo Fund remains low in several areas. Previous studies link limited participation to insufficient training, poor dissemination of information, cumbersome application processes, group conflicts, public misconceptions about repayment, and small loan amounts (Chemwa, 2015; Nyangau, 2016; Ouma, 2018). Capacity building, group dynamics, and lending requirements have been identified as critical factors influencing fund accessibility and enterprise performance, yet their combined effect remains underexplored, especially in rural contexts.

In Homa Bay County, where youth comprise 75% of the under-30 population and poverty levels exceed national averages (KNBS, 2009), Suba North Constituency faces limited economic opportunities, overreliance on fishing and agriculture, and high unemployment. Despite the Uwezo Fund's potential, only 74 youth groups had benefited by December 2022. This study examines how capacity building training, group dynamics, and lending requirements influence Uwezo Fund uptake among youth groups in Suba North, addressing a critical gap and informing the design of effective youth financing programs, including the proposed Biashara Kenya Fund. iii.

### 1.1 STATEMENT OF THE PROBLEM

Youth unemployment remains a pressing challenge in Kenya, with over 70% of the unemployed population comprising individuals aged 18–35 years. In response, the government has introduced affirmative action initiatives such as the Uwezo Fund and the Youth Enterprise Development Fund to promote youth employment. The Uwezo Fund specifically seeks to reduce poverty among youth, women, and persons with disabilities by supporting enterprise development and creating sustainable self-employment opportunities. iv.

Despite these interventions, the uptake of Uwezo Fund in Suba North Constituency has remained low, with only 74 youth groups benefiting as of December 2022. This raises questions regarding the fund's effectiveness in alleviating poverty among the youth, who constitute 75.8% of the unemployed in the constituency, according to the Homa Bay County Integrated Development Plan (CIDP) 2018–2022.

Youth participation in economic activities is essential for achieving Kenya Vision 2030. Persistently low uptake of affirmative funds threatens this vision, as it hampers enterprise growth, sustains high youth unemployment rates, and slows overall economic development. While several studies (Njuki, 2007; Okande, 2015; Ongera, 2016; Litunya, 2017; Chepkoech, 2016; Gathitu, 2020; Halima, 2019) have examined the Uwezo Fund, they have not sufficiently addressed the specific challenges affecting its uptake among youth in Suba North Constituency. This gap is particularly significant in a region where limited

economic opportunities and heavy reliance on fishing and agriculture intensify youth unemployment. Consequently, this study seeks to investigate the challenges influencing Uwezo Fund uptake among youth groups in Suba North Constituency, Homa Bay County, Kenya.

### 1.2 OBJECTIVES OF THE STUDY

To examine how capacity building training influences Uwezo Fund uptake among youth groups in Suba North Constituency.

To establish how group dynamics influence Uwezo Fund uptake among youth groups in Suba North Constituency.

To determine how lending requirements influence Uwezo Fund uptake among youth groups in Suba North Constituency.

## II. REVIEW OF LITERATURE

### 2.1 Capacity Building Training and Uwezo Fund Uptake among Youth Groups

Lack of information can be as limiting as lack of income (Chant, 2009). Many youth entrepreneurs in Kenya remain unaware of empowerment programs, reducing their ability to expand enterprises. Effective uptake of such programs requires training in entrepreneurship, business planning, and financial stewardship (Kimando et al., 2012). Capacity building fosters awareness, changes mindsets, and equips youth to recognize and seize business opportunities (Bruton & Ahlstrom, 2006).

Internationally, initiatives like the EU's Youth Employment Initiative and Portugal's eYe Project link training to youth fund awareness, though they often overlook disadvantaged or older youth (European Commission, 2012; Peter et al., 2019). In Asia-Pacific, programs such as Papua New Guinea's Urban Youth Employment Project stress awareness and empowerment (ILO, 2010; World Bank, 2018). African countries, including South Africa and Rwanda, have implemented entrepreneurial training and job placement programs, though gaps in inclusivity persist (ILO, 2014; USAID, 2018).

In Kenya, the Uwezo Fund Capacity Building Program covers fund information, enterprise mentoring, table banking, and access to government procurement (Uwezo Fund, 2013). However, studies reveal low youth awareness of such programs (UNICEF, 2011; Okungu, 2012; Ogutu et al., 2011) and inadequate entrepreneurial skills training (Tuitoek, 2016). Research links training to improved fund acquisition and utilization (Njuki, 2016; Ongera et al., 2016; Chepkoech, 2016), yet gaps remain in understanding how awareness, skills training, and mentorship jointly influence Uwezo Fund uptake and poverty reduction among youth.

## 2.2 Group Dynamics and Uwezo Fund Uptake

Groups enable members to achieve collective goals that may be unattainable individually (Mwangi & Ouma, 2012). Positive dynamics—cohesion, constructive conflict management, and mutual support—enhance group performance (Cotteral, 1996; Republic of Kenya, 2012), while negative dynamics—wrangles, disengagement, and absenteeism—undermine it.

Internationally, structured interventions, such as the US Vibrant Emotional Health training, improve group management and project outcomes (Vibrant Emotional Health, 2019). Studies in Canada show that cohesiveness influences personal development, though most focus on sports groups (Bruner et al., 2014). Ireland’s Youth Cafes Programme targets disadvantaged youth, but evidence on group dynamics’ role in fund uptake remains limited (Ireland Ministry of Youth Affairs, 2006).

In Kenya, negative group dynamics, including leadership wrangles and unclear rules, have been shown to hinder Uwezo Fund access and management (Nyangau, 2016; Litunya, 2017; Kimosop, 2013). Yet, little research has explored how such dynamics affect fund uptake in the broader context of youth economic contribution and Vision 2030 goals.

## 2.3 Lending Requirements and Uwezo Fund Uptake among Youth Groups

Globally, youth access to finance is hindered by restrictive credit conditions, complex registration processes, costly licenses, and collateral demands (ILO, 2020; Parker, 2012; WB, 2005). Supportive policy and regulatory environments, as seen in Italy and the UK, enhance youth entrepreneurship, while inadequate funding and rigid regulations constrain outcomes in developing nations (Chigunta, 2002). In Africa, age thresholds, lengthy procedures, and high costs remain major barriers (UNCTAD, 2012; Herrington, 2011; Pathak et al., 2011), with similar constraints observed in Asia and the US (Olomola, 2000; Ardener, 1995; ILO, 2010).

In Kenya, youth cite lack of affordable credit, complex application processes, and small loan amounts as key constraints (Kangai et al., 2011; Moraa, 2014; Kilele et al., 2015). The Uwezo Fund requires formal registration, table banking operations, and group savings history, with disbursements ranging from KSh 50,000 to 500,000 (Uwezo Fund, 2013; PFM Act, 2014). While some studies highlight positive policy effects (Nyangau, 2016; Litunya, 2017; Chepkoech, 2016), others note that low amounts, stringent procedures, and repayment conditions limit uptake (Njuki, 2016; Halima et al., 2019). However, few have directly linked lending requirements to Uwezo Fund uptake for youth employment creation.

## III. RESEARCH METHODOLOGY

### 3.1 Survey Design

The study adopted a descriptive survey design, which is effective for capturing accurate, detailed information from large populations and identifying specific characteristics within a target group (Mugenda & Mugenda, 2003). This approach was suitable for Suba North Constituency, where high youth unemployment, driven by limited opportunities in fishing and agriculture, necessitates an in-depth understanding of factors influencing Uwezo Fund uptake. The design enabled examination of both the dependent variable (fund uptake) and independent

variables (capacity building, group dynamics, and lending requirements).

### 3.2 Target Population Sampling and Sampling Size

The target population comprised 198 youth groups registered with the Department of Social Services in Suba North Constituency, alongside three Uwezo Fund officials. The groups were distributed across five wards: Kasungu (50), Gembe (28), Rusinga Island (49), Mfangano Island (33), and Lambwe (38). Sample size was determined using Nassiuma's (2000) formula, applying a coefficient of variation of 21% and a standard error of 2% to ensure low variability and error. This yielded a sample of 53 youth groups. From each group, one leader and two members were randomly selected, resulting in 159 youth respondents. Additionally, all three Uwezo Fund officials were included, giving a total sample of 162 respondents.

A cluster sampling technique was applied, with each ward forming a cluster. Proportionate random sampling was then used to select groups within clusters, while simple random sampling identified individual respondents. The approach ensured representation across diverse ages, genders, and education levels.

### 3.3 Data Collection and Analysis

Primary data were collected through questionnaires and interviews. Questionnaires—combining closed- and open-ended questions—were administered to youth group leaders and members due to their cost-effectiveness, accuracy, and suitability for large, diverse samples (Wilson, 2010). In total, 106 group members and 53 leaders participated. Interviews, guided by a structured schedule (Kathuri, 1993), were conducted with the three Uwezo Fund officials to gather in-depth perspectives and validate questionnaire findings.

Data were edited for completeness and consistency, then coded into thematic and statistical categories. Qualitative data were analyzed thematically in alignment with the study objectives and presented in narrative form. Quantitative data were processed using SPSS version 24.0 to generate descriptive

statistics, including frequencies and percentages, presented in tables, charts, and graphs.

Inferential analysis was conducted using multiple regression to assess the relationship between Uwezo Fund uptake ( $Y$ ) and three independent variables: capacity building training ( $X_1$ ), group dynamics ( $X_2$ ), and lending requirements ( $X_3$ ), as represented by the model:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + \epsilon$$

Where  $a$  is the constant,  $b_1$ – $b_3$  are coefficients, and  $\epsilon$  is the error term. This approach determined the extent to which the independent variables jointly predicted fund uptake among youth groups.

## IV. RESEARCH FINDINGS AND DISCUSSION

### 4.1 Demographic Profile of Respondents

The study examined the age, gender, education, employment status, group longevity, leadership roles, and entrepreneurial activities of respondents to contextualize the findings.

A slight majority of participants (51.6%) were female, indicating that women are active beneficiaries of the Uwezo Fund in Suba North. This aligns with Hassan (2022) but contrasts with earlier studies (Olima, 2016; Ouko, 2018) that found male dominance in Uwezo Fund participation. The results suggest that, in this constituency, women are equally engaged in economic activities, echoing the World Bank's (2014) assertion of increasing female economic participation. Most respondents were aged 30–35 years, an age bracket typically associated with completed education and active engagement in income generation. This pattern is consistent with Ahaibwe and Kasirye (2015), who found higher youth fund participation among individuals aged 27–35.

In terms of education, 42.7% had attained college-level qualifications, 32.1% secondary education, 19.5% university education, and only 5.7% primary education. This distribution supports prior findings (Gachugia, 2013; Olima, 2016; Akuma, 2019) that literacy is common among fund participants, and that those with only primary education are least likely to

venture into entrepreneurship. Employment status varied: 27.7% were self-employed, 26.4% unemployed, 19.5% in temporary or contract jobs, 17.6% in permanent positions, and 8.8% students. This reflects broader national patterns of youth unemployment (World Bank, 2005; KNBS, 2012) and the tendency for young people to pursue self-employment in the absence of formal job opportunities.

Most groups (93.1%) had existed for more than one year, satisfying the Public Finance Management Act (2014) requirement of at least six months' existence for eligibility. Leadership roles were well represented among respondents, with 55% serving as chairpersons, 26% as secretaries, and 19% as treasurers, ensuring diverse perspectives in the data. Youth groups engaged in a range of economic activities, notably transport (20.1%, predominantly motorcycle taxi services), poultry (18.2%), fishing (14.5%), service provision (13.8%), dairy farming (13.8%), trade (10.1%), agribusiness (5.0%), and horticulture (4.4%). The prominence of boda boda transport reflects its low entry barriers, making it accessible to less formally educated and unemployed youth.

#### 4.2 Capacity Building Training and its Influence on Fund Uptake and Enterprise Development

Capacity building training was a central factor influencing the uptake of Uwezo Fund among youth groups in Suba North Constituency. Most respondents had undergone training prior to funding, covering key focus areas such as awareness creation, savings mobilization, business management, and leadership skills. Training not only increased beneficiaries' knowledge of the fund but also equipped them with practical competencies to meet lending requirements and manage resources effectively.

Quantitatively, 86.3% of trained respondents reported that the training made it easier to apply for and utilize Uwezo Fund. This finding aligns with earlier studies by Macharia and Njoroge (2020) and Nyang'au (2016), which demonstrated that training enhances awareness, streamlines the application process, improves loan management and repayment, and can

result in preferential treatment in subsequent funding rounds.

Specific benefits identified by respondents included: creation of awareness and knowledge (36.6%), acquisition of table banking and savings skills (24.8%), enhancement of business development and financial management skills (23.8%), and development of technical, leadership, and planning competencies (14.8%). These findings are consistent with Hayes (2012), who emphasizes that management and leadership skills are critical for productivity, competitiveness, and long-term venture sustainability.

Beyond facilitating access to the fund, capacity building was intended to empower beneficiaries to start and grow their own enterprises and take advantage of the 30% preferential public procurement opportunities. In this regard, 71.3% indicated that the skills gained enabled them to launch and manage business ventures. This outcome corroborates Nyang'au (2021), Maisiba and Gongera (2013), and Maina (2014), who concluded that targeted entrepreneurship training fosters asset acquisition, poverty reduction, job creation, and improved livelihoods.

Despite these positive outcomes, the training provision was insufficient. Beneficiaries typically received only one to two sessions annually—well below the recommended six—and follow-up support was minimal. This shortfall contravenes Uwezo Fund Capacity Building Programme guidelines, which mandate regular training to sustain entrepreneurship, facilitate market linkages, and enhance participation in public procurement. The lack of ongoing support contributed to the collapse or stagnation of many funded ventures, increased loan defaults, and reduced subsequent uptake of the fund.

Overall, the findings demonstrate that while capacity building substantially improved awareness, fund access, and enterprise initiation, its limited frequency and absence of consistent post-funding engagement undermined the sustainability and growth of youth-led businesses.

#### 4.3 Group dynamics and Their Influence on Uwezo Fund Uptake

Group dynamics further shaped Uwezo Fund access. Most youth groups had existed for three to six years (61.6%), followed by those under three years (27.7%) and over six years (10.7%). While most met the minimum six-month existence criterion set by the Public Finance Management Act (2014), many were hastily formed after the Fund's launch—often under political influence—purely to qualify for loans. Such groups frequently disintegrated early, leading to business collapse, loan default, and ineligibility for repeat funding, consistent with Chemwa (2015).

Conflict was widespread, with 93.7% of respondents reporting disputes—mainly over decision-making (43.4%), leadership (22.6%), resource sharing (13.8%), loan repayment (11.3%), and fund mismanagement (2.5%). These disputes undermined cohesion, reduced loan absorption, and mirrored trends noted by Nyang'au (2016) and Koech (2014). Administrative data showed a steep decline in funded groups—from 42 in Phase 1 to just 3 in Phase 5—reflecting high dormancy and repayment failures.

Member engagement patterns varied: 32.1% met daily, 30.8% weekly, 12.6% monthly, 11.3% as needed, 7.5% biweekly, and 5.7% quarterly. Frequent meetings, particularly in fishing and boda-boda transport groups, fostered stronger participation, savings culture, and business resilience—factors that improved fund uptake.

Group performance post-funding was largely positive, with 58.6% rating performance as “good,” 25.2% as “very good,” and 4.5% as “excellent,” suggesting the Fund's tangible impact on local economic activities. Leadership quality emerged as a key determinant of success: respondents rated leadership as good (28.3%), very good (20.8%), or excellent (17.6%), citing strong management (22.0%), democratic practices (17.6%), proactivity (10.1%), and fair member treatment (8.8%). Poorer ratings were linked to mismanagement (8.8%), exclusion from decision-making (7.5%), weak communication (2.5%), and leadership wrangles (1.9%), all of which reduced the likelihood of repeat

funding—echoing Nyang'au's (2016) findings on democratic governance and fund acquisition.

Belonging to a registered group was widely viewed as essential for loan access, with 64.8% citing benefits such as mutual guarantees (25.8%), pooled leadership skills (18.9%), knowledge sharing (8.8%), and stronger financial capacity through group savings (11.3%), supporting Ivancevich's (2005) assertion that group participation fosters responsibility and problem-solving. However, nearly one-third considered mandatory membership a barrier, citing uncooperative members (12.0%), resource mismanagement (9.4%), leadership wrangles (3.8%), and unhelpful Fund officials (3.1%). The requirement for group-based first-time borrowing—and conditional eligibility for individuals based on group repayment—was particularly restrictive for those preferring individual loans, as also observed by Macharia and Njoroge (2020).

#### 4.4 Lending Requirements and Their Influence on Uwezo Fund Uptake

The study found that only 73.6% of youth groups in Suba North had applied for Uwezo Fund, while 26.3% had never applied—a much higher non-application rate compared to Nyamira County's 2.7%. The main reasons for non-application included group challenges (42.9%), lack of awareness of requirements (30.9%), difficult requirements (16.7%), and small loan amounts (9.5%).

Among applicants, most beneficiary groups (64.1%) received KES 100,000 or below, with only 7.7% obtaining amounts above KES 300,000. However, the adequacy of these amounts was a major concern: 88.9% of respondents reported that the loans were insufficient to fully implement their intended projects, while only 11.1% considered the funds adequate. Insufficient funding often resulted in incomplete projects, diversion of funds, and repayment challenges, making groups ineligible for subsequent loans and directly lowering fund uptake. These findings align with Mungai (2015) and Kitavi (2014), who both concluded that the disbursed amounts were inadequate and recommended increases to sustain fund relevance and business growth.

Delays in disbursement further undermined uptake. Over half of the groups (54%) waited more than six months after application to receive funds, 41% waited three to six months, and only 5% received funds within three months. The drawn-out process — involving vetting by the Constituency Uwezo Fund Management Committee, approval by the National Uwezo Fund Oversight Board (which sits only twice a year), and final constituency-level disbursement — often resulted in lost business opportunities, mismatched agricultural seasons, and member dropouts. Key informants confirmed that the process routinely took up to six months. Such delays created room for fund diversion and group disintegration, leading to non-performing loans and further reducing fund uptake. This finding contrasts with Nyangau (2016), where most respondents reported receiving funds within required timelines.

Lending requirements themselves were widely perceived as restrictive. Out of 159 respondents, 105 (66%) described them as difficult and exclusionary, 34 (21%) found them friendly, and 20 (13%) were unsure. The most frequently cited challenges were: business plan and bank statement requirements (27 respondents), technical and complicated procedures (25), long waiting times (21), group requirement or group age restrictions (12), small loan amounts (11), and mandatory savings (7). Only two respondents who found the requirements difficult did not specify a challenge.

These findings mirror Ouma's (2018) observations on the Youth Enterprise Development Fund, where application procedures were deemed complex, but differ from Ouko's (2018) study, which found Uwezo Fund requirements favorable. The disparity may stem from youths' perception of procedural length, given the multiple authorizations required from chiefs, social development offices, and constituency-level vetting committees — all of which incur costs and, for some groups, lead to abandonment of the process altogether.

#### 4.5 Uwezo Fund Uptake in Suba North Constituency

The study assessed Uwezo Fund uptake among youth groups in Suba North by examining loan application attempts, funds received, enterprise creation,

repayment patterns, and loan utilization. Findings indicate generally low uptake, with most respondents (32.1%) applying only 1–2 times in the nine years since the fund's operationalization in 2014, 30.8% applying 3–4 times, and 14.5% applying 5 or more times, while 22.6% had never applied. This is notably lower than in Nyamira County, where 51% had applied 3–4 times

Most groups had applied for the fund at least once. About a third (32%) had applied 1–2 times, another 31% had applied 3–4 times, and 15% had applied 5 or more times. However, 23% had never applied. Given that the fund has been operational since 2014, the relatively low number of applications suggests limited enthusiasm or access. Compared to Nyamira County, where most applicants had tried 3–4 times (Nyangau, 2016), uptake in Suba North appears lower.

Among those who applied, most (63%) had received funding 1–2 times, while a quarter had received 3–4 loans. A small number (7%) had received 5 or more loans, and 5% had never received funds despite applying. The fact that most groups stopped after their first loan was linked to poor repayment—often due to failed businesses or dissolved groups.

Only 42% of groups used the loans to expand existing businesses. The rest diverted the money to personal needs such as household expenses, school fees, or supporting individual members' small businesses. Interviews revealed that poverty and family obligations drove this diversion, while weak monitoring from fund officials allowed it to persist.

Over half (54%) of the funded groups had not started any new businesses. About 41% had launched 1–2 new enterprises, and just 5% had started three or more. This suggests that the fund has had limited success in stimulating entrepreneurship and reducing poverty, leaving many beneficiaries in the same financial position as before. This lack of visible improvement may discourage future applications.

While most surveyed youth groups reported repaying their Uwezo Fund loans on time, repayment performance remains a major challenge in Suba North. Survey responses indicated that 79% claimed timely repayment, with the remainder lagging

behind—often by more than three months. However, interviews with key informants painted a more concerning picture, estimating the default rate at around 61%. Informants attributed this to political interference, where some defaulters were shielded from consequences, and to weak follow-up mechanisms, particularly during the six-month grace period.

Among groups in arrears, the main reasons for delayed repayment were late member contributions, business failure or reduced cash flow, political disruptions leading to group disintegration, internal conflicts, and in some cases, mismanagement of funds. The reliance on member contributions for repayment suggests that many groups had not invested the loans in sustainable, income-generating projects, limiting their ability to service debt and making them ineligible for refinancing. This dynamic has contributed to low overall uptake of subsequent loans.

Respondents suggested several measures to improve Uwezo Fund participation, including expanding awareness campaigns, simplifying application procedures, providing frequent and timely training, increasing loan amounts, and removing political influence from fund management. Key informants echoed the need to depoliticize fund administration, revise appraisal criteria to favor existing entrepreneurs, enhance post-disbursement monitoring, and coordinate affirmative action funds to improve efficiency.

#### 4.6 Regression Analysis

A multiple regression analysis was conducted to examine the extent to which capacity building training, group dynamics, and lending requirements predicted Uwezo Fund uptake among youth groups in Suba North Constituency, Homa Bay County. The overall model was statistically significant,  $F(3, 155) = 188.56, p < .001$ , explaining 78.5% of the variance in Uwezo Fund uptake ( $R^2 = .785$ , Adjusted  $R^2 = .781$ ), indicating a strong positive relationship between the predictors and the dependent variable ( $R = .886$ ).

Regression coefficients revealed that capacity building training ( $\beta = .582, t = 11.37, p < .001$ ) and lending requirements ( $\beta = .380, t = 7.38, p < .001$ ) were significant positive predictors of Uwezo Fund uptake. Group dynamics ( $\beta = -.009, t = -0.25, p = .806$ ) had a negative but statistically insignificant effect. The standardized coefficients suggest that capacity building training had a stronger effect than lending requirements, while group dynamics contributed negligibly.

The final regression equation was:

$$\text{Uwezo Fund Uptake} = 1.700 + 0.662(\text{Capacity Building}) - 0.070(\text{Group Dynamics}) + 0.840(\text{Lending Requirements}) + \epsilon$$

These findings indicate that enhancing training and refining lending requirements are likely to substantially improve youth participation in the Uwezo Fund, whereas group dynamics may not play a significant role in uptake in this context.

#### CONCLUSION

The study found that capacity building training had a positive and significant influence on Uwezo Fund uptake among youth groups in Suba North Constituency. While most groups were aware of the fund and able to apply, dissemination was largely led by politicians (32.1%) rather than the Uwezo Fund management, creating political interference that favored allied groups and disadvantaged others. Training frequency was inadequate, with beneficiaries receiving only 1–2 sessions annually against a target of six, limiting enterprise growth and contributing to high loan defaults that reduced repeat loan access.

Group dynamics negatively affected uptake; 89.3% of groups were under six years old, many formed opportunistically post-2014 and prone to collapse. Conflicts were reported in 93.7% of groups, with a loan default rate of 61%. Leadership challenges, including mismanagement and poor engagement, further hindered performance.

Lending requirements significantly influenced uptake. Loan amounts were insufficient—64.1% received  $\leq$  KES 100,000, with 88.9% reporting

inadequacy—resulting in incomplete or misused projects. Delayed disbursements (over six months for 54% of respondents) eroded business opportunities and encouraged fund diversion. Additional barriers included business plan and bank statement requirements, group-based rather than individual first loans, and savings prerequisites.

In summary, while the Uwezo Fund has potential to support youth entrepreneurship, political interference, inadequate training, unstable group structures, low loan amounts, and procedural delays have limited its effectiveness in Suba North Constituency.

### 5.1 Policy Recommendations

To enhance Uwezo Fund uptake and impact, the study recommends:

1. Increase the frequency of capacity-building training, particularly post-disbursement, to strengthen entrepreneurship skills, facilitate access to government procurement, and link youth enterprises with established corporates for marketing and strategic partnerships.
2. Ensure the Uwezo Fund Secretariat leads awareness creation and training, reducing reliance on politicians. Use social and electronic media platforms (e.g., Facebook, Twitter, Instagram, WhatsApp) to reach youth effectively.
3. Expand the number of officers responsible for training, sensitization, and mobilization at constituency level, and implement regular monitoring and evaluation of funded businesses to ensure proper fund utilization and early identification of operational challenges.
4. Streamline application procedures and ensure timely disbursement to maintain business momentum and profitability, enabling youth to participate in the 30% public procurement opportunities reserved for them.
5. Increase loan allocations to support sustainable and scalable investments, reducing the risk of fund diversion or consumption for basic needs.

### 5.2 Limitations and Future Research Direction

1. This study examined the influence of capacity-building training, group dynamics, and lending requirements on Uwezo Fund uptake among

youth groups. However, other factors identified by respondents—such as political interference, business plan and bank statement requirements, and group savings prerequisites—were not empirically analyzed and warrant further investigation. Given that political actors played a dominant role in awareness creation and were perceived to influence loan allocation, future studies could use the present findings for hypothesis testing or confirmatory analysis.

2. The research was limited to youth groups in Suba North Constituency; similar investigations should include other Uwezo Fund beneficiaries, such as women and persons with disabilities, to enable broader generalizations on fund uptake.
3. Comparative studies across constituencies are recommended to identify context-specific challenges and transferable best practices.

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