



**YOUTH ACCESS TO EMPOWERMENT FUNDS  
FOR ENTREPRENEURSHIP IN ZAMBIA**

**BERTHA MIYANDA SIMUYANDI**

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**YOUTH ACCESS TO EMPOWERMENT FUNDS FOR  
ENTREPRENEURSHIP IN ZAMBIA**

**Bertha Miyanda Simuyandi**

**MYNBER001**

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**Supervisor: Professor Eric Atmore**

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## **DEDICATION**

This study is dedicated to my mother, Dr. Mary Haanyama Miyanda, my husband, Mr Michelo Simuyandi, and my sons, Joshua Mweemba Simuyandi and Samuel Simon Shahuluma Simuyandi.

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## ABBREVIATIONS

CCPC	Competition and Consumer Protection Commission
CEEC	Citizens Economic Empowerment Commission
CEEF	Citizens Economic Empowerment Funds
DFID	Department for International Development
FINCA	Foundation for International Community Assistance
GRZ	Government of the Republic of Zambia
HIPC	Highly Indebted Poor Country
ILO	International Labour Organization
LCMS	Living Condition Monitoring Surveys
MCTI	Ministry of Commerce Trade and Industry
MFI	Microfinance Institution
MoE	Ministry of Education
MYS	Ministry of Youth and Sport
NGO	Non-Governmental Organization
NYP	National Youth Policy
PACRA	Patents and Companies Registration Agency
PEPZ	Private Enterprise Programme Zambia
PPP	Public Private Partnership
TEVETA	Technical Education, Vocational and Entrepreneurship Training Authority
SAP	Structural Adjustment Programme
SLA	Sustainable Livelihoods Approach
SME	Small and Medium Enterprise
SPSS	Statistical Package for Social Sciences
TPIN	Tax Payers' Identification Number
UNFPA	United Nations Population Fund
WPAY	World Program of Action for Youth
YDF	Youth Development Fund
ZANACO	Zambia National Commercial Bank
ZBS	Zambia Bureau of Standards
ZDA	Zambia Development Agency
ZRA	Zambia Revenue Agency

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## **CHAPTER ONE: INTRODUCTION TO THE STUDY**

### **1.1 Introduction**

The youth in Zambia has difficulties in accessing empowerment funds for entrepreneurship. The possible reasons for this are lack of collateral, deficient business skills set, lack of sufficient information, inadequate services such as mentorship and nurturing as well as other political and social factors. The purpose of this study is to explore access to empowerment funds for entrepreneurship by the youth in Zambia. Sen's Capabilities approach which is associated with youth access to empowerment funds for entrepreneurship provides the theoretical framework for the study. The study uses both qualitative and quantitative methods for collecting and analysing data. For the qualitative data collection, the study makes use of interviews and related literature to explore the experiences of both the youth and representatives of organizations disbursing the funds. For the quantitative analysis, the study examines the magnitude of the problem and shows the findings descriptively in graphs and charts. The research site for this study is the Lusaka Province in Zambia. In order to situate the study within the local context, a contextual background is given.

### **1.2 Contextual Background**

It was estimated that in 2007 the world's unemployment rate stood at about 6.3% (195 million people), while the unemployment rate in Sub-Saharan Africa was 10% (Anyadike, Emeh and Ukah, 2012). According to the UNFPA Zambia Country Report (2013), approximately 960,000 (16.7%) of the almost 6 million youths in Zambia were then unemployed. This problem has been linked to a move in the Zambian economic policies towards capitalism since the early nineties. Some of the policies such as the Structural Adjustment Programme (SAP) resulted in massive loss of employment as state-owned companies retrenched many people in their bid to become profitable and mechanised their processing, leaving highly skilled people unemployed. Another policy that impacted on employment was the development of benchmarks for national debt cancellation for Highly Indebted Poor Countries (HIPC), in which the Zambian government instituted a wage and employment freeze which also left many people unemployed. This in turn affected the rates of school access by children of school-going age as well as progression and completion rates, leaving many with limited education and with little or no hope of finding employment. This reduction in jobs has not improved in response to the growing population of Zambia, increasing the problem each year.

Because private investment and enterprise cannot adequately respond to the problem of unemployment, the Government of the Republic of Zambia (GRZ) decided to establish the Citizen's Economic Empowerment Commission (CEEC) under the Citizen Economic Empowerment Act No. 9 of 2006. The mandate of the CEEC is to enhance broad-based economic empowerment, foster citizens' ownership, control and manage economic resources and to promote economic empowerment of citizens. One of the duties of this Commission is to offer empowerment funds through Microfinance Institutions (MFIs) aimed at supporting individuals, especially the youth, to engage in entrepreneurship in many sectors including but not limited to agriculture, trading and metal fabricating. The GRZ has also introduced Youth Development Funds administered by the Ministry of Youth and Sport.

### **1.3 Statement of the Problem**

The problem in Zambia is that although the funds listed above have been allocated, very few of the targeted people (the youth) have managed to access them. Nyimbili (2012) notes that in 2009, only 38% of beneficiaries that had access to CEEC empowerment funds were youths. Women accounted for 57% of beneficiaries of the empowerment funds. Youth lacked information on the procedure of obtaining funds from the CEEC. In 2010, only 86 youths who applied across four provinces accessed funds from the Commission. Several factors are thought to be linked to this poor access to funds. These include but are not limited to lack of collateral, poor policies and weak political will, lack of entrepreneurship education and skills development, no research on empowerment funds, no use of technology in the dissemination of information, unemployment and lack of income, no mentorship and advisory services, corruption and bureaucracy. However, no research has been done to determine the exact factors that are prominent in Zambia and it is the aim of this study to identify which of the factors are relevant in this country.

Mubaiwa (2013) argues that youth development funds have several problems. Firstly, there is politicization by local politicians for patronage to party cadres. Secondly, people who acquire youth development funds tend to divert and use them for their own personal or domestic use. Thirdly, defaulters are not followed up, thereby making the fund to be non-revolving. Fourthly, there is weak commitment to repayment. Fifthly, youth development funds are acquired for retail rather than production purposes. Lastly, there are gender imbalances evidenced by low participation of females because of fear of risk. This can be due to lack of self-confidence and information as well as females acting as fronts for male relatives.

## **1.4 Rationale**

Identification of problems affecting youth access to empowerment funds for entrepreneurship will be of great value for addressing the problem described above. This study is important because it will add to the limited knowledge about the factors that are associated with youths' access to empowerment funds for entrepreneurship in Zambia.

Another reason for this study is the increase in retirement age in Zambia and its impact on youth unemployment. Previously, the retirement age in the public service was 55. In November 2014, Dr Guy Scott, who was Acting President at the time, signed the Statutory Instrument No. 63 of 2014, that increased the retirement age from 55 to 65 (Kyambalesa, 2015a). The Statutory Instrument No. 63 states that a person working in the public service must retire at age 65 or after 35 years of service (Government of Zambia, 2014). According to Kyambalesa (2015b), writing in the *Zambian Economist*, this increase in retirement age is not favourable due to the high level of unemployment. The higher the retirement age, the longer older people stay in employment, and thus the more youths cannot find jobs as there are no vacancies. To avoid youths roaming the streets due to unemployment, they need to engage in entrepreneurship by forming Small and Medium Enterprises (SMEs). In order to do so, the youth need access to empowerment funds.

Kyambalesa (2015) gives five reasons for the significance of SMEs in contributing to economic development. Firstly, SMEs create job opportunities for people who would otherwise not be employed in the labour market. Secondly, by allowing people to actively and directly engage in entrepreneurial activities, SMEs enable the government to empower the citizens economically. Thirdly, SMEs are good for generating wealth and decreasing the differences in people's income. The fourth reason is that, since SMEs are local and long-lasting, they form the backbone of the economy of the nation. Lastly, SMEs tend to improve the socio-economic status of people because they provide different goods and services required by citizens.

Based on the above arguments, this study is important as it seeks to understand how the youth can access empowerment funds for entrepreneurship in Zambia where unemployment is high and the retirement age has been increased. Entrepreneurship seems to be a viable option for the youth if only they can have access to finance. The question is what the experience has

been of the youth in trying to access empowerment funds for entrepreneurship in Zambia. To answer this, the following sub-questions are addressed: (i) are there policies and services in place to enable access to empowerment funds? (ii) do the youth have the necessary entrepreneurial skills, information and basic requirements, such as an income and collateral, to assist them to gain access to empowerment funds?

### **1.5 Theoretical Framework**

The Sen's Capabilities Approach is used to comprehend and explain youth access to empowerment funds for entrepreneurship in Zambia. A detailed explanation of how this approach relates to youth access to empowerment funds is given in the literature review in Chapter Two.

### **1.6 Clarification of Concepts**

#### **Citizens Economic Empowerment Commission (CEEC)**

The Citizens Economic Empowerment Commission (CEEC) is a body responsible for the empowerment of citizens that have been marginalised and disadvantaged and whose access to the economic resources and development capacity has been constrained as a result of factors such as race, sex, disability, status and educational background. The Commission offers empowerment funds for people to engage in entrepreneurship (Citizens Economic Empowerment Act, 2006).

#### **Empowerment**

Empowerment is the process by which people gain access to resources and develop capacities in order to actively and effectively participate in moulding their own life and that of their community in different spheres, mainly economic, political, socio-cultural and religious (Ministry of Sport, Youth and Child Development, 2006).

#### **Entrepreneurship**

Entrepreneurship is the process of starting a business in which people identify opportunities, mobilize resources and create value by identifying unmet needs or opportunities for change and transform innovations into economic products (Anyadike et al., 2012).

## **Microfinance**

Microfinance involves the practice of making money and other services available to the poor and marginalised in society, that is people who cannot use banking services such as opening an account and accessing a loan due to strict requirements, for income generation. It also involves offering services such as skills training, business management and capacity development (Mubaiwa, 2013).

## **Unemployment**

Unemployment is a situation in which people who are willing and able to work cannot get employment (Anyadike et al., 2012).

## **Youth**

The definition of youth used in this study is one that is defined by the Zambia National Youth Policy, which is people of both genders who fall within the age bracket 15-35, in accordance with the African Youth Charter (Republic of Zambia Ministry of Youth and Sport, 2015).

## **Youth Development Funds**

Youth Development Funds are a form of empowerment funds provided to the youth by the Government in Zambia. Mubaiwa (2013) mentions that Youth Development Funds are often provided as microfinance services by government for youth empowerment, income generation, improvement of sustainable livelihoods and economic growth.

## **Youth Poverty**

Reddy (2007) defines youth poverty as the exclusion of the youth from ownership, management and mobilization of social, political and financial resources as well as lack of access to livelihoods due to inappropriate policies.

## **1.7 Assumptions**

Three assumptions are made in this study and these are;

1. Youths lack skills to access and utilise empowerment funds for entrepreneurship.
2. Youths are mostly unemployed and hence have no stable income to use for borrowing money from formal financial institutions.
3. Most youths lack collateral to grant them access to funds for entrepreneurship.

## **1.8 Research Topic, Objectives and Questions**

### **1.8.1 Research Topic**

The topic for this research is as follows; Youth access to empowerment funds for entrepreneurship in Zambia

### **1.8.2 Research Questions**

#### **Main Research Question**

What access do youths have to empowerment funds for entrepreneurship in Zambia?

#### **Secondary Research Questions**

1. What political factors and policies are in place to assist youths to access empowerment funds for entrepreneurship in Zambia?
2. What are the factors that facilitate youth access to empowerment funds for entrepreneurship?
3. What are the factors that inhibit youth access to empowerment funds for entrepreneurship?

## **1.9 Overview of the Research Methodology**

### **Research Design**

A mixed methods approach was adopted for the research design, i.e. both quantitative and qualitative methods were used for the data collection. The justification for this design was that it endeavoured to explore the experiences of youth so as to examine, understand and have a deeper insight into the factors that influence their access to empowerment funds for entrepreneurship. The reason for the use of quantitative methods was to obtain descriptive statistics on the youth that access empowerment funds for entrepreneurship in Zambia. The reason for the use of qualitative methods was to get the perceptions and experiences of the youth that attempted to access empowerment funds for entrepreneurship in Zambia.

### **1.10 Significance**

The purpose of this study is to explore youth access to empowerment funds for entrepreneurship in Zambia. Its aim is to provide empirical research on the factors affecting access to empowerment funds by the unemployed youth. The results from this research will be disseminated via a policy brief with the view of helping policy makers and other

stakeholders to develop appropriate interventions to overcome the obstacles that are unique to Zambia in relation to access to empowerment funds by the unemployed youth.

### **1.11 Structure of Research Report**

The report is structured as follows:

#### **Chapter 1: Introduction to the Research**

This chapter presents the statement of the problem, the rationale and significance of the study as well as the research questions and objectives.

#### **Chapter 2: Literature Review**

A review of the literature with an emphasis on Sen's Capabilities Approach, which is used to investigate youth access to empowerment funds for entrepreneurship in Zambia, is given in this chapter. The chapter traces the factors that affect youth access and highlights the policies in place to assist youth access to empowerment funds.

#### **Chapter 3: Research Methodology**

This chapter provides a detailed account of the research methodology, detailing how the fieldwork was done. It highlights issues of sampling as well as tools used for data collection and analysis.

#### **Chapter 4: Presentation and Discussion of Findings from Quantitative Survey**

This chapter presents and discusses the statistical findings from the quantitative survey. The findings are presented in form of tables, bar charts and pie charts. Some statistical tests such as Pearson's correlation and independent T-tests are also explained.

#### **Chapter 5: Presentation and Discussion of Findings from Qualitative Interviews**

This chapter is the core of the report and presents and discusses the findings from the qualitative interviews conducted in the study. The findings are supported by verbatim quotes from the transcripts of interviews. The findings are also backed by literature referred to in Chapter Two.

#### **Chapter 6: Conclusion and Recommendations**

The final chapter of the report summarises the main findings of the study, offers recommendations and suggests areas of future research.

### **1.12 Summary**

This study explores youth access to empowerment funds for entrepreneurship in Zambia. This introductory chapter gave a contextual background of the study. Thereafter, the statement of the problem was highlighted and the rationale of the study was outlined. The significance of the study has been highlighted. The main concepts used in the study were defined and clarified. In addition, the research questions and objectives of the study were outlined. An overview of the research methodology used in the study was given. The structure of the entire research report was given. The following chapter is a review of the literature on youth access to empowerment funds for entrepreneurship in Zambia.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This literature review presents a theoretical framework that helps to understand the issue of youth access to empowerment funds for entrepreneurship in Zambia. This is followed by a brief overview of the current situation, i.e. the factors affecting youth access and the existing policies that promote such access. Lastly, this chapter discusses the gaps in the existing literature.

### **2.2 Theoretical Framework**

A theoretical framework is the structure that can hold or support a theory of a research study. Theories are formulated to explain, predict, and understand phenomena and, in many cases, to challenge and extend existing knowledge within the limits of critical bounding assumptions. The Sen's Capabilities Approach can be associated with youth access to empowerment funds.

#### **Sen's Capabilities Approach**

Sen's Capabilities Approach was used to understand the lack of access to empowerment funds by the youth. Capabilities are the freedoms that people enjoy to lead the type of life they consider to be of value. According to Sen, there are five kinds of freedom namely political freedom, economic facilities, social opportunities, transparency guarantees and protective security (Sen, 1999).

In relation to this study, access to empowerment funds in the form of microfinance falls under the capabilities of economic facilities. The youth need funding to engage in entrepreneurship in order to make a living and contribute to the economic development of their country. It can be argued that the empowerment and participation of the youth in the economic development of a country gives them a sense of responsibility for themselves and their families, thereby making them value their lives. However, access to empowerment funds by the youth in Zambia is beset by a number of obstacles. Most youths are unemployed and lack collateral to get financial resources from microfinance institutions and/or commercial banks which offer money to salaried employees as they are then guaranteed of getting their money back. Most youth are school drop-outs who lack the skills required to manage the empowerment funds and do not even know how to write financially viable proposals. The education system would not have trained them in business management by the time they drop out of school. In

essence, the picture for the youth is gloomy with regard to the access of empowerment funds for entrepreneurship.

In Africa, one of the factors that influence the poor participation of the youth in the labour market is lack of access to financial resources for engagement in entrepreneurship. In a bid to combat unemployment, the World Programme of Action for Youth (WPAY) recommends that additional microfinance and entrepreneurship programmes be established to aid the youth. WPAY recommends that governments and stakeholders should endeavour to ensure that the youth have access to financial services such as microfinance which can empower them to set up their own business enterprises (United Nations, 2007).

### **2.3 Contextual Framework**

Nyimbili (2012) notes that according to the International Labour Organization (ILO), 88 million youths are jobless worldwide. This amounts to 47% of the 186 million people who are unemployed. Unemployment makes the youth more vulnerable as they transition from childhood to adulthood. According to the African Youth Charter of 2006 (Nyimbili, 2012), youth are people in the age bracket of 15-35 years.

According to the United Nations Statistics Division (2017:1), the population of Zambia stood at 16,717,000 in 2016. Youths in Zambia have problems of unemployment and poverty. They are largely excluded from development as the education system is inadequate with no assurance of further education and minimal effort by the government to identify and comprehend challenges faced by the youth. Most youths in Zambia lack stable and sustainable livelihoods. Most of them drop out of school without having the right skills to sustain their livelihoods. This leads to them engaging in risky behaviour like theft, substance abuse and prostitution. Initiatives meant to empower the youth, such as microfinance, enterprise development, rehabilitation and training programs, are not implemented.

In a situational analysis, the Zambia National Youth Policy (ZNYP) of 2006 observed that most youths have insufficient life skills training to empower them to earn a livelihood sustainably or find jobs in the formal sector or to access funds to assist them to take part in income-generating activities. Under education and training, the NYP of 2006 considers life skills training to offer the best empowerment for the youth, particularly those that are out of school. Under youth empowerment, the NYP recognises skills development, the provision of

resources like microfinance, employment creation and establishment of linkages between training and industry as vital components of development. According to the NYP, entrepreneurship development can be achieved through enterprise training, micro financing for start-up capital, savings, provision of market outlets, advisory services and research to promote sustainable livelihoods and alleviate youth poverty (Ministry of Sport, Youth and Child Development, 2006).

In addition, the African Economic Outlook (2012) explains why collateral is a hindrance to access of empowerment funds by youth entrepreneurs in Zambia due to the legal framework on land acquisition and property ownership. For ownership of land and accommodation, Zambia has a dual legal system of customary and statutory law as stipulated in the constitution. Land allocation is done by traditional leaders who are unwilling to give it for investment. Statutory law limits the availability of land which in turn leaves people with limited or no access to land. Title and property rights are weak thereby hampering development. Statutory law demands that proof of financial capacity to develop land be provided. Such evidence is often regarded as the possession of a bank account. Due to the low rates of access to credit, few people have the capacity to obtain land under statutory law. Traditional land given under customary law is for personal use and people rarely get title deeds to show ownership. Since banks require title of ownership to provide credit, the limited access to land hampers economic growth, dampens investment and slows down poverty reduction.

#### **2.4 Policy Framework**

The Zambian National Youth Policy of 2015 defines youth as people who fall within the age group 15-35 years. It also mentions that as per the census of 2010, Zambia's youth makes up 36.7% of the country's population of 13.1million, 19% female and 17.7% male. For Zambia to have meaningful and sustainable development, there is a need to heavily invest in and tackle the problems faced by the youth. One such way is to urge the youth to take part in economic activities through job creation and the development of entrepreneurship (Republic of Zambia Ministry of Youth and Sport, 2015).

The Zambian National Youth Policy of 2015 outlines several strategies aimed at the development of entrepreneurship and industrial participation. It calls for the introduction of entrepreneurial education and skills training in the curriculum from primary school to tertiary

level. It also seeks to foster the conversion of informal businesses into the formal economy and urges the youth to use information technology in their businesses. It promotes financial literacy programmes aimed at the youth and encourages participation in local and global partnership programmes and industrial groupings. The policy sets up and supports business incubators and technological hubs and advances youth affirmative action on public procurement. It involves the corporate world on initiatives and partnerships to promote the business of youths. It enables the youth to acquire land for the development of their businesses. The policy requests local leaders to urge the youth to take part in the development of the local economy (Republic of Zambia Ministry of Youth and Sport, 2015).

The National Plan of Action for the 2015 National Youth Policy (Republic of Zambia Ministry of Youth and Sport, 2015) spells out an action plan to implement the above-mentioned strategies:

- The curriculum will be reviewed to incorporate a course in entrepreneurship at all levels of education.
- Mechanisms will be developed to formalise youth led SMEs.
- Youth will be trained on how to use information technology in business.
- Programmes will be developed to facilitate youth access to financial support.
- Business hubs will be set up in all the ten provinces of the country.
- Preference will be given to youth-run businesses for 30% of the purchase of public goods and services.
- Public-Private Partnerships will be set up to support youth-run businesses.
- To increase access to land for the youth, youth resettlement schemes will be created.
- One hundred and fifty (150) youths involved in the arts will be given credit.
- Meetings will be held with local leaders to sensitize them to the need to involve and support the youth to take part in the development of the local economy.

## **2.5 Factors Affecting Youth Access to Empowerment Funds**

There are several factors associated with access to empowerment funds for entrepreneurship by the youth. These can be grouped into four main categories, namely financial, institutional, social and miscellaneous factors.

### **Financial factors**

Financial factors include: unemployment, income, collateral, savings by youth, capital and high interest rates. Unemployment limits the youth's access to microfinance as it prevents them from acquiring skills (Nagarajan, 2005). Microfinance institutions tend to lend money to salaried employees and have access to the payroll of their clients as a means of control over loan delinquency (Adongo & Stork, 2005). The obstacles for the youth to access microfinance for engaging in entrepreneurial activities include: lack of experience, collateral, credit history and liquid cash (Reddy, 2005; World Bank, 2007; Anyadike et al., 2012; Mubaiwa, 2013). Youth tend to be poor decision makers on financial matters, have poor financial habits, lack a savings culture, are vulnerable to peer pressure, are consumption oriented and use savings for household needs (Adongo & Stork, 2005; Reddy 2005; Hopkins et al., 2012). Youth microenterprises have numerous constraints, such as insufficient funds in form of capital, which prevent their access to the international market (Reddy, 2005; World Bank, 2007; Anyadike et al., 2012; Mubaiwa, 2013). Interest rates are very high, dissuading youth from accessing credit (Adongo & Stork, 2005; Anyadike et al., 2012; Mubaiwa, 2013).

### **Institutional factors**

Institutional factors include: regulatory legal framework, poor policies, bureaucracy, corruption, nepotism and political patronage, the consideration of youth as a risky market and weaknesses in the structure of microfinance institutions. The most common legal obstacle for the youth is the minimum age requirement to open and transact on a savings account as an individual. Often youths who fail to meet these criteria need a parent or guardian to assist them to open an account and withdraw money. Then these guardians can withdraw money from the account without getting permission from the youth who owns the account, thereby making the youth vulnerable. Required identity documents, like birth certificates, proof of residence and evidence of income are common regulatory obstacles to the access to financial services by the youth (Hopkins et al., 2012).

Reddy (2005) argues that there are no appropriate policies by government. There is political uncertainty or instability leading to poor policy direction or shifting policies that disadvantage youth entrepreneurs (Mubaiwa, 2013). Policy formulation and implementation is often done without consultation and involvement of youth entrepreneurs, making the policies defective as most of these policies miss the priorities and needs of the youth.

Government policies that favour associates, patronage by politicians and corruption hinder youth from engaging in entrepreneurship. There is also nepotism in the distribution of funds to the youth (Anyadike et al., 2012). Mubaiwa (2013) mentions the lengthy process of acquiring funds and bureaucracy as reasons why access to credit is a problem for the youth. Elyachar (2002) adds that people who need financial support are prone to serious examination by lending institutions that seek to empower them. The process of acquiring a loan is too rigorous for the youth (Anyadike et al, 2012).

The youth are considered to be a risky market by microfinance institutions (Nagarajan, 2005; Magner, 2007; World Bank, 2007; Anyadike et al., 2012; Hopkins et al., 2012). Banks hesitate to give youth loans to start a business (Anyadike et al., 2012). Most microfinance institutions and banks set the minimum age requirement higher as they consider youth to be a risky market because of their mobility, small deposits and high administrative costs (Hopkins et al., 2012). Young entrepreneurs are considered a risk for investment of government funds by way of subsidizing their business ventures (World Bank, 2007). Microfinance institutions regard them as being very risky because youths are start-up entrepreneurs and lack experience in business (Nagarajan, 2005). The provision of integrated services to youth is expensive (Magner, 2007).

Microfinance institutions have several weaknesses that hinder youth access to empowerment funds for entrepreneurship (Gobezie, 2005; Nagarajan, 2005). Some microfinance institutions, such as NGOs in microfinance, are not allowed to give loans because they are unsupervised, not regulated and their personnel lack the skills needed to run a loan portfolio (Adongo & Stork, 2005). When it comes to microfinance, NGOs have several weaknesses which include operating without a license, lending irregularities like subsidizing interest rates, combining philanthropy with business and failure to adhere to strict business discipline when dealing with defaulters (Gobezie, 2005). Skilled personnel to offer microfinance to the youth are difficult to find and expensive to keep. There is little competition for microfinance institutions to provide credit to the youth as opposed to adults. In other words, microfinance institutions prefer adults to youth as clients because the youth take a longer time to set up businesses, to make money and pay back credit (Nagarajan, 2005). The financial services institutions also have weaknesses such as lack of organization expertise, human resources and market information about the youth which prevent them from delivering appropriate financial services to the youth (Hopkins et al., 2012).

### **Social factors**

Youth lack entrepreneurship education and skills training to enable them to access empowerment funds for entrepreneurship in the form of microfinance (Gobezie, 2005; Nagarajan, 2005; Reddy, 2005; Magner, 2007; World Bank, 2007; Ayandike et al., 2012; Mubaiwa, 2013). In many developing countries, the secondary school curriculum is irrelevant to the social and economic needs of students (World Bank, 2007). For instance, only a few pupils learn commerce in school, others do not take it because it is an optional course. There are no compulsory courses in entrepreneurship, communication skills, business and financial management which can be useful to students if they drop out of school. In short, the courses taught are not of any practical value to students. University and college education lack courses in entrepreneurship thereby producing graduates who then aim to obtain employment rather than create employment (Anyadike et al., 2012). Nagarajan (2005) argues that life skills training ignores youth access to financial resources. With skills training, it is a problem if trainers do not know the market and assume that the youth need a one-size-fits-all package of services. Youth also do not like strict supervision of how they use accessed microfinance. Skills training for accessing microfinance is mostly done by men, leaving women less equipped. Skills development also takes place in towns leaving rural women and the youth at a disadvantage (Gobezie, 2005).

Youths lack services to assist them to access empowerment funds in form of credit for entrepreneurship (Reddy, 2005; World Bank, 2007; Anyadike et al., 2012; Mubaiwa, 2013). When youths get money from relatives, they lose out on advice on entrepreneurship by professionals in banks (Anyadike et al., 2012). Youths also lack access to information on funding opportunities to enable them to gain access to empowerment funds for entrepreneurship in form of microfinance (Nagarajan, 2005; Reddy, 2005; Hopkins, 2012; Mubaiwa, 2013). Before the youth accesses empowerment funds for entrepreneurship, they need services like mentorship, role models and incubation. These, however, are mostly non-existent to provide guidance on how to start and grow a business as costs are prohibitive (Nagarajan, 2005; Magner, 2007; Mubaiwa, 2013).

### **Miscellaneous factors**

Other factors that hinder youth access to empowerment funds in form of microfinance or credit include poor Public Private Partnerships, lack of research, cultural and religious

perceptions, logistical issues such as distance and time as well as lack of access to information. There is no in-depth research on entrepreneurship to inform policy, monitor and evaluate the running of empowerment funds and creation of models that are practical (Mubaiwa, 2013). There is also no Public Private Partnership where the government acts as enabler, communicator and mobilizer of youth and the private sector acts as a trainer, mentor and provider of funds to the youth entrepreneurs (Mubaiwa, 2013).

There are negative social perceptions, religious beliefs and cultural attitudes towards youth entrepreneurs that hinder their access to empowerment funds (Gobezie, 2005; Magner, 2007; Hopkins et al., 2012; Anyadike et al., 2012; Mubaiwa, 2013). A good example is that of Muslims who do not want to save in banks or take credit as receiving or paying interest is against their religion.

Young rural women have limited time to access credit as they are usually busy with household chores. Most married young women who access microfinance do not manage the funds but instead their husbands do so. In some cases, it is difficult for women to access credit on their own without their husbands (Gobezie, 2005).

From a cultural perspective, entrepreneurship has two main barriers. These are perceptions of people in society and the erosion of the value system. People perceive entrepreneurs as school drop-outs and societal rejects who are poor. Youth value making quick money and living luxuriously rather than acquiring skills through apprenticeship (Anyadike et al., 2012). Youth have wrong ideas about banks, thinking that banks are reserved for wealthy adults. Youth also have a fear of financial services such as losing access to their money, collapse of an institution and losing money as a result of costly fees and fraud (Hopkins et al., 2012).

The distance to access points of empowerment funds leads to the exclusion of the youth in entrepreneurship (Gobezie, 2005; Hopkins et al., 2012; Mubaiwa, 2013). Formal financial services are often far from where young people live, making it costly and time consuming to travel there and access them. The opening hours of financial services clash with the time when youth are in school or at work, hence they rather choose informal savings mechanisms that they can easily access (Hopkins, 2012).

Youths lack access to information on services thereby hindering their access to empowerment funds for entrepreneurship (Hopkins et al., 2012; Mubaiwa 2013). Youths also lack knowledge of formal financial institutions and services provided such as savings and credit (Hopkins et al., 2012). Mubaiwa (2013) argues that access to credit is a problem for youth entrepreneurs because it is difficult for them to obtain information on available funds since there is little technology to disseminate information on access to funds and money transfer for youth entrepreneurs.

Mubaiwa (2013) concludes that although access to empowerment funds is important, it is not sufficient to make it available without building the capacity of those who receive it and making the environment conducive, thus addressing and reducing poverty. It is important to understand this fact if solutions to poverty are to be found and the utilization of microfinance is to be improved. Contributing factors to poverty include lack of money and property, illiteracy, malnutrition and hunger, lack of access to basic needs like health services and water as well as exploitation and social exclusion (Magner, 2007).

## **2.6 Knowledge Gap**

Many studies have looked at microfinance in relation to the empowerment of women, but few have examined how credit constraints affect youth empowerment, entrepreneurship and development. Most studies focus on microfinance offered by non-state agencies like Non-Governmental Organizations (NGOs) and banks. There is limited work that has addressed the factors associated with the lack of access to empowerment funds for entrepreneurship by youth in Zambia. This study focuses on the factors that limit the youth's access to empowerment funds offered by government institutions such as the CEEC and the Youth Development Fund under the Ministry of Youth and Sport. This is the gap that this study fills. To deal with credit constraints of the youth, it was important to design the appropriate package of financing mechanisms. This was what this study hoped to achieve by offering recommendations on removing obstacles of access to empowerment funds by youths to enable them to engage in entrepreneurship.

## **2.7 Summary**

In this literature review, the problem of youth access to empowerment funds for entrepreneurship was discussed. The theoretical, contextual and legislative frameworks were discussed in detail. Factors, such as financial, institutional and social, associated with youth

access to empowerment funds for entrepreneurship were highlighted. These factors were grouped into four categories namely financial, institutional, social and miscellaneous. The gap in the literature was identified and it is intended that this study will fill that gap. In the next chapter, the research design and methodology used in this research are discussed.

## **CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY**

### **3.1 Introduction**

This chapter discusses the research design and methodology, including study area, study population, sampling method, data collection, analysis and verification as well as limitations and ethics. The research design used for the study is a combination of both quantitative and qualitative methods. The area covered by the study was Lusaka Province in Zambia. Participants, were selected from a cluster, to take part in the survey. Purposive sampling was used to select respondents for interviews. The sample size selected was 60 for the survey and 30 for interviews. Questionnaires and semi-structured interviews were used as data collection tools. For the data analysis, the Statistical Package for Social Sciences (SPSS) was used for analysing quantitative data, while Tesch's steps were used for the qualitative data analysis. The aim of the study was to explore youth access to empowerment funds for entrepreneurship in Zambia.

### **3.2 Research Design**

A research design is a strategy or model of how a researcher plans to carry out the research (Babbie & Mouton, 2011). This study used a combination of quantitative and qualitative methods in its design. The justification for this design was that it endeavoured to explore the experiences of youth so as to understand and have a deeper insight into the factors that influence access to empowerment funds for entrepreneurship. The reason for the use of quantitative methods was to obtain statistics on the youth that access empowerment funds for entrepreneurship in Zambia. The reason for the use of qualitative methods was to get the perceptions and experiences of the youth that attempted to access empowerment funds for entrepreneurship in Zambia.

A combination of quantitative and qualitative research approaches is also known as a mixed methods approach. The collection and analysis of quantitative and qualitative data is done at the same time but separately in order to enrich the study findings. This assists the researcher to confirm the conclusions drawn. In this study, I conducted a survey using a questionnaire which is a quantitative approach as well as semi-structured interviews which are qualitative approaches to collecting data.

### **3.2.1 Quantitative Research Approach**

Quantitative Research is concerned with measuring things using numbers (Gupta, 2013:9). A quantitative study is one which involves the counting of elements in a population. It is useful in getting a general view of a situation or research area. A quantitative survey was done in Lusaka, Zambia. The inclusion criteria for the quantitative survey were as follows:

- Persons aged 15-35years
- Resident of Lusaka Province
- Applicants of CEEC funds, both successful and unsuccessful
- Applicants of YDF, both successful and unsuccessful

### **3.2.2 Qualitative Study Approach**

A qualitative study involves assessing people's behaviour, attitudes and perceptions using the subjective analysis of the researcher (Gupta, 2013:14). In this study, qualitative interviews were conducted after a quantitative survey. The inclusion criteria for the qualitative study were as follows:

- Youths aged 15-35years
- Applicants of YDF, both successful and unsuccessful
- Applicants of CEEC funds, both successful and unsuccessful
- Member of youth organizations and/or cooperatives
- Representative of disbursing and/or supporting organizations
- Resident in Chongwe, Lusaka or Shibuyunji districts of Lusaka. These three districts were the areas for the last call of applications from the CEEC.

### **3.3 Study Area**

The study area was Lusaka Province in Zambia. According to the United Nations Statistics Division (2017:1), in 2016 the population of Zambia stood at 16,717,000. Zambia is a country situated in the southern part of Africa and is landlocked. It is surrounded by eight neighbours, namely the Democratic Republic of Congo, Tanzania, Malawi, Mozambique, Zimbabwe, Botswana, Namibia, and Angola. Zambia has ten provinces: Central, Copperbelt, Eastern, Luapula, Lusaka, Muchinga, Northern, North Western, Southern and Western provinces.

English is the official language used in schools and places of work in the country. Bemba, Kaonde, Lozi, Lunda, Luvale, Nyanja and Tonga are the major vernacular languages and there are 73 dialects. In 1996, Zambia was declared a Christian nation.

According to the Central Statistical Office in Lusaka (2013), most Zambians are poor. The 2006 and 2010 Living Condition Monitory Surveys (LCMS) indicate that poverty is very high in Zambia. Over 60% of the population live below the poverty line. People in rural areas (77.9%) are poorer than those in urban areas (27.5%).

The capital city of Zambia is Lusaka. This is where main government offices are found. Lusaka is also a province, one of the ten in the country. According to the Central Statistical Office (2013:11), in 2015 the population of Lusaka was approximately 2,777,439. The socio-economic status of the people ranges from poor to rich. Agriculture, manufacturing, provision of services and trading are the major economic activities in Lusaka. Lusaka has 8 districts. The participants in the study come from four of the 8 districts, namely from the Shibuyunji, Chongwe, Chirundu and Lusaka districts.

### **3.4 Study Population**

The study population was young individuals (males and females) in the age bracket 15 to 35 years who had applied for either the Youth Development Funds or Citizens Economic Empowerment Funds.

### **3.5 Sampling**

#### **3.5.1 Sampling Method**

Babbie and Mouton (2014) define multistage cluster sampling as the process which first groups of elements called clusters and then elements from each of the chosen groups are selected. This is done when it is neither possible nor practical to get a complete list of all the elements that make up the target population. The main advantage of multistage cluster sampling is efficiency. Gupta (2013) gives an example of how multistage cluster sampling can occur at country level where a country is divided into states or provinces, then into districts, cities and residential areas.

In this study, multistage cluster sampling was used to select the province and districts. From the cluster of 10 provinces in Zambia, Lusaka Province was selected for the study. From the

cluster of 8 districts in Lusaka Province, four were selected, namely Lusaka, Chirundu, Chongwe and Shibuyunji. The condition for the selection was based on the target areas of the last call of applications from the Citizens Economic Empowerment Commission (CEEC). The selection was purposive.

Gupta (2013) describes simple random sampling as the process in which every element in the population has an equal chance of being included in the sample and each element has the same probability of being chosen. The selection of elements is purely based on chance and not on the researcher's preference. This makes the selection of elements random and gives every element an equal chance.

In this study, sampling was used to select 60 applicants of the empowerment funds to participate in the questionnaire survey. I got a sampling frame from the databases of the Citizens Economic Empowerment Commission (CEEC) and the Ministry of Youth and Sport. I had intended to select an equal number of participants, 30 of each, from the databases of the two organizations. However, the CEEC informed me that they only kept a record of successful applicants. Therefore, I sampled 30 unsuccessful applicants of the YDF, 15 successful applicants of the YDF and 15 successful applicants of the CEEC.

De Vos et al. (2011) write that purposive sampling is also known as judgemental sampling because the sample selected is entirely dependent on the judgement of the person conducting the study. The sample comprises units which have the characteristics or attributes of the population that best serves the aim of the study. This sampling method is often appropriate when selecting a sample on the basis of one's knowledge of the population, its elements and the nature of the research aims as is the case in this study (Babbie & Mouton, 2007).

In this study, purposive sampling was used to select 30 participants as follows: 10 officials representing disbursing and supporting organizations as well as 20 youths for interviews. A purposive sampling method was used because the youths and stakeholders selected were deemed to be suitable to participate in the study.

There were three target groups for interviews within the sample of 30. The first group were 20 youths who had previously applied for empowerment funds. The second group were two officials, one from each of the disbursing organizations, namely the CEEC and MYS. The

third were eight stakeholders from NGOs, corporates, learning institutions and international organizations.

Different reasons were given for the selection of respondents in each of the target groups of the sample. The first group comprised youths in the age category 15-35 years old who were selected for their experiences which were vital in comprehending their access to empowerment funds for entrepreneurship. The second group consisted of government officials who were selected to explain government's role in supporting youth access to empowerment funds for entrepreneurship and to provide information on policy guidelines with regard to youth empowerment. For the third group, other stakeholders were selected with the aim of getting a view of the factors which influence youth access to empowerment funds for entrepreneurship. I gained access to participants by presenting an introductory letter from the university.

### **3.5.2 Sample Size**

A sample size of 60 youths was used for the quantitative survey. These youths responded by self-completing a questionnaire. The qualitative study had a sample size of 30 for interviews. Out of the 30 interviewees, 20 were drawn from the 60 youths who had earlier responded to the questionnaire in the quantitative survey. The remaining 10 participants were the officials who represented disbursing and supporting organizations such as the MYS as well as the CEEC.

The justification for a sample size of 60 for the quantitative study is that it ensured inclusivity of all the relevant stakeholders who could contribute to this study. A number of 30 interviewees were adequate for this study, considering that the study was a mixed methodology of quantitative and qualitative approaches.

### **3.6 Data Collection**

A letter of introduction from the University of Cape Town was presented to the authorities that administer these funds to avail me with a sampling frame. The sampling frame was a database of applicants to both the Youth Development Funds (YDF) and CEEC. I had intended to select an equal number of participants, 30 of each, from the databases of the two organizations. However, the CEEC informed me that they kept a record of successful applicants only to the exclusion of the unsuccessful ones. For this reason, there were three

distinct groups of participants in this study. 30 respondents were those who applied for YDF funds but were unsuccessful. 15 respondents were those who applied for CEEC funds and were successful. 15 respondents were those who applied for YDF funds and were successful. These two groups, of 15 each of the successful applicants of both the CEEC and YDF funds, were 30 in total. The three groups making a total of 60 respondents were obtained from the database of YDF and CEEC applicants.

### **3.6.1 Data Collection Tools**

Two data collection tools were used in this study; a survey questionnaire and an interview schedule. De Vos et al. (2011) describe a questionnaire as a document that consists of questions and statements intended to obtain information necessary for analysis. The main aim of a questionnaire is to get facts and views about an area of study from individuals who are knowledgeable about the specific area. A questionnaire was developed by me and was self-administered by the participants in the survey.

The survey was not done electronically because internet connectivity was rare in the selected study areas and electricity was not always available. Some people did not have email addresses to be able to take part in an online survey. Those who had email would probably take long to respond to them unless they had a smart phone. The questionnaires were not sent by post because postage was expensive and people would take long to receive and post back the mail. The questionnaires were not administered telephonically because it was too costly for the researcher to make sixty phone calls that would have been about an hour long each. Considering all the above limitations, I used self-administered questionnaires. This meant that the respondents were handed the questionnaires to complete in my presence.

According to De Vos et al. (2011), an interview schedule is a list of predetermined questions used to conduct interviews. The advantage of an interview schedule is that the researcher can direct the conversation in the interview. Another advantage is that it can easily be used when dealing with participants who are not able to read and write or have challenges in filling in questionnaires. One difficulty with an interview schedule is that the interview can take a lot of time to complete and interviewees can be hesitant to respond correctly and honestly when the researcher is present.

An interview schedule was used for conducting interviews with 30 respondents. In the interview, I read the questions to the interviewee and wrote down the responses. The questions were all linked to the objectives of the study. In order to permit the respondents to express themselves freely, open-ended questions were asked. I endeavoured to ensure that the questions were without bias and were non-judgemental. The questions were focused to obtain the information needed for the objectives of the study. Interviews were not recorded because the interviewees were uncomfortable with the use of voice recorders out of fear that the information they provided could be posted on social and other media.

The interviews were semi-structured and used to obtain information from the members of staff of the CEEC, NGOs, government officials, personnel of corporate bodies and TEVETA colleges as well as the youths themselves.

De Vos et al. (2011) argue that researchers use semi-structured interviews to collect in-depth information about people's beliefs, perceptions and experiences on a specific issue. The semi-structured interview is flexible in that the researcher can probe by asking follow-up questions and the respondent can elaborate on questions. Semi-structured interviews are useful for tackling complex, controversial or personal topics. In a semi-structured interview, the researcher uses an interview schedule to conduct the interview but does not rigidly stick to the questions on the schedule.

### **3.6.2 Pilot Study**

De Vos et al. (2011) describe a pilot study as a process of pre-testing the data collection instrument by using it on a small group of people from the target population. The people who take part in the pilot study are excluded from the main study. A pilot study assesses whether the methodology, sampling, instruments and analysis are sufficient and suitable for the research study. Pre-testing of data collection instruments is done in order for the researcher to remove confusing questions and correct any poorly-worded questions. Pre-testing the instrument also removes errors and brings out observations of questions respondents ignore. Pre-testing the instrument also helps to observe the reactions of the respondents. In this pilot, respondents were asked to comment on the phrasing of questions, the order of questions, questions that are unnecessary, omitted questions and questions that could be misleading.

De Vos et al. (2011) add that a pilot study is useful for improving the wording, sequence, display and selection of questions as well as reducing the survey questionnaire to a reasonable length. Such changes enable the researcher to fine-tune the data collection instrument before conducting the main study, leading to better data and a more meaningful research study.

A pilot study was done by using the data collection tools to see if it was user-friendly and to identify gaps that were then filled. The data collection tools, namely the questionnaire and interview schedule, were tested on two applicants.

These were the observations made from the pilot study of the gaps in the data collection tools:

- The same interview schedule could not be used for both the youth and stakeholders as they have to respond to different questions.
- The question of income in the questionnaire could not be open-ended as people are not comfortable to give exact figures about their income. They prefer to keep money matters confidential.
- The question of age in the questionnaire could not have a blank box for participants to enter a number. Female participants are uncomfortable to reveal their exact age.
- Questions about the CEEC and YDF appeared as one in the questionnaire and needed to be separated.

The following changes were made to the data collection tools after the pilot study:

- Two interview schedules were drawn up, one for the youth and another one for stakeholders.
- A table with ranges of annual income was created in the questionnaire to enable survey participants to answer the question of income.
- Age brackets and/or groups were provided as a response to the question of age in the questionnaire. This made it easier for survey participants to give an answer to the question of age.
- Questions on knowledge of the two funds were asked separately.

### 3.6.3 Data Collection

All the planned 30 interviews, 10 with organizational representatives and 20 with youths, were conducted. For the survey, 40 out of 60 questionnaires were administered. The following table shows the number of participants in both the survey and interviews:

**Table 3.1: Participants in both the survey and interviews**

No	Data Collection Tool	Group	Proposed number	Actual Number	Not Done
1	Interview	Organizational representatives	10	10	0
		Youth	20	20	0
		<b>Total Interviews</b>		<b>30</b>	<b>30</b>
2	Questionnaires	CEEC	15	11	4
		YDF successful	15	6	9
		YDF unsuccessful	30	23	7
		<b>Total Questionnaires</b>		<b>60</b>	<b>40</b>

Table 3.2 below shows the number of respondents that were selected but did not take part in the study:

**Table 3.2: Respondents that were selected but did not take part in the study**

No.	Reason not reached	CEEC	YDF S	YDF Uns	Total
1	Phone off	3	7	7	<b>17</b>
2	Located outside project area	1	0	0	<b>1</b>
3	Asking for money	0	2	0	<b>2</b>
	<b>Total</b>	<b>4</b>	<b>9</b>	<b>7</b>	<b>20</b>

Twenty selected respondents were not available for the reasons provided in the table above: 17 had their phones off or were unreachable, 1 was outside the project area and 2 wanted to be given money which was unethical.

In conducting the 30 interviews, there were four distinct categories of interviewees. Ten interviewees were representatives of disbursing organizations and other key stakeholders. Ten interviewees were youths who applied for the YDF funds but were unsuccessful. This group formed the core group. Five interviewees were youths who applied for the YDF funds and were successful. Five interviewees were youths who applied for the CEEC funds and were successful. These two groups formed the sub-group. Only five interviewees were selected from the CEEC because the organization had no record of unsuccessful applicants.

I gained access to the interviewees using their contact details, such as telephone numbers and physical address, which were provided in the database. I called the interviewees on their mobile phones and made an appointment with each interviewee for when and where the interviews would take place. I kept a diary to indicate the appointments of each interviewee and travelled to the interview venue suggested by the respondent as the most convenient for them to conduct the interview.

A letter of introduction from the University of Cape Town was presented to the authorities of the different organizations to allow me to interview officials of those organizations at their offices. Ten key informants who were representatives of organizations that disburse empowerment funds and/or support the youth were interviewed. These were divided into five groups and/or categories. One official was from the Citizens Economic Empowerment Commission (CEEC) which administered the Citizens Economic Empowerment Funds. The importance of interviewing this official was to get the criteria used to award these funds to the youth. One official represented the Ministry of Youth and Sport which is responsible for distributing the Youth Development Funds (YDF). Another official interviewed is from the Ministry of Commerce, Trade and Industry. The significance of interviewing these officials was to understand the government's position on entrepreneurship and the policies that have been implemented by the government particularly in favour of the youth. Lastly, interviews were conducted with two officials from an NGO and an international body that promote entrepreneurship and access to funds by the youth. For instance, the British Department for International Development (DFID) under the Private Enterprise Programme Zambia (PEPZ) recently launched a business plan competition, known as Nyamuka Zambia, where the youth could win money to engage in entrepreneurship. An official from PEPZ was interviewed.

Another official from PLAN Zambia, which is an NGO that trains youths in entrepreneurship, was also interviewed.

Interviews were also conducted with two officials from a bank and a microfinance institution on issues of collateral as a factor for access to funds for entrepreneurship. One official was from Barclays Bank Zambia Plc and another one was from FINCA, a microfinance institution. Another corporate organization representative that was interviewed was from TOTAL Zambia which offers money to entrepreneurs through a competition known as the Start Upper Competition.

Two representatives of learning institutions, i.e. the Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA) and the Curriculum Development Centre under the Ministry of Education, were interviewed to explore whether or not entrepreneurship forms part of the syllabus for the youth while they are still in school.

More than one staff member of the CEEC and government were interviewed to provide credibility of the information obtained. The transcripts were reviewed by my research supervisor before and after the analysis was done.

### **3.7 Data Analysis**

The data collected from the quantitative survey was analysed using statistical software, SPSS. The statistical tests used were T-tests to measure significant differences as they were useful for comparing the frequency of certain factors across groups. For the statistical data analysis, a statistician was hired by me to analyse the data from the questionnaires. I coded the questionnaires and created a code book in Excel. The code book comprised three Excel sheets. The first sheet had the questions, the second sheet had the possible responses, and the third sheet had the actual responses from the participants who were represented by their ID numbers. Using the code book, the statistician was able to analyse the data using SPSS.

The data collected from the interviews were analysed using Tesch's stages of analysis (De Vos, 1998). The first step in preparing for the analysis that I undertook involved typing interview transcripts. This process brought the initial awareness of issues that came up in the data. It gave me an opportunity to engage with the data.

### **3.8 Data Verification**

Data Verification is associated with the extent to which the findings of a research study can be considered to be true, objective and reliable. According to Morse et al (2002) data verification is the process of assessing, confirming, ensuring and being certain of the rigor of a study by employing mechanisms that make sure that there is reliability and validity. Data Verification take different forms in quantitative and qualitative research. In quantitative research, data verification deals with the validity and reliability of the research findings. In qualitative research, data verification deals with assessing the trustworthiness of the research findings using a criteria, developed by Lincoln and Guba, which has four components namely; credibility, transferability, dependability and confirmability.

In quantitative research, data verification takes the form of validity and reliability of the research findings. Golafshani (2003) describes reliability as the degree to which findings are consistent over time and give an exact representation of the entire population under the study. Validity is the extent to which the inquiry truly measures that which it set out to measure or how truthful the research findings are (Golafshani, 2003).

#### **3.8.1 Trustworthiness of the results**

Trustworthiness is the extent to which one can believe in the research findings. Babbie and Mouton (2001) refer to the work of Lincoln and Guba who found a different approach in qualitative research to demonstrate the idea of objectivity. For Lincoln and Guba, trustworthiness of the findings is the main criterion of qualitative research. De Vos et al (2011) outline the conventional criteria for quantitative research as internal validity, external validity, reliability and objectivity. They argue that the criteria for quantitative research cannot be used to determine the trustworthiness of qualitative research. The criteria for trustworthiness of qualitative research concentrates that credibility or truth-value, applicability or transferability, consistency or dependability and neutrality or confirmability of the qualitative research findings.

#### **3.8.2. Credibility/ Authenticity/Truth-value**

Anney (2014) defines credibility as the confidence that can be put in the truth of the findings of research. Truth-value is about the steps taken by qualitative researchers to improve and evaluate data credibility. It refers to confidence in the truth of the data. Credibility refers to confidence in how well data and the process of analysis address the intended focus of the

qualitative study. The key question asked under credibility is have the researchers measured what they intended to measure.

According to De Vos et al (2011), credibility is the alternative to internal validity. There are different strategies for increasing credibility and these are prolonged engagement, triangulation, peer debriefing, negative cases analysis, member checks, investigators with various perspectives and selection of context participants to gathering data. Babbie and Mouton (2001) add persistent observation and referential adequacy to the strategies for increasing credibility. Flick (1999) also refers to prolonged engagement with participants to develop a trusting relationship and member checks as stages for increasing credibility. Shenton (2004) suggests other strategies for increasing credibility and these are; triangulation of methods, data sources and sites, tactics to make sure that respondents are honest through voluntary participation, pilot studies to become familiar with participants, iterative questioning through probing in interviews, examination of previous research findings and debrief sessions.

In this study, I undertook several activities to increase the credibility of the findings of this research. While reviewing literature, I also looked at the dissertations of other students. I conducted a pilot study to become familiar with the participants. I used mixed methods of questionnaires and semi-structured interviews. I encouraged voluntary participation of respondents by providing them with information sheets and requesting them to sign consent forms. I had several data sources as I interviewed different stakeholders from corporate and government officials to civil society staff on access to empowerment funds. I probed in interviews by asking follow-up questions. I also had supervision meetings with my supervisor as debriefing sessions.

### **3.8.3 Applicability/Transferability**

De Vos et al (2011) describes applicability as the extent to which research findings can be transferred to other settings and groups. It is the alternative to external validity in quantitative research. The key question asked is how applicable the research findings are to other subjects and other contexts. Anney (2014) argues that transferability in qualitative research is equal to generalizability in quantitative research. Babbie and Mouton (2001) outline strategies for enhancing transferability such as thick descriptions and purposive sampling. In this study, I used purposive sampling for transferability.

### **3.8.4 Consistency/ Dependability**

De Vos (2011) defines consistency or dependability as the ability of the researcher to account for the constant changing conditions of the phenomenon studied, for the interaction with study participants and for the entire research process carried out with an emergent design. The key question asked in consistency or dependability is would the same research findings be found if the research were conducted again in the same context with the same subjects. Consistency or dependability in qualitative research is the alternative to reliability in quantitative research. Shenton (2004) states that dependability is the extent to which if research were undertaken again, in the same place, using same methods and with the same participants, similar findings would be found.

Anney (2014) describes dependability as the consistency of findings over time. The strategies for ensuring that there is consistency or dependability include an audit trail, stepwise replication, code-recode strategy and peer review. Babbie and Mouton (2001) argue that there can be no credibility without dependability. They provide an audit trail as the strategy for ensuring that there is dependability. An audit trail is where another researcher can use a personal journal or notes to follow the stages of research used by the researcher. In this study, the research methodology was clearly and fully described to ensure dependability. I also kept personal notes of how I conducted the study.

### **3.8.5 Neutrality/Confirmability**

According to De Vos et al (2011), confirmability refers to the neutrality of the data rather than the neutrality of the researcher. Confirmability in qualitative research is the alternative to the notion of objectivity in quantitative research. The key question asked in confirmability is to what extent are research findings affected by the personal interests and biases of the researcher. Babbie and Mouton (2001) suggest the use of an audit trail and personal notes of the researcher as strategies for confirmability. In this study, I brought out my reflexivity as a strategy for confirmability. I distanced my feelings and personal views from the data that emerged on access to empowerment funds. Anney (2014) describes confirmability as the extent to which research findings can be proved and backed by evidence by other researchers to show that the findings emerged from the data and were not made up by the researcher. Confirmability can be attained through an audit trail, reflexive journal and triangulation.

### **3.8.6 Integrity**

Anney (2014) suggests a new idea of integrity of research findings which refers to the extent to which qualitative researchers can make sure that informants do not provide fake information or data which is made up. Strategies for ensuring integrity include; prolonged engagement, good interview methods, navel-gazing, self-analysis by the researcher and concealing the identity of research participants. In this study, I used code numbers for respondents and pseudonyms in the research report in order to safeguard the identity of participants.

### **3.9 Ethics**

Ethics is a selection of standard codes which provide regulation and behavioural anticipation about the most appropriate behaviour towards research participants, employers, benefactors, investigators, aides and scholars (De Vos et al., 2011). For this research study, the following ethical considerations mentioned by De Vos et al. (2011) were considered: debriefing of respondents, deception of subjects, privacy, anonymity, confidentiality, informed consent, avoidance of harm, voluntary participation and publication of findings.

I asked the participants to recall their interview and clarify any misconceptions they had about the project. I provided the participants with all the relevant information required to prevent them from feeling deceived and taking part in the project for the wrong reasons. Issues of confidentiality and anonymity were discussed between myself and participants and agreed upon. In writing the research report, pseudonyms and changed identities were used to ensure anonymity and prevent exposure of a respondent. In so doing, the identity of the participants was kept confidential. Interviews were held in private. An audio recording device was used only if participants agreed to it. I cautioned the respondents that they could potentially be affected due to the sensitive nature of the topic which could lead to the emergence of unresolved feelings and I assured the respondents that this study was purely for academic purposes. I aimed to make the respondents comfortable to take part in the study.

The participants were adequately informed about the research study so that they could decide whether or not to take part with full knowledge. This was done by way of an information sheet provided to each participant. Respondents were not coerced to take part in the study. I requested the participants to sign a consent form. The findings of the investigation will be introduced to the public in written reports.

### **3.10 Limitations of the Study**

I encountered several limitations in the course of this research study. One limitation was that I had a difficult time securing an interview with officials from banks. Banks claimed that they do not offer empowerment funds but loans only. One of the banks said that, as a matter of policy, it does not entertain researchers from outside their organization regardless of whether it is academic or otherwise. Only one bank agreed to an interview because the bank funds an empowerment competition run by PEPZ.

Another limitation was that the CEEC, a major disbursing organization of empowerment funds, kept a record only of the successful applicants to the exclusion of the unsuccessful ones. This skewed the sampling of the study in favour of the YDF. The researcher had to oversample the unsuccessful applicants of the YDF to compensate for the deficiency of CEEC in numbers in order to obtain the required sample size.

Yet another limitation was the inability to use an audio recording device. Most interviewees refused to use an audio recording voice and insisted on me writing down their responses. This took a lot of time and made the interviews longer than they would have been had an audio recording device been used. Since it was an ethical issue, I had no choice but to comply. The reason most respondents refused to be recorded was the fear of their views being leaked to the media and them getting disgraced publicly.

The last limitation was that in the survey questionnaire, some respondents did not complete the survey instrument due to wanting to be paid money for participation which was unethical, other resided outside the geographical area of the study due to relocation, and others were unreachable by phone to make an appointment.

### **3.11 Reflexivity**

I used a non-judgemental and affirming attitude towards the youths I interacted and worked with. I felt that great care had to be taken with the youths as they are sensitive about finances, empowerment and entrepreneurship. It would have been dangerous to label the youths as they could have been made to feel excluded.

### **3.12 Summary**

In this chapter, the research design and methodology including data collection and data analysis was described. The data was collected using survey questionnaires to gather quantitative data and semi-structured interviews to collect qualitative data. A total of 45 participants, mostly youths, took part in the questionnaire survey. In addition, 30 respondents, namely 20 youth and 10 representatives of disbursing and/or supporting organizations were interviewed. Quantitative data was analysed using a Statistical Package for Social Sciences, (SPSS). The qualitative data was analysed according to Tesch's stages. The following chapter presents the research findings and discussion from the quantitative survey.

## CHAPTER FOUR: FINDINGS FROM THE QUANTITATIVE SURVEY

### 4.1 Introduction

This chapter presents the findings from the quantitative part of this study. The profiles of the Lusaka Province and study respondents are given, followed by a presentation of the descriptive statistics from the survey results. The demographic characteristics of the population under study are also given. The statistical findings from the survey are presented according to the research objectives. The findings are presented in form of charts and graphs. Correlation and T-tests conducted on the data are also explained in this chapter. A brief explanation of the findings is given for each graph or chart.

### 4.2 Demographic Characteristics of the Study Sample

The demographic characteristics of the study sample are age, gender, education and socio-economic activities.

#### 4.2.1. Age

The participants in the sample were put in age groups. Figure 4.1 below is a bar chart which shows the age groups of the participants in the study sample.

**Figure 4.1: Age groups of youths in the sample**

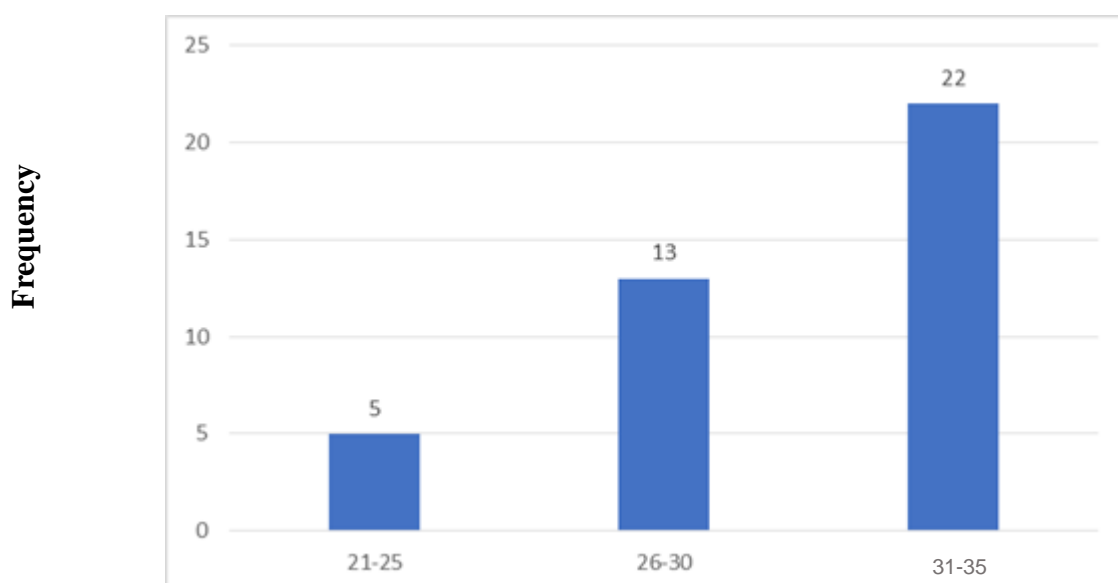


Table 4.1 shows the age groups of the participants in the study sample.

**Table 4.1: Age groups of the youths in the sample**

<b>Age Group</b>	<b>Frequency</b>	<b>Percentage (%)</b>
21-25	5	12.5%
26-30	13	32.5%
31-35	22	55%
<b>Total</b>	<b>40</b>	<b>100%</b>

From Table 4.1 it is evident that of the 40 participants of the quantitative survey, 55% were between the ages of 31-35. According to the sample, people apply for empowerment funds at the last moment when they are about to turn 35 years of age and thereafter are no longer considered to be youth. If they are not granted the funds in the first application, the possibility is that at their second attempt they will be ineligible on the basis of age. In the sample, none of the youths were below the age of 20. People below 20 years in the sample did not apply for the empowerment funds. From the results, it can be deduced that the proportion of participants in the sample who apply for Youth Development Fund increases by age.

#### 4.4.2 Gender

The gender of the participants in the survey is presented in two forms, i.e. as a pie chart and in form of a table. Figure 4.2 below is a pie chart which shows the gender of the participants in the study sample.

**Figure 4.2: Gender of participants**

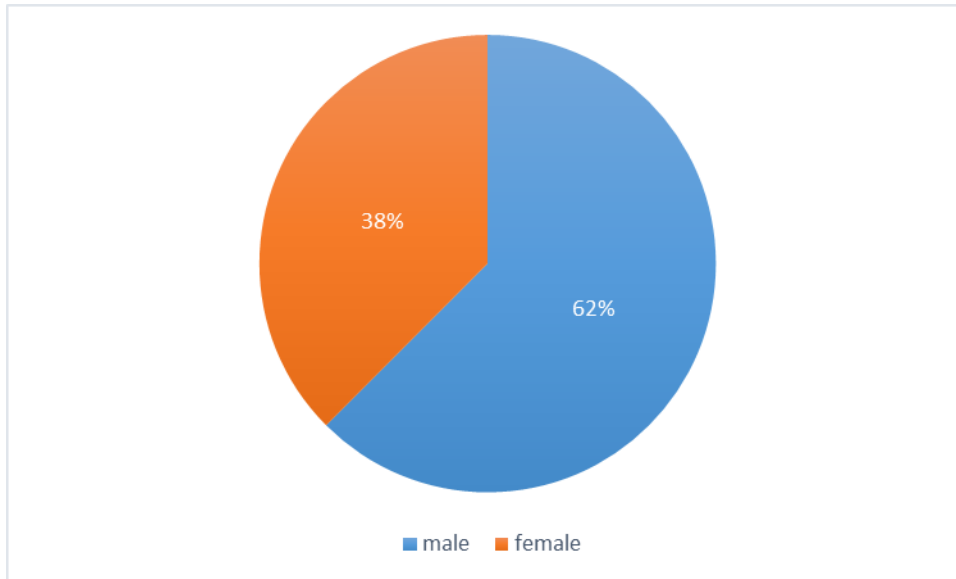


Table 4.2 shows the gender of the study sample.

**Table 4.2: Gender of participants**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Male	25	62%
Female	15	38%
<b>Total</b>	<b>40</b>	<b>100%</b>

From Table 4.2 it is evident that there were more male (62%) than female (38%) applicants. The explanation for this could be that the places where males get information on funds are not frequented by females. For example, males get to watch television in places like pubs where they drink alcohol. The other explanation is on the issue of collateral. Traditionally, men tend to have more property than women. This view was more explicitly expressed in the qualitative survey.

#### 4.4.3 Education

The chart and table below show the level of education of the participants in the survey. Figure 4.3 below is a bar chart which shows the different education levels of the participants in the study sample.

**Figure 4.3: Education Levels**

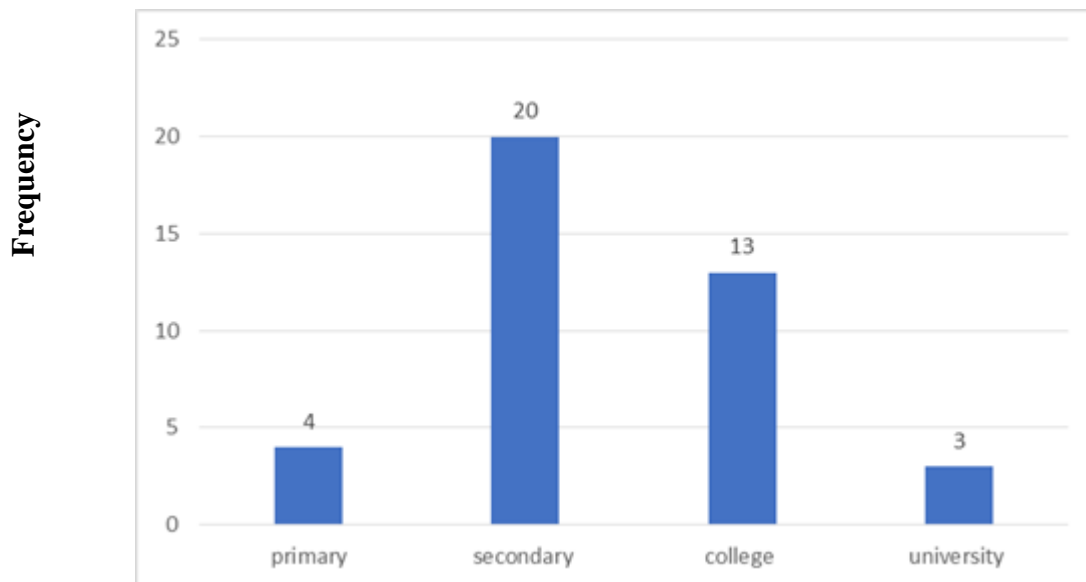


Table 4.3 shows the different education levels of the study sample.

**Table 4.3: Education levels of the youth in the sample**

Education Level	Frequency	Percentage (%)
Primary	4	10%
Secondary	20	50%
College	13	32.5%
University	3	7.5%
<b>Total</b>	<b>40</b>	<b>100%</b>

From Table 4.3 it is evident that the highest percentage (50%) of respondents in the sample had secondary school education and the lowest percentage were those in university (7.5%). The second highest percentage of respondents in the sample were those with a college education (32.5%). College and vocational skills were discussed by the youth who were involved in the survey. The funding stream, for both the CEEC and YDF, focuses on vocational skills and services. Those who drop out of school are more likely to become

entrepreneurs and apply for funds. This view was more explicitly expressed in the qualitative survey.

#### 4.4.4 Economic Activities

The chart below illustrates the economic activities engaged in by the participants in the study sample. Figure 4.4 below is a bar chart which shows the economic activities engaged in by the participants in the study sample.

**Figure 4.4: Economic Activities engaged in by the Youth**

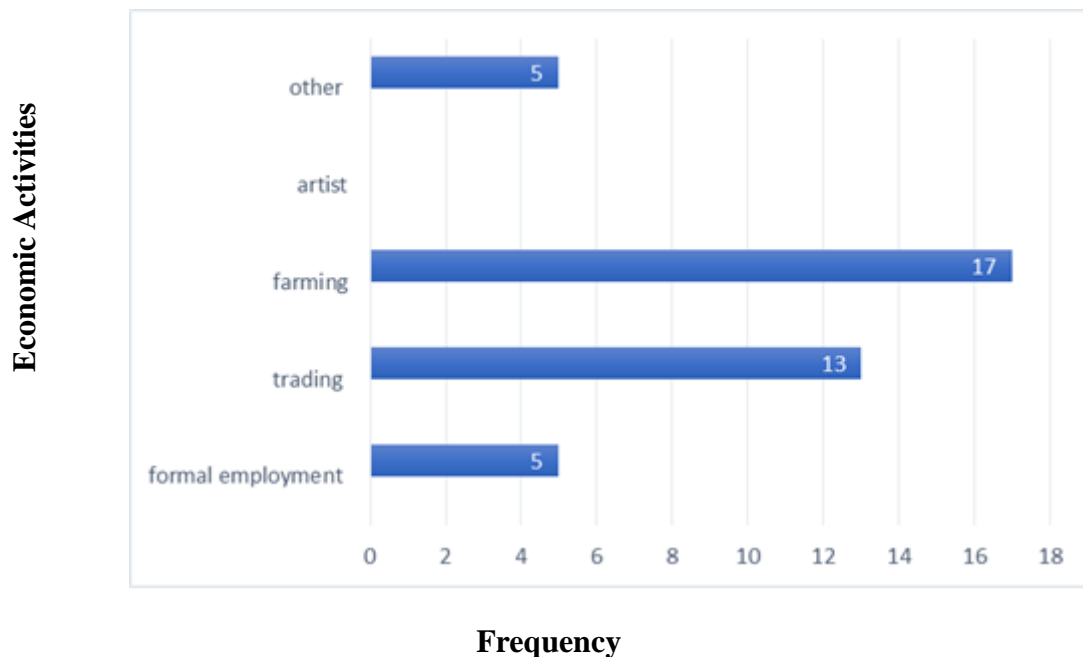


Table 4.4 shows the various economic activities engaged in by the participants in the study sample.

**Table 4.4: Economic activities engaged in by participants in the study sample**

<b>Economic Activities</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Formal Employment	5	12.5%
Trading	13	32.5%
Farming	17	42.5%
Other	5	12.5%
<b>Total</b>	<b>40</b>	<b>100%</b>

From Table 4.4 it is evident that 42.5% of the participants were involved in farming activities, followed by 32.5% involved in trading. To expand their farming activities, youth seek funding. For CEEC funding, this was in response to a call for applications in the farming sector. 75% of the applications were in the farming and trading sectors. It might be that the only time when people apply for empowerment funds for entrepreneurship is when they cannot secure formal employment. It is not the preferred option but an alternative. This view was more explicitly expressed in the qualitative survey.

#### **4.5 Presentation of Findings**

The statistical findings from the survey are presented according to the research objectives. The objectives are political factors, factors that facilitate access such as income, collateral, and skills as well as factors that inhibit access namely services and information.

##### **4.5.1 Political factors including policies**

When asked about the policies that are in place focusing on youth empowerment funds, 87.5% of the respondents did not answer because they were not aware of any policies regarding youth empowerment funds for entrepreneurship. Table 4.5 below shows the knowledge that youth had about the policies that facilitate their access to empowerment funds.

**Table 4.5: Political Factors evident in the Knowledge of Policies and Legislation**

<b>Factors</b>	<b>Frequency</b>	<b>Percentage</b>
CEEC Act	0	0
National Youth Policy	4	10%
Other legislations	0	0%
Do not know	1	2.5%
No response	35	87.5%
<b>Total</b>	<b>40</b>	<b>100%</b>

**Table 4.6: Knowledge about Policies relating to Youth Empowerment**

From Table 4.6 it is evident that of all those who responded, (4/5) 80% knew about the National Youth Policy and 20% did not know. None of the respondents knew about the CEEC Act. Table 4.6 below demonstrates the youths' knowledge of policies that are in place focusing on youth empowerment funds.

**Table 4.6: Knowledge about Policies relating to Youth Empowerment**

<b>Factors</b>	<b>Frequency</b>	<b>Percentage</b>
CEEC Act	0	0
National Youth Policy	4	80%
Other legislations	0	0%
Do not know	1	20%
<b>Total</b>	<b>5</b>	<b>100%</b>

#### 4.5.2 Income

A Pearson's Correlation test was done in order to establish the relationship between income and access to empowerment funds in response to the second research objective which aims at determining the role of economic activities and income on access to youth empowerment funds. The results showed that access to empowerment funds were significantly and positively associated with annual income:  $r(40) = .341$ ,  $p = .031$ , but there was no significance with economic activities:  $r(40) = -.081$ ,  $p = .620$ . These results suggest that annual income accounts for 34.1% of the variation on access to empowerment funds. Table 4.7 below demonstrates the relationship between economic activities and youth access to empowerment funds as well as the relationship between annual income and youth access to empowerment funds.

**Table 4.7: Correlational Matrix of Economic Activities and Income with Access to Empowerment Funds**

	1	2	3
1 Access to empowerment funds	--		
2 Economic activities	-.081	--	
3 Annual Income	.341*	-.098	--
	SD	94.62	2.68
	M	25.75	1.11
			3.05
			1.74

\*correlation is significant at the .05 level (2-tailed)

From Table 4.7 it is evident that there is no association between economic activities and access to empowerment funds. There is a positive correlation between income and access to

empowerment funds. It does not matter what a person’s occupation is, as long as they have an income are more likely to have access to empowerment funds.

#### 4.5.3. Collateral

A *t*-test was done to determine whether collateral had a bearing on access to empowerment funds. An independent samples *t*-test was conducted to compare differences in access to empowerment funds in participants who had collateral with participants who did not. There were no significant differences in mean scores for participants who had collateral (M=89.937, SD=32.77) and participants who did not have collateral (M=97.75, SD=19.974) on access to empowerment funds:  $t(40) = -.938, p = .354$ . This result suggests that collateral did not play a significant role in youth access to empowerment funds.

#### 4.5.4. Skills

32.5% of the applicants had learned business and entrepreneurial skills in secondary school while another 32.5% of the applicants had learned these skills in college. 25% of the applicants had learned skills through other means such as while trading in the informal sector. University graduates and primary school drop-outs were approximately 5% respectively. The table below shows that the institution type where youth learn business and/or entrepreneurial skills had a bearing on whether or not they accessed empowerment funds. Table 4.8 below shows the level of education at which the youth learned business skills.

**Table 4.8: Level of Education at which Youth learned Business Skills**

<b>Level of Education where one learnt business skills</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Primary School	2	5%
Secondary School	13	32.5%
College	13	32.5%
University	2	5%
Other (on the job or while trading)	10	25%
<b>Total</b>	<b>40</b>	<b>100%</b>

#### 4.5.5 Services

Table 4.9 below shows all the services available to the youth for access to empowerment funds for entrepreneurship in Zambia.

**Table 4.9: Availability of all Services that assist the Youth to access Empowerment Funds**

Services	Frequency	Percentage
Mentorship	9	22.5%
Incubators	1	2.5%
Role models	2	5%
Apprenticeships	5	12.5%
All of the above	4	10%
I don't know	19	47.5%
<b>Total</b>	<b>40</b>	<b>100%</b>

From Table 4.9 it is evident that just below half of the applicants (47.5%) did not know about any services that were able to help the youth gain access to empowerment funds.

**Table 4.10: Availability of Known Services that Assist the Youth to Access Empowerment Funds**

Table 4.10 below illustrates the services known to the youth to assist them access empowerment funds for entrepreneurship in Zambia.

**Table 4.10: Availability of Known Services that assist the Youth to access Empowerment Funds**

Services	Frequency	Percentage
Mentorship	9	42.9%
Incubators	1	4.8%
Role Models	2	9.5%
Apprenticeships	5	24%
All of the above	4	19%
<b>Total</b>	<b>21</b>	<b>100%</b>

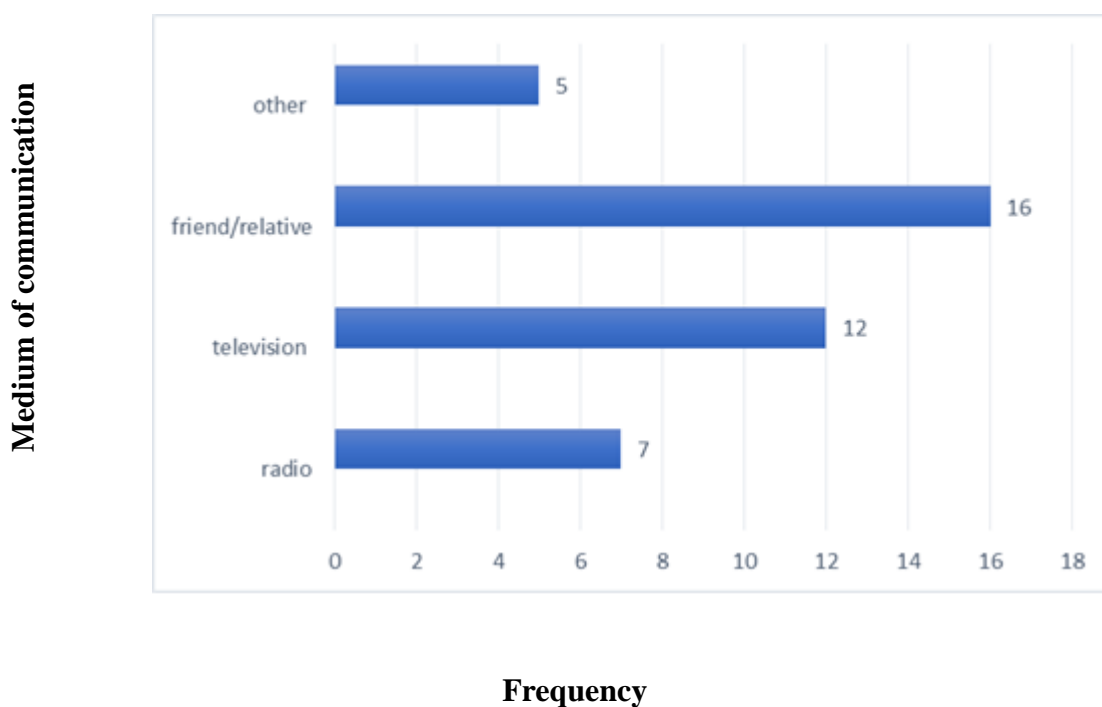
From Table 4.10 it is evident that out of those who knew about youth-friendly services, 42.9% indicated that they knew about mentorship opportunities that helped youth to access

empowerment funds. 4.8% said they knew about incubation that helped youth to access empowerment funds. 24% said they knew about apprenticeships that helped youth to access empowerment funds. 9.5% said they knew about role models that helped youth to access empowerment funds and 19% said they knew about all the services available that helped youth to access empowerment funds.

#### 4.5.6. Information on Empowerment Funds

Figure 4.5 below is a bar chart which illustrates the medium of communication through which most of the participants got information on empowerment funds.

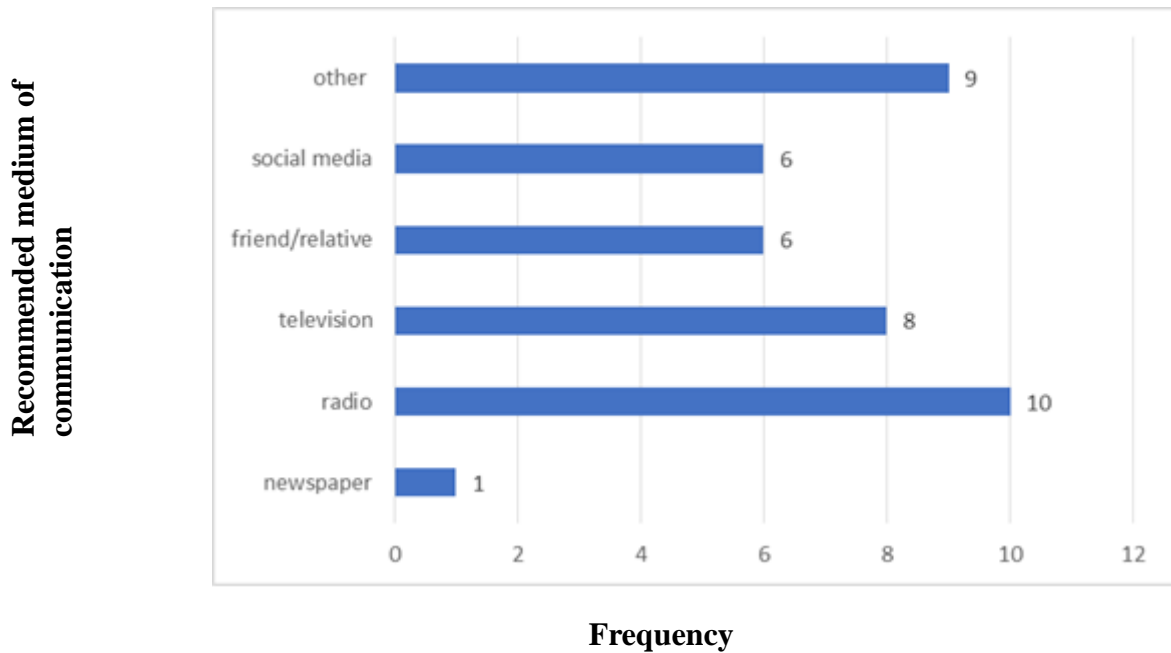
**Figure 4.5: Medium of Communication through which Youth were informed about Empowerment Funds**



From Figure 4.5 it is evident that 40% of respondents were informed about empowerment funds through relatives and friends and 30% through watching television. The fewest youth were those who were informed about empowerment funds through other means such as social media and radio.

Figure 4.6 below is a bar chart below which shows that the most appropriate medium of communication for disseminating information to the youth on empowerment funds, drawn from the survey, is broadcast media, particularly the radio.

**Figure 4.6: Most appropriate medium for communication**



From Figure 4.6 it is evident that when asked about the most appropriate medium of communication, the largest percentage of participants (25%) recommended the use of radio to disseminate information about the availability of empowerment funds, followed by 22.5% those who recommended other means which included community meetings, roadshows and school talks.

#### **4.6 Discussion**

##### **4.6.1 Political factors including policies**

If the youth are not aware of policies regarding youth empowerment funds, then they are unlikely to apply for funds. There is a difference between acts of parliament and policies. The difference is that the youth know about policies but not about acts of parliament such as the CEEC Act. This could imply that no-one explains the Acts to them but they are aware of the policy because it is more accessible for them.

#### **4.6.2 Income**

The higher the income of the participants from sales of their various products, the more likely they were to access empowerment funds. Those who declared high incomes were funded. Those with an income were more likely to get funding than those who had no income at all. From this study, participants who were in employment were the ones who were being empowered and not those who were unemployed. This leads to social exclusion of the unemployed who are most in need of empowerment funds for entrepreneurship.

#### **4.6.3. Collateral**

An independent samples *t*-test was conducted to compare the differences in access to empowerment funds in participants who had collateral with participants who did not. No influence could be shown. However, this observation could have been confounded by the requirements from the disbursing agency. For example, the CEEC does not require collateral for funds below K50,000, but any loan above that amount requires collateral. The issue of collateral, in relation to youth access to empowerment funds, has been supported by several authors. The obstacles for the youth to access microfinance for engaging in entrepreneurial activities include: lack of experience, collateral, credit history and liquid cash (Reddy, 2005; World Bank, 2007; Anyadike et al., 2012; Mubaiwa, 2013). The Ministry of Youth and Sport does not ask for collateral in form of property but instead asks for a guarantor. This removes the pressure of requiring collateral from the youth.

#### **4.6.4. Skills**

There is an informal way of people acquiring business and entrepreneurial skills, while trading in their various enterprises. If this is encouraged, it would be a good way to empower people. The fact that most youths learned business and entrepreneurial skills in secondary school calls for a revision of the school curriculum to increase the number of youths acquiring such skills. The number of skills training centres should also increase to assist more youths to acquire the appropriate skills to not only obtain empowerment funds but also use them wisely. University students should do internships in companies to acquire practical business and entrepreneurial skills. Graduates should also change their mindset toward entrepreneurship from negative to positive and desist from only focusing on getting white collar jobs.

The issue of skills, in relation to youth access to empowerment funds, has been supported by several authors. Youth lack entrepreneurship education and skills training to enable them to access empowerment funds for entrepreneurship in the form of microfinance (Gobezie, 2005; Nagarajan, 2005; Reddy, 2005; Magner, 2007; World Bank, 2007; Ayandike et al., 2012; Mubaiwa, 2013). University and college education lack courses in entrepreneurship thereby producing graduates who then aim to obtain employment rather than create employment (Anyadike et al., 2012). Nagarajan (2005) argues that life skills training ignores youth access to financial resources. With skills training, it is a problem if trainers do not know the market and assume that the youth need a one-size-fits-all package of services. Youth also do not like strict supervision of how they use accessed microfinance. Skills training for accessing microfinance is mostly done by men, leaving women less equipped. Skills development also takes place in towns leaving rural women and the youth at a disadvantage (Gobezie, 2005).

#### **4.6.5 Services**

Mentorship, which is supported by the National Youth Policy, seems to be the most common means of support for youth entrepreneurs. As indicated by respondents, there are fewer opportunities for youth to have apprenticeships and role models than mentorships because already established business people are not willing to take on youth entrepreneurs. This view was more explicitly expressed in the interviews.

The issue of services, in relation to youth access to empowerment funds, has been supported by several authors. Youths lack services to assist them to access empowerment funds in form of credit for entrepreneurship (Reddy, 2005; World Bank, 2007; Anyadike et al., 2012; Mubaiwa, 2013). Before the youth accesses empowerment funds for entrepreneurship, they need services like mentorship, role models and incubation. These, however, are mostly non-existent to provide guidance on how to start and grow a business as costs are prohibitive (Nagarajan, 2005; Magner, 2007; Mubaiwa, 2013).

#### **4.6.6. Information**

From the study, it can be deduced that the majority of young people rely on radio for access to information about empowerment funds. Disbursing organizations also use other non-conventional, informal or non-mainstream media to disseminate information about empowerment funds such as community meetings, road shows and school talks. The

distribution of respondents was mostly rural and peri-urban which could have influenced the choice of radio as a preferred medium of communication above social media. The other advantage of radio over social media is the use of local languages.

It could be suggested that since most respondents got to know about empowerment funds through a relative or friend, there is a possibility of nepotism on the part of staff in disbursing agencies. For instance, if one works for the Ministry of Youth and Sport or the Citizens Economic Empowerment Commission, one is likely to encourage one's relatives and friends to apply for empowerment funds. The disbursing officers would further favour their relatives, who they have encouraged to apply for funds, by ensuring that they are awarded the funds. This view was more explicitly expressed in the qualitative survey.

The issue of information, in relation to youth access to empowerment funds, has been supported by several authors. Youths also lack access to information on funding opportunities to enable them to gain access to empowerment funds for entrepreneurship in form of microfinance (Nagarajan, 2005; Reddy, 2005; Hopkins, 2012; Mubaiwa, 2013).

#### **4.7 Summary**

From the study it is evident that most participants are unaware of the policies that provide access to empowerment funds for entrepreneurship in Zambia, hence they rarely apply for empowerment funds. It was discovered that the higher their existing income, the more the likelihood of youths accessing empowerment funds. This then leads to the economic exclusion of unemployed youth. It was found that collateral has no bearing on youth access to empowerment funds. It is interesting to note that most youth entrepreneurs who accessed empowerment funds had no or limited formal education and skills training. These youth seemed to have acquired entrepreneurial skills informally on the job. Of all the services available to assist the youth to access empowerment funds, mentorship was the most known by youth. Lastly, the youth preferred non-conventional means, such as road shows, community meetings and school talks, for disseminating information to them about the availability and access to empowerment funds. The following chapter discusses the qualitative data derived from the interviews.

## CHAPTER FIVE: FINDINGS FROM THE INTERVIEWS (QUALITATIVE DATA)

### 5.1 Introduction

This chapter presents the findings from the interviews completed with the respondents. The profile of the interviewees and the framework for the analysis are presented. The discussion of the findings from the semi-structured interviews as well as the major themes and categories which emerged from the transcriptions are also given. Direct quotes from the transcriptions are used to illustrate the respondents' perceptions and experiences, and these are discussed with reference to the reviewed literature. Critical commentary is added and a summary of the findings is given at the end.

### 5.2 Framework of Analysis

Table 5.1 presents the framework of the analysis which shows the findings from the interviews. The findings have been grouped into themes and categories. The main themes are economic and financial factors, institutional factors, social and miscellaneous factors as well as possible solutions to the problem of lack of access to empowerment funds. There are categories under each theme.

**Table 5.1: Framework of the Analysis**

<b>THEMES</b>	<b>CATEGORIES</b>
1. ECONOMIC AND FINANCIAL FACTORS	1.1 Unemployment and income 1.2 Collateral 1.3 Savings by the youth 1.4 Bank charges 1.5 Poor financial habits
2. INSTITUTIONAL FACTORS	2.1. Legal Regulatory Framework 2.2. Poor Policies 2.3 Bureaucracy 2.4 Corruption 2.5 Youth Risky Market for Creditors 2.6 Weak Structure of Financial Institutions
3. SOCIAL FACTORS	3.1 Entrepreneurship Education 3.2 Skills Training 3.3 Youth Friendly Services Non-Existent
4. MISCELLANEOUS FACTORS	4.1 Negative social and cultural practices, perceptions and attitudes 4.2 Logistical issues 4.3 Lack of Information

5. POSSIBLE SOLUTIONS	5.1 Alternative Funding Sources 5.2 Communication 5.3 Institutional 5.4 Financial 5.5 Miscellaneous
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**5.4 Presentation and Discussion of Findings**

This section presents and discusses the findings from the interviews. The findings have been grouped into the themes and categories as presented in Table 5.1 and are discussed below.

**5.4.1 Economic and Financial Factors**

This theme explores the economic and financial factors and their impact on youth access to empowerment funds. These factors include unemployment and income, collateral, savings by the youth, bank charges and poor financial habits. In most cases, it was found that these factors are a hindrance to youth access to empowerment funds.

**5.4.1.1 Unemployment and income**

The majority of the interviewees saw unemployment as an obstacle to their access to empowerment funds. Unemployment is associated with issues such as income and credit history.

It was found that youth access to empowerment funds is difficult because disbursing agencies only give credit to people who are employed and have a regular income. On the requirements for getting credit from the Ministry of Youth and Sport, this youth said: *“Those in employment have an upper hand as the Ministry is sure that they will pay back the loan”* (Youth 12). This is a challenge for youth access to empowerment funds as disbursing agencies only lend money to people who work and earn a monthly salary. Evidence of a salary in form of a pay slip gives the disbursing agency some assurance that the empowerment funds, given as a loan, will be paid without defaulting.

On the same issue of salary, when asked for requirements for youth to access empowerment funds, three of the participants mentioned the following:

*Those who pulled through indicated that they had their own money. You need a steady income before you are given. The rich get richer and the poor get poorer. (Youth 18)*

*It would give an advantage as it guarantees that this person will pay back as they cut directly from the payslip. (Youth 1)*

*The mode of recovering money, from a salary, is easy for money lenders. (Youth 5)*

This practice favours those with a stable income and disadvantages the unemployed. Microfinance institutions tend to lend money to salaried employees and have access to the payroll of their clients as a means of control over loan delinquency (Adongo & Stork, 2005).

Youth access to empowerment funds is hampered because disbursing agencies only give credit to people who are unemployed. On the employment status of an applicant as a requirement for accessing empowerment funds from this disbursing agency, the seventh youth said: *“If you are employed, it is not good to apply for Youth Development Funds. It is better to apply for funds from banks. Youth Development Funds are for youth that have nowhere else to get money”* (Youth 7). This is a challenge for youths as disbursing agencies do not consider the employment status of an applicant. Although a good number of the youths are unemployed, there are some employed youths who have good business ideas that should be funded. Besides, the employed youths are better at paying back the loan from the disbursing agency than the unemployed youth who are more likely to default when business is slow or not doing so well.

The findings show that youth access to empowerment funds is hindered because disbursing agencies do not mind whether the youth are employed or have a steady income as long as the proceeds from the business funded can pay for the loan disbursed. On the sales from products paying back the loan, the second stakeholder said: *“Youths do not have to be employed or have an income. They pay back the loan from proceeds of the business CEEC funds”* (Stakeholder 2). This poses a challenge for youth access to empowerment funds because most funded businesses rarely break even or make enough money to pay back the loan, let alone make a profit.

#### **5.4.1.2 Collateral**

Collateral limits youth access to empowerment funds. There are several forms of collateral, namely property, a guarantor, equipment, livestock, land, groups of borrowers like women’s clubs, cooperatives, income, savings and invoice discounting.

Property is a form of collateral used by the youth to access empowerment funds. An example was given by the second stakeholder as he said: *“Any loan above K50,000 requires collateral in form of a house”* (Stakeholder 2). The CEEC gives loans without collateral for amounts below K50,000; however, for amounts above K50,000, collateral in form of a house is required. The challenge is that most youths would not be able to build or purchase a house to use as collateral to access empowerment funds. On the same issue of property as collateral, when asked for requirements for youths to access empowerment funds, two of the participants said the following:

*This disadvantages youths who need funds, but lack collateral, because they do not have anything. House and property, like land and goods, are collateral. (Youth 1)*

*An applicant must own land or a house with a title deed or a car equivalent to the amount of money applied for. (Youth 6)*

The issue of collateral, in relation to youth access to empowerment funds, has been supported by several authors. The obstacles for the youth to access microfinance for engaging in entrepreneurial activities include: lack of experience, collateral, credit history and liquid cash (Reddy, 2005; World Bank, 2007; Anyadike et al., 2012; Mubaiwa, 2013).

A guarantor is a form of collateral used by the youth to access empowerment funds. An example was given by the sixth youth: *“They revised the issue of collateral because it is not easy in peri-urban areas to have land and title deeds because it means the youth who own such property are wealthy. They introduced a guarantor, e.g. a District Commissioner”* (Youth 6). On the same issue of having a guarantor as a form of collateral, one of the participants mentioned that s/he had a *“Guarantor who had some property”* (Youth 12). A guarantor who has collateral in form of a house assures the disbursing agency that the loan will be paid in the event of the youth defaulting. On the same issue of needing a guarantor as collateral as a requirement to access empowerment funds, one of the participants indicated that *“there was collateral in form of somebody working in the government to act as guarantor”* (Youth 4).

Equipment, such block making machines used in the business, are a form of collateral used by the youth to access empowerment funds. An example of this was given by the third youth when he said: *“Equipment of great value is needed as collateral”* (Youth 3).

Livestock is also a form of collateral used by the youth to access empowerment funds. An example was given by the eighth youth as she said: *“Cows” (Youth 8)*. It is mostly rural youth that have livestock as collateral. This puts the urban youth at a disadvantage. Livestock is not a secure form of collateral as animals can easily die of diseases. In Zambia, farmers rarely insure their livestock.

Land is a form of collateral used by the youth to access empowerment funds. An example of land as a form of collateral was given by the nineteenth youth as he said: *“Yes. In urban areas, youth can’t do certain businesses like cattle rearing and farming which can be done in rural areas. You need a very big piece of land” (Youth 19)*. Access to land for the urban youth is a challenge. A young person in urban areas has to buy land which is very costly. Youths take long to buy land and most of the urban land is sold to foreign people, like the Chinese, who have more money than local people. Urban youths are disadvantaged as they rarely have land to use as collateral to access empowerment funds. Hence, the youth cannot engage in agriculture which is lucrative at a commercial level.

Groups of borrowers, like women’s clubs and cooperatives, are a form of collateral used by the youth to access empowerment funds. Groups act as collateral in that the money is borrowed as a group and members check on each other’s progress and encourage one another to repay the loan. There are also strict rules against defaulting. This kind of collateral is common in cooperatives and women’s groups. An example of groups as collateral was given by the first stakeholder as he said: *“Groups act as collateral” (Stakeholder 1)*. On this issue, two interviewees answered:

*Yes, the youth need collateral to access empowerment funds from financial institutions. For group loans, the minimum collateral is pledged to the group. They can also use household goods, such as kitchen appliances or a television stand, as collateral. In terms of properties, they can use immovable assets, such as a house, or movable assets like a vehicle. (Stakeholder 4)*

*There is a need to form youth groups. (Youth 1)*

Income is a form of collateral used by the youth to access empowerment funds. An example of this was given by the first stakeholder as he said: *“Yes, financial lending institutions need collateral in form of income” (Stakeholder 1)*. Most financial institutions only lend money to

employed people that have a monthly income. This makes repayments easier as the deductions come straight from the bank account of the salaried borrower. Further on the issue of income, when asked for an example of a form of collateral to assist the youth access empowerment funds, one of the participants indicated the following:

*Most of these institutions would require collateral in terms of how much you are putting in. Those in Income Generating Activities (IGAs) stand a better chance of getting funds than a youth who is doing nothing. Most institutions require income as one of the qualifications to access the loans, e.g., Bayport, FINCA. They will require you to submit three payslips to show you have a steady income to show that you can pay back. This makes it difficult for unemployed youth to access funds as it is becoming a requirement. (Stakeholder 10)*

Savings are a form of collateral used by the youth to access empowerment funds. An example of this was given by the fourth stakeholder as he said: *“The proven track record of savings is taken as cash collateral and improves creditworthiness”* (Stakeholder 4). One would question how many of the youth have savings. Probably, very few do. The lack of savings hampers access to empowerment funds by the youth.

Invoice discounting is a form of collateral used by the youth to access empowerment funds. An example of this was given by the seventh stakeholder as she said: *“There are different forms of collateral and these include order finance, invoice discounting, creative forms etc.”* (Stakeholder 7).

#### **5.4.1.3 Savings by the youth**

Another reason for limited access to empowerment funds is insufficient savings by the youth. It is difficult for the youth to save for the following reasons: lack of a savings culture, insufficient savings, no bank accounts, the harsh economy and service charges.

Youth have a poor saving culture. Regarding the impact of the youth’s saving culture on access to empowerment funds, three interviewees responded:

*The saving culture of the youth in Zambia is extremely poor. TEVETA has an entrepreneurship and investment club. Youths in college spend more money on airtime than savings. Youth at Dzithandizeni College spend K5-K10 per day on airtime. K5 multiplied by 30 days equals K150. If they save up K75 for a period of 10 months, they will have K750 to buy basic equipment. They invested K150 to make a dining table worth K3000 as a group. (Stakeholder 1)*

*The saving culture is poor, but we are getting there. (Stakeholder 2)*

*Generally, Zambians are poor at savings. People like spending in this country. (Stakeholder 5)*

The view that access to empowerment funds by the youth is hampered by a poor saving culture was also shared by several authors. Youths tend to be poor decision makers on financial matters, have poor financial habits, lack a savings culture, are vulnerable to peer pressure, are consumption oriented and use savings for household needs (Adongo & Stork, 2005; Reddy 2005; Hopkins et al., 2012).

Most, if not all, of the youths interviewed have insufficient savings to engage in entrepreneurship and this affects their access to empowerment funds. This was revealed in the response given by one of the interviewees when he was asked whether he had savings and their bearing on access to empowerment funds by the youth:

*Yes, I have savings. Savings were not enough. (Youth 7)*

On the same issue of insufficient savings, when asked about whether youths had savings and their bearing on access to empowerment funds, seven of the participants made similar comments:

*Yes, I have enough savings to help myself. However, the savings are not enough to start my poultry business. (Youth 8)*

*Yes, the savings were not enough. (Youth 13)*

*Yes, I have savings. They are not enough. (Youth 17)*

*Yes, I have savings, but they are not enough. (Youth 19)*

*Yes, I have savings. The savings are not enough. I still need the loan from them. (Youth 1)*

*No, my savings wouldn't have been enough to start my business. (Youth 4)*

*Yes, I have savings. We ask for funds to grow business. Profit is too small to sustain oneself and expand business. (Youth 6)*

Most youth in Zambia lack savings because they have no bank accounts. This was revealed in the response given by one of the interviewees when he was asked how personal savings affect access to empowerment funds by the youth:

*Most of them are start-ups without bank accounts. Each of the businesses funded by the Ministry of Youth and Sport must have a bank account to put their daily sales. (Stakeholder 5)*

On the same issue, four interviewees responded as follows:

*Finscope did a study and found out that most Zambians are unbanked and young people. The access to banks is a challenge. Savings definitely affect access to empowerment funds by the youth for entrepreneurship. SMEs have a lot of money passing through their hands. However, there is no record at the bank. In terms of loan finance, they look at the bank account statement. (Stakeholder 7)*

*There was a study done by Finscope which stated that 37.5% Zambians were financially included, meaning 62.7% were financially excluded. (Stakeholder 8)*

*Yes. The savings are not enough. It is very difficult to have money laying around in an account. (Youth 12)*

*When you talk about entrepreneurship development, someone must develop a culture of saving. If they go to a financial institution and are asked if they have anything, it puts the person in a better position to access funds. They will be asked if they have a bank account and savings. If not, it acts as an impediment to accessing funds. (Stakeholder 10)*

These findings show that savings are an important enabler for youth to access empowerment funds. Without a bank account, the disbursing agency has nowhere to send empowerment funds if awarded. The question thus is how will the disbursing agency track the progress of the youth entrepreneur in managing his/her business through the proceeds from the sales if they are not deposited into the bank on a daily basis?

The harsh economic climate makes it difficult for the youths to have savings. This was revealed in the response given by one of the interviewees when asked whether she had savings and its bearing on access to empowerment funds by the youth:

*There is youth unemployment. There can only be savings when the youth are empowered. How can one save when one earns very little and has expenses to survive? (Stakeholder 3)*

On the same issue of how savings are affected by the harsh economy, when asked whether she had savings and its bearing on access to empowerment funds by the youth, one of the participants responded:

*The currency is not strong enough to save as the buying power reduces. (Stakeholder 9)*

These findings show that the Zambian economy is too weak to enable the youth to have sufficient savings that can be used as surety for them to access empowerment funds.

#### **5.4.1.4 Bank Charges**

The service charges of most banks dissuade the youth from having savings. This was revealed in the response given by one of the interviewees when asked whether she had savings and their bearing on access to empowerment funds as a youth:

*Bank charges do not help one to save. (Stakeholder 9)*

On this issue, one interviewee commented:

*The saving culture of the youth in Zambia is still far off. The saving sector has not done much. Services charges are too high. The saving culture is poor. How many people generate enough money to save? (Stakeholder 4)*

These findings show that bank service charges negatively affect one's ability to have savings which in turn limits access to empowerment funds by the youth.

It was found that high interest rates charged by banks limit access to empowerment funds by the youth. When asked about this, one stakeholder replied: *"The cost of financing is high. For example, 40% for banks interest rates."* (Stakeholder 7). This response is supported by several

authors. Interest rates are very high, thereby dissuading youths from accessing credit (Adongo & Stork, 2005; Anyadike et al., 2012; Mubaiwa, 2013).

#### **5.4.1.5 Poor Financial Habits**

The interviews revealed that poor financial habits hinder access to empowerment funds by the youth. Poor financial habits include: youths being poor finance decision makers and they are consumption oriented.

The youth are poor decision makers when it comes to financial matters. When asked about youth attitudes and behaviour towards financial matters, the fourth stakeholder replied: *“There is a thin line between household income and business income. People eat from their business. There is no bank account. Some people just keep money in their homes”* (Stakeholder 4). It can be assumed that youth entrepreneurs are poor financial decision makers in that they cannot distinguish between income for the business and that of their household. In addition, as was discussed earlier, they do not have bank accounts to save the money from the proceeds of the business. This disadvantages them in their endeavours to access empowerment funds as disbursing agencies are unable to track their business expenditure to assess whether their business is profitable, viable and worth investing funds in. The above response is supported by a number of authors who maintain that youths tend to be poor decision makers on financial matters, have poor financial habits, lack a savings culture, are vulnerable to peer pressure, are consumption-oriented and use savings for household needs (Adongo & Stork, 2005; Reddy 2005; Hopkins et al., 2012).

Youths, especially in urban areas, are consumption oriented. When asked about youth attitudes and behaviour towards financial matters, this participant replied: *“If I give K100 to a rural youth, s/he will invest it while urban youth will consume it”* (Stakeholder 10). The youth in urban areas are consumption-oriented. This negatively affects their access to and utilization of empowerment funds. The above response is also supported by the reviewed literature. Youth tend to be poor decision makers on financial matters, have poor financial habits, lack a savings culture, are vulnerable to peer pressure, are consumption oriented and use savings for household needs (Adongo & Stork, 2005; Reddy 2005; Hopkins et al., 2012).

## 5.4.2 Institutional Factors

There were several institutional factors that hinder access to empowerment funds by the youth. The main institutional factors were: legal regulatory framework, poor policies and bureaucracy. This is a challenge for the youth as they cannot engage in entrepreneurial activities without money to start a business.

### 5.4.2.1. Legal Regulatory Framework

It surfaced that a problem of access to empowerment funds is caused by the requirement of identification documents. When he was asked what identification documents are required when deciding on the issuing of funds to the youth to access empowerment funds, particularly the Youth Development Funds under the Ministry of Youth, the fifth respondent outlined the requirements for getting a loan as follows:

*For the youth to access empowerment funds under the Ministry of Youth and Sport, they are required to submit the following documents;*

- *An application form for Youth Development Funds*
- *Certificate of business name or company registration*
- *Curriculum Vitae of key members of the management team*
- *Licence of Operation*
- *Certified copies of National Registration Cards (NRC) of all members*
- *Proof of physical location of business*
- *Banking details. (Stakeholder 5)*

On the same issue, two of the participants mentioned that:

*Collateral can take several forms and these include:*

- *A bank statement, for 3 years, to see how long one has been in business*
- *Financial statements*
- *A performance management plan of the business*
- *Tax clearance to check the formalisation of business*
- *Insurance depending on the loan amount and type of business*
- *Letter from a Banker (Stakeholder 1)*

*The requirements are as follows:*

- *Application is in form of a concept note*

- *A basic format is given to the applicants*
- *A copy of the applicant's NRC since the CEEC is mandated to fund Zambians only. (Stakeholder 2)*

The above responses demonstrate that the documents required prevent the youth from accessing empowerment funds. Under the CEEC, it is the concept note that is a problem for the youth. They are not taught how to draft a concept note that is viable and makes business sense. Under the TEVETA, most youth entrepreneurs rarely have all these requirements, particularly insurance. It is only now with the enforcement of banks that bank account holders must have a Tax Payer's Identification Number (TPIN) that the youth have started getting tax clearance documents for their businesses. This is supported by the literature. Requiring identity documents, like birth certificates, proof of residence and evidence of income, are common regulatory obstacles to the access to financial services by the youth (Hopkins et al., 2012).

#### **5.4.2.2 Poor Policies and programmes**

Another reason for the limited access to empowerment funds by the youth is that there are no policies and programmes for graduates to engage in entrepreneurship. When asked about which policies and programmes are in place to assist the youth gain access to empowerment funds, the second stakeholder replied: *"There is no deliberate policy to sale up graduate enterprises"* (Stakeholder 2). One could then argue that graduates by virtue of having a degree would require huge amounts of money as capital to invest in entrepreneurial activities. It can therefore be assumed that the government would rather invest in funds to empower high school drop-outs with empowerment funds for entrepreneurship than graduates who, with their qualifications, can more easily obtain employment. The lack of policies and programmes is supported by the reviewed literature. Reddy (2005) argues that there are no appropriate policies by government. There is political uncertainty or instability leading to poor policy direction or shifting policies that disadvantage youth entrepreneurs (Mubaiwa, 2013). Policy formulation and implementation is often done without consultation and involvement of youth entrepreneurs, making the policies defective as most of them miss the priorities and needs of the youth (Anyadike et al., 2012).

### 5.4.2.3 Bureaucracy

Zambian youths have limited access to empowerment funds because of several issues related to the bureaucratic processes of acquiring the funds. These include the lengthy process of acquiring funds, the rigorous process of getting a loan, the serious examination of applications by lending institutions, costly exercise of applying for empowerment funds, delayed payments of funds, lack of officers in districts to pay loans, lack of communication from disbursing agencies and established businesses favoured over startups.

The findings show that the lengthy process of acquiring funds hinders access to empowerment funds by the youth. When asked about this issue, this participant replied: *“The process of accessing empowerment funds is bureaucratic and lengthy. The application process for Youth Development Funds starts at district level then goes to provincial then national which does appraisals before releasing the funds. The application forms are not user friendly. The applicants require a lot of information. Some give up just by looking at the form”* (Stakeholder 10). When asked about their experience on accessing empowerment funds, five of the participants responded that:

*The difficulty is that when you apply, the response is not immediate and by the time funds are available, there are changes in the way you want to use the money. (Youth 7)*

*It was difficult. Filling in of forms was difficult. Business certificates took long to be issued and was adjourned. This needs money. Account opening also took long and banks are far. (Youth 8)*

*The process is too long to cater for all applicants and it takes a long time to give funds to everyone. (Youth 13)*

*It was prolonged, and people have lost patience and their forms have been lost. (Youth 18)*

*After application, the waiting is too long making budgeting and planning difficult as there is no specific date of disbursement of funds. (Youth 3)*

This view confirms that youth entrepreneurs who endeavour to access empowerment funds face the difficulty of the lengthy process of acquiring funds. Mubaiwa (2013) gives this issue as a reason why access to credit is a problem for the youth.

The interviews revealed that the rigorous process of getting a loan hinders access to empowerment funds by the youth. When asked about their experience, this participant replied: *“The nature and process of applying for funds. I took two attempts. First try was a disaster as I did not know how to fill in the form”* (Youth 3). Another participant said this: *“It is not easy to fill in the application form. This makes most forms to be disqualified at district level. The implementation part is hard. There is no sensitization on how to fill-in the form”* (Youth 6). Anyadike et al. agree that the process of acquiring a loan is too rigorous for the youth (2012).

The findings show that serious examination of applications by lending institutions is another factor that hinders access to empowerment funds by the youth. When asked about their experience in this regard, this participant replied: *“When we went to the Youth Development Fund District Office, the staff indicated that the implementation section of the application form was unclear”* (Youth 6). Elyachar (2002) also reports that people who need financial support are prone to serious examination by lending institutions that seek to empower them.

It also transpired that it is a costly exercise for youth to access empowerment funds. When asked about their experience, this participant replied: *“It was hard and expensive to photocopy documents, travel to meetings and hire vehicles”* (Youth 18). Another of the participants said that *“To get help to fill-in the form, you pay K300. To open a bank account is expensive. To get block making machine or equipment, you go to Lusaka to get three quotations. The process is expensive* (Youth 6). There is also corruption. People may be asked to pay money to be assisted to fill in an application form to access funds. Applying for funds is costly also because youths must travel to get prices of equipment to use for their business.

Another factor that hinders access to empowerment funds by the youth are delayed payments. When asked about their experience, this participant replied: *“Delay by the Ministry of Youth led to me being disqualified based on age. The funds were ready a year later due to logistical issues in the Ministry”* (Youth 10).

A shortage of officers in districts to process funds also hinders access to empowerment funds by the youth. This participant explained: *“The system the Ministry of Youth was using was not helping. There is no officer for the Ministry of Youth in Chirundu. The Ministry of Community Development acts as representative of the Ministry of Youth and Sport. They say they have no funding and take applications in their own time”* (Youth 11).

The findings show that the lack of communication from disbursing agencies also affects youth access to empowerment funds. When asked about their experience, this participant replied: *“Information from Ministry. There is no communication on whether or not you have qualified to get funds. It is just quiet. No. There is no proper communication on where to go and how to apply for such funds. You need mentorship by someone who has an idea. On the application forms, there are certain aspects where you need someone to guide you. There is no information on when funds are given out. You just hear that people have gotten money”* (Stakeholder 12).

The interviews revealed that youth access to empowerment funds is hampered by the practice of disbursing agencies to only give empowerment funds to established businesses and not to people who intend to start their own business. Three of the participants shared these experiences:

*The advantage of established business over start-ups is that the chances of failure are very low because there is value addition and hygiene. They fully understand what they are doing. For instance, opaque beer traders can apply for packaging since they use drums.* (Stakeholder 2)

*There are several advantages of established businesses over start-ups. Established businesses are more stable than start-ups. Established businesses know what business is about and have survived shocks. Start-ups are struggling to find their footing and are learning on the business.* (Stakeholder 5)

*There is a level of established responsibility and accountability in established businesses. They would have built up collateral or have a third-party guarantor who knows their business to speak for them. They also ask to borrow more money.* (Stakeholder 4)

Disbursing empowerment funds only to established business people and not start-up businesses poses a challenge for youths who need help to start up a business. As they are either unemployed or recent school leavers, it is assumed that they would not have set up businesses already as they have no job or money.

#### **5.4.2.4 Corruption**

Zambian youths have limited access to empowerment funds due to corruption. Corruption takes different forms such as political patronage, nepotism, connections, bribery, youths used as fronts for political staff, political discrimination, distribution of funds to friends,

assistance with application by officials of disbursing agencies, members of parliament having a say on funding and vote buying.

Three interviewees spoke about political patronage:

*Yes, the YDF, CEEC and CDF are highly publicised. It is just that the beneficiaries are political pawns. (Stakeholder 1)*

*Yes, it is about the area. If you are in an area favoured by the ruling party, you get funds quickly, e.g. applicants from Muchinga Province got CEEC funds earlier than those from Shibuyunji when they applied later. (Youth 18)*

*Yes, I have seen a number of political cadres of the political party in power get funds. They make ghost members of the list, photocopy and certify their National Registration Cards and applications are processed. Youth development funds are falling in the hands of wrong people because of political affiliation. (Youth 6)*

The view that youth access to empowerment funds is affected by political patronage is also shared in the literature. Government policies that favour associates, patronage by politicians and corruption hinder youth from engaging in entrepreneurship (Anyadike et al., 2012).

Nepotism negatively affects the distribution of funds to the youth. When asked whether nepotism has a bearing on access to empowerment funds by the youth, the twelfth stakeholder said: *“Yes. The officials in the organization will push for you. If your application is pending, they make it skip certain stages”* (Stakeholder 12). Another one of the participants said: *“If you know someone, e.g. an aunt, in the ministry, they will push for you to get the loan”* (Youth 1). Anyadike et al (2012) also mention nepotism in the distribution of funds to the youth.

Similarly, connections are also a form of corruption that negatively influences the access to empowerment funds by the youth: *“There is too much corruption. The ministry gives people who are not youths due to connections to big people in government”* (Youth 1). Another one of the participants said this: *“Yes, knowing somebody in the system influences access to funds. If youth follow the right channels, youth don't get the funds”* (Youth 5).

Another negative influence on the distribution of funds is bribery. One youth said: “Yes, I heard that if you agree to give the government official 20% of the fund, they push the application for you to get the funds” (Youth 6).

Sometimes youths apply for funding as fronts for political staff. One stakeholder mentioned this:

*The use of the youth as fronts is unacceptable but there are a few cases. One can only be allowed by law to register a business at the age of 21. People can cheat on age. There have been 2-3 court cases where an older person mobilises youths to get YDF but when they have issues with repayment and refer back to the old person they get caught (Stakeholder 5).*

Another participant said:

*Youth Development Funds are not given to the rightful people. Government officers create business entities and put youth as fronts to get money for themselves. If there was a Ministry of Youth, we could do better (Youth 11).*

It could be argued that youths are manipulated by powerful business people that may be political figures or employees of disbursing agencies to get empowerment funds on their behalf.

Political discrimination is also a factor. One youth said: “Yes, when you support the ruling party, you can’t have access to the funds, since the officers who disburse funds are in opposition” (Youth 11). It seems that officers in disbursing agencies give funds to people who are affiliated with the political party they support and discriminate against those who are affiliated with the party they oppose.

Distribution of funds to friends is another form of corruption that negatively influences the access to empowerment funds by the youth. One youth said: “Yes, officers used to give funds to people they knew and were friends with them” (Youth 11). Staff in disbursing agencies should be objective and impartial instead of showing favouritism to friends when giving empowerment funds.

Assistance with applications by officials of the disbursing agency is also corruption. When asked whether he knew somebody in the system who influences access to empowerment funds, one stakeholder said: *“Yes. The officials in the organization will push for you. If they see errors in your application, they correct them for you and ensure that you get the funds”* (Stakeholder 12).

It emerged from the interviews that some Members of Parliament have a say in the distribution of empowerment funds. One of the stakeholders said: *“By perception, it was thought to be so due to the fact that the youth development funds were administered at constituency level and the Member of Parliament had a say. That is not the case anymore since it is disbursed nationally. It is based on the prescribed criteria. YDF has no face to it”* (Stakeholder 5). It seems that in the past when empowerment funds were disbursed at constituency level, Members of Parliament influenced the decision of who would access those funds. This fostered corruption. Fortunately, that is no longer the case as Youth Development Funds are now disbursed at national level after they have passed scrutiny at district and provincial levels. However, one wonders whether the national disbursement of empowerment funds does not promote corruption of giving funds to national cadres like marketers and bus drivers in form of marketer’s fund and new Higer Buses for youth with PSV driving licenses.

Yet another form of corruption in funding distribution is vote buying. On this, one stakeholder said: *“Government agencies can be swayed to other areas for the purposes of winning an election and other motives”* (Stakeholder 7). It therefore seems that the disbursement of empowerment funds is intended to solicit the citizenry to vote for the ruling party.

#### **5.4.2.5 Youth a Risky Market for Creditors**

It was observed that most youths are inexperienced start-up entrepreneurs. When asked about this, one stakeholder replied: *“Start-ups are raw but innovative in different sectors. They have a lot of potential. They are inexperienced and many fail”* (Stakeholder 7). The view that youth access to empowerment funds is hampered by the fact that most youths are inexperienced start-up entrepreneurs and therefore regarded by microfinance institutions as being very risky is also shared by several authors (Nagarajan, 2005; Magner, 2007; World Bank, 2007; Anyadike et al, 2012; Hopkins et al., 2012).

#### **5.4.2.6 Weak Structure of Financial Institutions**

Most microfinance institutions used to be unregulated, as one stakeholder pointed out: *“Before 2016, MFIs were not regulated”* (Stakeholder 7). The view that access to empowerment funds by the youth is hampered by the fact that most microfinance institutions are unregulated is also shared by several authors. Microfinance institutions have several weaknesses that hinder youth access to empowerment funds (Gobezie, 2005; Nagarajan, 2005). Some microfinance institutions, such as NGOs in microfinance, are not allowed to give loans because they are unsupervised, not regulated and their personnel lack the skills needed to run a loan portfolio (Adongo & Stork, 2005).

Most microfinance institutions seem to combine philanthropy and business which limits access to empowerment funds by the youth. One stakeholder said: *“MFIs were like NPOs and would go to rural areas. After regulation, they need to make profit”* (Stakeholder 7). The view that access to empowerment funds is hampered by the fact that most microfinance institutions combine philanthropy and business is supported in the literature. Gobezie (2005), for example, points out that when it comes to microfinance, NGOs have several weaknesses which include operating without a license, lending irregularities like subsidizing interest rates, combining philanthropy with business and failure to adhere to strict business discipline when dealing with defaulters.

#### **5.4.3 Social Factors**

There are several social factors that hinder access to empowerment funds by the youth. These include lack of entrepreneurship education, skills training and youth services.

##### **5.4.3.1 Entrepreneurship Education**

Lack of entrepreneurship education is one of the reasons why Zambian youth have limited access to empowerment funds. This can take different forms such as an irrelevant secondary school curriculum, absence of entrepreneurship courses, no communication skills or business and financial management skills training, courses that are of no practical value to students and no university courses in entrepreneurship.

The findings show that the secondary school curriculum is often lacking in skills training, as one of the stakeholders pointed out: *“CDC identified a gap in the skills level of learners. If a student*

*drops out of school in Grade 7, 9 or 12, that is the end for the student” (Stakeholder 6).* This shortcoming is also mentioned in the literature. In many developing countries, the secondary school curriculum is irrelevant to the social and economic needs of students (World Bank, 2007). Youths lack entrepreneurship education and skills training to enable them to access empowerment funds in the form of microfinance for entrepreneurship (Gobezie, 2005; Nagarajan, 2005; Reddy, 2005; Magner, 2007; World Bank, 2007; Ayandike et al., 2012; Mubaiwa, 2013).

The interviews revealed that the absence of a compulsory entrepreneurship course in the country’s education system is one of the reasons for limited youth access to empowerment funds: *“Entrepreneurship starts at primary and goes all the way to universities. The only challenge is that it is not compulsory” (Stakeholder 1).* Another comment was: *“Entrepreneurship and business skills are included in the education system at tertiary level depending on the courses picked. There are no entrepreneurship courses from primary to secondary school” (Stakeholder 4).* University and college education lack courses in entrepreneurship thereby producing graduates who then aim to obtain employment rather than create employment (Anyadike et al., 2012).

It was found that access to empowerment funds by the youth is hampered by their lack of business and financial management skills. This interviewee said:

*Most youth do not know how to write a business proposal. They have ideas but are handicapped in writing proposals. They are unable to grow business due to lack of funds (Stakeholder 6).*

This response demonstrates that a lack of skills disadvantages youths who may have acquired empowerment funds. They forfeit an opportunity. This contrasts with the first draft of the Zambian Constitution (2012) which states that people have the right to education which includes skills development.

Zambian youth have limited access to empowerment funds because there is no university course in entrepreneurship. When asked whether the school curriculum includes entrepreneurship, one of the stakeholders replied: *“Entrepreneurship seems to be absent at higher education level from degree to doctorate” (Stakeholder 1).* This view brings to light the fact that since entrepreneurship is not taught and examined at tertiary level, the more educated youths are

discouraged from engaging in it because they look down on youths that engage in business as being illiterate. However, three universities, namely the University of Zambia, Mulungushi University and the Zambia Centre of Accountancy Studies University, have introduced university courses in entrepreneurship. In five years' time, it would be useful to conduct an evaluation on how the entrepreneurship graduates from these universities are faring to assess the impact of their training. It will be interesting to see if they go on to be self-employed entrepreneurs or are working for other companies.

#### **5.4.3.2 Skills Training**

It was observed that youth access to empowerment funds is hampered by trainers' lack of knowledge of the market for the youth, especially those in rural areas. When asked whether trainers have knowledge of the market to assist the youths to access empowerment funds, this interviewee replied: "*Unfortunately, there are no markets in rural areas, e.g. block making*" (Youth 3). Gobezie (2005) also maintains that in skills training it is a problem if trainers do not know the market and assume that the youth need a one-size-fits-all package of services.

#### **5.4.3.3 Lack of Youth-Friendly Services**

The findings reveal that youth access to empowerment funds is hampered by lack of mentorships for the youth. One interviewee reported that: "*Mentorships are not done necessarily by business houses*" (Stakeholder 5). The above response demonstrates that mentorships are not done by business people who are already established and are doing well. This disadvantages the youth as they cannot learn from experienced business people on how to grow their business. This view of lack of services, such as mentorship, to assist the youth to access empowerment funds is shared by various authors. Services like mentorship, role modelling and incubation are non-existent to provide guidance for youths on how to start and grow a business as costs are prohibitive (Nagarajan, 2005; Magner, 2007; Mubaiwa, 2013).

It was found that youth access to empowerment funds is hampered by the uncoordinated nature of incubation hubs or centres for the youth. This interviewee said the following:

*No. However, efforts were made by the Ministry of Higher Education which bought equipment to set up incubation hubs. For instance, Luanshya Technical and Business College has former auto-mechanical students who were given space and equipment to run*

*a business. Kabwe Trades had a similar programme. No, it is not an established structure.*  
(Stakeholder 1)

The above response demonstrates that despite the existence of incubation hubs, they are not fully established to assist the youth to gain access to empowerment funds. The youth forfeit an opportunity to grow their businesses to a level where they can attract funding not only from government but also from international investors.

Another participant mentioned that *“Incubation hubs set up by ZDA are meant for skills development, e.g. leather products at Lusaka Business Technical College”* (Stakeholder 3). This view of lack of services, such as incubation hubs, to assist the youth to access empowerment funds is also reported in the literature. Before the youth can access empowerment funds for entrepreneurship, services like mentorship, role models and incubation, are non-existent for youth to provide guidance on how to start and grow a business as costs are prohibitive (Nagarajan, 2005; Magner, 2007; Mubaiwa, 2013).

It was observed that youth access to empowerment funds is hampered by lack of unions or boards for the youth. This interviewee said that: *“Youth need a union or board to speak for youth applying for such funds. There is a need to come up with a union to educate youth”* (Youth 1).

The findings indicate that youth access to empowerment funds is affected by the fact that services are offered to established businesses only. One interviewee indicated that: *“Only those in already existing business are given money”* (Youth 18).

Youth access to empowerment funds is hampered by the decision-making and advice given to the youth by non-entrepreneurs. This interviewee said:

*I don't think the services are very friendly. The people who disburse the funds are not entrepreneurs and have never been. Even the boards that make decisions on who gets funds do not comprise entrepreneurs* (Youth 3).

This response indicates that the youths are not confident in the staff in disbursing agencies making decisions on who should receive empowerment funds. They doubt that the staff who are government employees but not necessarily entrepreneurs can give advice on entrepreneurship. Youths prefer to get money for business from relatives who, however,

may not be entrepreneurs either. This issue is also discussed in the literature. When youths get money from relatives, they lose out on advice on entrepreneurship by professionals in banks (Anyadike et al., 2012). Often, relatives who give money to youth entrepreneurs are not financial experts. The youths are better off getting money from a bank where financial experts can assist them with sound financial advice.

#### **5.4.4 Miscellaneous Factors**

There are several other factors that affect youth access to empowerment funds. These include negative social and cultural practices, perceptions and attitudes, logistical issues and lack of information.

##### **5.4.4.1 Negative Social and Cultural practices, Perceptions and Attitudes**

It was found that youth access to empowerment funds is influenced by negative social and cultural perceptions, practices and attitudes which include: the fear of financial service fees and fraud, lack of skills, bad attitude of youths towards entrepreneurship, females often being averse to risk, males being shareholders of family businesses, youths rarely following the application process, local youth default on loans but foreigners pay, male dominance, youths defaulting on loans, crime and substance abuse, and business people unwilling to train youth.

Most of the participants considered skepticism towards financial services by the youth to be an attitude that hampers youth access to empowerment funds. When asked about societal existing negative attitudes and perceptions, one stakeholder replied: *“No, people still have fear of financial institutions due to misconceptions. People feel that if they go to the bank to borrow money, the bank wants to rip them off”* (Stakeholder 4). This view confirms that youths do indeed fear financial services, particularly the fees and possible fraud and this hampers their access to empowerment funds. Hopkins et al. (2012) added that youths are also sceptical of financial services because they fear losing access to their money, collapse of an institution and losing money as a result of costly fees and fraud.

It was found that youths lack skills and that this negatively affects their access to empowerment funds. This stakeholder said: *“Funds are available through CEEC, YDF and CDF. These are given to a selected number of youth. Beneficiaries lack vocational skills and entrepreneurial competencies. It is one thing to offer a product. It is another to have skills”* (Stakeholder 2).

Most of the participants considered the youth to have a negative attitude towards entrepreneurship and maintained that this hinders their access empowerment funds. This stakeholder mentioned that: *“According to my observations, the attitude of entrepreneurs is more around survival, no savings, no hiring of other staff, no growth orientation, and no innovation”* (Stakeholder 1). This view confirms that the youth have a negative attitude towards entrepreneurship. Business is for survival and not profitable. Youth rarely have savings. They run a one-man-show type of business with no recruitment of support staff, no growth and no technological innovation.

It was found that females are often averse to risk and this negatively affects access to empowerment funds by the youth. This stakeholder said: *“Women do not like to be tied to financial obligations. Women are not risk-takers”* (Stakeholder 5). This view suggests that female youth entrepreneurs are socially and economically excluded from accessing empowerment funds. This exclusion is because of their own way of pursuing the empowerment funds for fear of losing the property they already possess. Females are afraid of taking risks, such as accessing empowerment funds, to grow their businesses.

Most of the participants were of the view that youth access to empowerment funds is hampered by male dominance as males are often shareholders in family businesses. This stakeholder mentioned that: *“Males access more funds than females. The major shareholders of businesses are men. The businesses of families are in the man’s name”* (Stakeholder 2). This view suggests that female youth entrepreneurs cannot access empowerment funds as their names would not be on the business registration documents for the funds they would apply for. This disadvantages female entrepreneurs. It is only when funders specify that empowerment funds are for females that their male family members would consider using them as a front to access the funds.

It was found that the youth rarely follow application instructions let alone take them seriously. This attitude negatively affects their access to empowerment funds. This stakeholder said: *“The call for applications is not taken seriously by the youth. They do not follow instructions. For example, the call for applications can state that beef production will be funded in Southern Province but a youth from Northern Province applies for beef production”* (Stakeholder 2). The above response demonstrates that the youth do not take their responsibility of growing their

business seriously by not abiding by the rules and regulations when applying for empowerment funds. They do not read the forms thoroughly to understand and respond correctly to the questions asked in the concept note and application forms. Seldom do they ask for clarity from the officers of disbursing agencies when unsure about the questions in the application forms.

Most of the participants considered defaulting on loans by local youths to be a societal attitude expressed by the youth entrepreneurs who endeavour to access empowerment funds. This stakeholder commented that: *“Character issues are key to successful borrowing. Locals take it for granted and often default, but foreigners always pay back their loans”* (Stakeholder 4). This view suggests that defaulting on loans by local youths acts as a hindrance to them accessing empowerment funds. It appears that local youth entrepreneurs have a sense of entitlement to the empowerment funds and hence have developed negative habits of defaulting on loans. This has the adverse effect of preventing the creation and sustainability of the revolving fund meant to help other youths. It also dissuades organizations from giving empowerment funds to locals in preference to foreign youths who are more likely to pay back the loans.

Most of the participants considered male dominance to be a cultural practice by the youth entrepreneurs who endeavour to access empowerment funds. This stakeholder mentioned that: *“Males access funds more than females. There are three reasons for male dominance. Firstly, socialization is a reason for male dominance because women do not put themselves out there. Secondly, confidence is lacking in women. Thirdly, there is no right messaging for women”* (Stakeholder 7) This view suggests that access to empowerment funds favours male over female youths. This is a challenge for female youth entrepreneurs who endeavour to access empowerment funds. Another participant said: *“However, there is more male participation than female”* (Stakeholder 9). This view of male dominance in youth access to empowerment funds is supported in the literature. Most young married women who access microfinance do not manage the funds but instead their husbands do so. In some cases, it is difficult for women to access credit on their own without their husbands (Gobezie, 2005).

Most of the participants considered defaulting on loans to be a societal attitude by youth entrepreneurs who endeavour to access empowerment funds. When asked about this, this stakeholder replied: *“We used to give loans to SMEs but the default rate was high”* (Stakeholder 8). Another respondent confirmed the view that corporates such as banks have no confidence

in youth entrepreneurs because they tend to default on loans: *“Urban youth have high rate of defaulters due to the high standard of living”* (Stakeholder 4).

Most of the participants considered youths to have vices such as crime and substance abuse, and that these perceptions of youth entrepreneurs by the community hamper youth access to empowerment funds. One stakeholder commented:

*If youth are not empowered to access loans, they will not contribute to national development. You will see youth who are disgruntled engage in criminal activities, roam the streets and engage in alcohol abuse. This leads the nation to stop growing because people in the productive age are few. 20% of the people are in the productive age and 80% are unproductive. 2 out of 10 people are dependable. The country cannot grow. 20% should depend on 80% for it to be a better country.*  
(Stakeholder 10)

It was found that business people are unwilling to train the youth, and this hampers their access to empowerment funds. When asked about this, this stakeholder replied: *“There are certain successful businessmen that do not want to share information with the youth because they are building a competitor. They would rather just employ the youth. Zambian businessmen need to change. They are not willing to change”* (Stakeholder 10).

Most of the participants considered the youth’s value system of making quick money and living luxuriously rather than gaining skills to be an attitude which impedes access to empowerment funds. This stakeholder said: *“Entrepreneurs use profit for drinking alcohol and living a lavish lifestyle, e.g. dressing up. They have no skills in stock control and financial management”* (Stakeholder 1). This view suggests that the youth live luxurious lives using the money from their business proceeds and do not acquire skills to grow their businesses. Skills such as financial management are important because financial institutions consider financial records to monitor cash flow and projections when deciding on whether or not to grant a loan. Anyadike et al. (2012) also mention that youths often have a value system which gives preference to making quick money and living luxuriously rather than acquiring skills through apprenticeship.

Most of the participants perceived youth entrepreneurs to be school drop-outs and societal rejects and this perception negatively affects youth access to empowerment funds. This stakeholder said:

*The majority of youths that access funds are those in the urban set-up of the region and are literate up to the level of Grade 7 to Grade 12. Few people from tertiary education apply for Youth Development Funds. Those whose Grade 12 results were not good and who are in desperate circumstances are the ones who mostly apply for the funds. The key goal of Youth Development Funds is employment creation (Stakeholder 5).*

This view indicates that youth entrepreneurs are looked down upon by society as school drop-outs or people who cannot get jobs, so they engage in business as an alternative to formal employment. It seems as if they have no other option but to go into business for survival. This perception dissuades disbursing agencies from giving them empowerment funds. The educated youths seldom engage in entrepreneurship for fear of being laughed at or due to other work commitments or having grand ideas that require a lot of capital which may be beyond the scope of the disbursing agency to fund. This view is also supported by Anyadike et al. (2012).

While the majority of respondents were of the view that males are at an advantage in terms of accessing empowerment funds in that unlike their female counterparts, male youths rarely form groups to apply for funds which may disadvantage them, one participant had a different opinion: “Women are favoured over men because they have groupings that apply for funds” (Youth 18). It would be interesting to explore this alternative view in a different study to understand how important this factor of group formation is for the youth to access empowerment funds.

#### **5.4.4.2 Logistical Issues**

Logistical issues that affect youth access to empowerment funds are distance and time. Disbursing agencies are often situated far from where the youths live. The youths are often busy with school or work and hence have little or no time to apply for empowerment funds.

Logistical issues such as distance to access points makes it costly to travel. Some of the participants cited distance as one of the logistical issues that negatively influenced their access to empowerment funds, by stating the following:

*It is difficult for rural youths to submit proposals for empowerment funds. They have challenges of distance, accommodation during competitions and mode of presentation (Stakeholder 9).*

*Yes, those in urban areas have easy access to the offices where funds are disbursed while rural areas are far from disbursing agencies. (Youth 5)*

These findings show that distance poses a challenge to youth access to empowerment funds. Reasons are that the youths have to incur expenses for transportation from rural to urban areas where most disbursing agencies are situated. They often have to pay for accommodation in the event that the application process takes several days, and often have no relatives to stay within the urban area. This problem is mentioned by several authors. Formal financial services are not often situated in close proximity to the residence of youth making it costly and time consuming for the youth to travel and access them. The distance to access points of empowerment funds leads to exclusion of youth in entrepreneurship (Gobezie, 2005; Hopkins et al., 2012; Mubaiwa, 2013).

Youths may not find the time to access financial services when there are clashes with school or work. This has a bearing on whether youth entrepreneurs can access empowerment funds. This participant mentioned this: *“It is males from statistics on access of funds. Culture plays a role in that women stay back” (Stakeholder 8)*. The findings show that women have less time to engage in activities such as accessing empowerment funds. They are expected to stay in their homes to bear and raise children as well as do other household chores. The view that lack of time affects youth access to empowerment funds for entrepreneurship is supported by literature. The hours when financial services institutions are open clashes with the time when youths are in school or at work, hence youths prefer informal savings mechanisms that they can easily access (Hopkins, 2012).

#### **5.4.4.3 Lack of Information**

It was found that youth access to empowerment funds is hampered by lack of information on services, financial institutions, available funds, technology and money transfer.

It was observed that youth access to empowerment funds is hampered by lack of information on services for the youth. Most of the respondents saw that lack of services

negatively influences the access to empowerment funds. One of the stakeholders highlighted this when he was asked about youth friendly services: *“Youth lack knowledge about services available to them. Youth fail to get knowledge and read about services offered to them”* (Stakeholder, 2). This response suggests that the youth do not know that there are several services to assist them to access empowerment funds. Services, such as mentorship, exist but the youth do not know about them, therefore they do not apply and access available funds. Several other researchers also commented on the lack of access to information on services (Hopkins et al., 2012; Mubaiwa 2013). Youth also lack knowledge of formal financial institutions and services provided such as savings and credit (Hopkins et al., 2012).

It was found that youth access to empowerment funds is hampered by lack of information on funds available to the youth. This stakeholder said: *“It is very difficult because there is not a lot of information about access to funds. How to get money from CEEC? When is CEEC giving out funds?”* (Stakeholder 9). Another participant commented as follows on the level of information on available funding: *“It is low and not as expected. Most of the youth do not know where to access funds. The knowledge level of the youth of access to empowerment funds is low”* (Stakeholder 10). The lack of information on funds available to the youth is also reported by Mubaiwa (2013) who argues that access to credit is a problem for youth entrepreneurs because it is difficult for them to obtain information on available funds.

It was observed that youth access to empowerment funds is hampered by a lack of technology to disseminate information on how to access these funds. One respondent said: *“Information does not flow readily to the rural youth. There is lack of radio and television sets. Rural youth do not have information”* (Stakeholder 6). On the same issue, when asked to compare access to funding between rural and urban youths, three of the participants said the following:

*It is difficult for rural youth to submit proposals for empowerment funds. Where do they get a laptop and internet to apply for Start Upper Competition which is done online?* (Stakeholder 9)

*For social media, which uses the internet, is not so developed and used by clients. They may not know how to use social media due to literacy levels or even have access to them.* (Stakeholder 4)

*Some youth have no radio or television in rural areas.* (Youth 8)

Similarly, Mubaiwa (2013) argues that there is little technology to disseminate information on access to funds and money transfer for youth entrepreneurs.

#### **5.4.5. Possible Solutions**

There are several possible solutions that may assist the youth to access empowerment funds. These include alternative funding as well as institutional, financial and a range of other solutions.

##### **5.4.5.1 Alternative Funding Sources of Funds for Entrepreneurship**

Alternative funding is a possible solution to the problem of youth access to empowerment funds. Alternative funding can take different forms such as angel investors, incubation hubs, savings, the TEVET fund, graduate funding, partnerships with banks, cooperatives, manufacturers' funds, grants, competitions, TOTAL Starter-upper and discounted invoices.

When asked what he would recommend as a form of alternative funding, one stakeholder said: "Angel Investors: rich people with money to invest in youth with business ideas and innovations" (Stakeholder 1). However, in Zambia angel investors hardly exist. Only banks invest in business ideas and innovations.

When asked about incubation hubs in Zambia, one stakeholder said: "Yes, there are incubation hubs like Bongo Hive" (Stakeholder 7). Three participants, when asked to recommend a form of alternative funding to assist the youth to access empowerment funds, mentioned this:

*We have identified one incubation centre in Lusaka called Bongo Hive. We saw their profile and want to partner with them for mentorship and incubation. We need such hubs across the country in districts and provincial centres. If every province had such, it could be an answer to youth unemployment and youth going into formal and informal employment. PLAN is going into a 2-tier system on youth employment, i.e. formal and informal employment. (Stakeholder 10)*

*FINCA is a hub which offers training to groups. (Stakeholder 4)*

*Yes, through Nyamuka Zambia, there are incubation hubs. Through the three pillars, the bank signs partners to have incubation hubs for young people who choose enterprise*

*development. Some business banking clients will attend workshops on business plans by Nyamuka. (Stakeholder 8)*

Savings are a source of alternative funding for the youth. One stakeholder gave the following example: *“TEVETA teaches youth to save as a group and make products for sale while still studying. Profits are kept until graduation. After graduation, they hold together and are incubated for 6-12 months, then set up their own workshop in town or split up to start own business.”* This shows that savings act as surety for youths to access empowerment funds.

Relatives and friends can be sources of alternative funding for the youth. One stakeholder recommended this: *“Succession plans where youth learn to take over businesses from their parents”* (Stakeholder 1). It has been observed that the only people that have business succession plans are Zambians of Asian origin. Their children work with them in their businesses during school holidays to learn the ropes of the trade so that by the time the children inherit the business, they have an idea of how to effectively run the business and make profits.

TEVET funds are a source of alternative funding for the youth. An example was given by this stakeholder when he said:

*Yes. There is a TEVET fund for training institutions to train community needs, e.g. poultry farming. Institutions will draft a proposal to access TEVET funds. Youth will benefit from the funds through the training institution. No business funds are given directly to the youth. For instance, Panganani Panel Beaters can ask for funds to train the youth. These programs run for 2-3 weeks. Uluweni trained poultry farmers. Chipata Trades trained youth in food production. Five entrepreneurs were trained. One entrepreneur has a sharwama machine. Another has a restaurant (Stakeholder 1).*

The advantage of this funding is that it ensures that youth get skills training. The only disadvantage is that the funds are not given to individual youth entrepreneurs to venture into business.

Graduate funds are another source of alternative funding for the youth. An example was given by this stakeholder: *“TEVETA and CEEC discussed this to come up with a graduate fund for youth who have graduated with a qualification in entrepreneurship, e.g. a degree in entrepreneurship. CEEC has bought into the graduate scheme”* (Stakeholder 1). It would be a good idea for this graduate fund to

become a reality as it will give graduates something to start their business with. Most graduates lack the funds and experience to venture into business straight from university.

Funding can also be obtained through partnerships with banks: *“In Malawi, TEVETA has an understanding with a bank and graduates access funds from the bank with a recommendation from TEVETA Malawi”* (Stakeholder 1). Partnerships are only viable if they are between institutions such as TEVETA and the bank. The advantage of such partnerships is that the training institutions ensure that the youth acquire skills while the bank provides the funding for entrepreneurship.

Innovation funds can also be sources of alternative funding. One stakeholder recommended: *“Funds to support innovation in enterprises”* (Stakeholder 1). Another one wanted to see: *“A business idea which will empower the community and is innovative. It should have been in business for two years or less”* (Stakeholder 9). In the recent past, innovations have been funded through organizations such as Bongo Hive which is an innovation hub. One innovation that was funded was the Teledoctor, using funding from First National Bank.

Cooperatives are another source of funding for the youth, as recommended by this stakeholder: *“Youth Cooperative Fund”* (Stakeholder 1). The most common form of cooperatives that exist in Zambia are in agriculture. They contribute money for buying agricultural necessities such as maize seed and fertilizers. Little is known about financial cooperatives that offer empowerment funds to the youth for entrepreneurship.

Funds to encourage manufacturing could also provide alternative sources, as this stakeholder said: *“Increase our manufacturing base with funds for the youth”* (Stakeholder 1). In Zambia, manufacturing is private-sector driven. There is a possibility that the private-sector business people can give empowerment funds to the youth to engage in entrepreneurship. The private sector is mostly interested in making profit and not in philanthropy or charity.

Partnerships among entrepreneurs could also create funding for the youth. This was recommended by one of the stakeholders: *“Partnerships among entrepreneurs to set up businesses”* (Stakeholder 1). The only problem of partnerships among Zambian entrepreneurs is that some partners are lazy and do not make any effort to grow the business. The lazy partner,

popularly known as the ‘sleeping partner’, merely wants to receive the proceeds from the business.

An example of the TOTAL Start Upper as a source of alternative funding was given by this stakeholder as she said: *“TOTAL Zambia funds a business idea which will empower the community and is innovative. It should have been in business for two years or less. The main idea has to be community empowering. It should bring about job creation and provide a service to the community. All the rules and regulations are on the website which is [www.startupper.total.com](http://www.startupper.total.com)”* (Stakeholder 9).

Funding can also take the form of grants:

*Nyamuka funds are a grant not a loan. PEPZ ensures that the money goes into the business. Funding is phased and not given as a lump sum. Support is provided for 12 months. PEPZ has a business linkage program where SMEs are linked to big business to encourage local supply. PEPZ assist SMEs with quality, packaging and consistency of supply. PEPZ has a business development service and builds capacity and gives them a grant.* (Stakeholder 7)

Competition awards can be another source of funding for the youth: *“Our role is to provide funds mainly through the Nyamuka Zambia Business Plan Competition”* (Stakeholder 7).

Discounted invoices can provide alternative funding: *“For instance, the entrepreneur had a shortfall so she went to the bank with an approved order through ZDA. The bank discounted the invoice and gave her money. ZDA facilitates market access for SMEs”* (Stakeholder 3).

#### **5.4.5.2 Communication**

Efficient communication about empowerment funds is crucial and can be done in many ways, for example, through text messages, community meetings, road shows, exchange visits, posters and agents, sensitization, workshops, clubs, campaigns, focal point persons, structured meetings, flyers, website, word-of-mouth at sale points, social media, marketing, information centres and school outreach.

An example of using text messages as a medium of communication was given by this stakeholder: *“A cell phone platform would be a good idea. A text a day about Youth Development Funds. Each and every young person has a cell phone. It would be cheaper”* (Stakeholder 5). When asked to recommend a medium of communication to assist the youth to access empowerment funds,

two of the participants said that: *“Phones would be appropriate particularly WhatsApp and SMS”* (Youth 18) and *“Bulk SMS would be used to reach the youth”* (Youth 3). Almost everyone in Zambia has a mobile phone, even those who live in rural areas. This is the reason text messages would be an effective way of disseminating information about how to access empowerment funds for the youth.

Community meetings are a medium of communication that can be used to disseminate information to assist the youth to access empowerment funds. An example was given by this stakeholder as he said:

*Community awareness meetings and publications or booklets on a quarterly basis are used to disseminate information about empowerment funds. Yes, it is more appropriate because we are able to reach out to many of the youth in communities. When you engage youth in community meetings, there is one-to-one interface, where youth are free to ask questions. The best method is awareness meetings. Go where the youth are in markets or streets* (Stakeholder 10).

On the same issue of community meetings, when asked to recommend a medium of communication to assist the youth to access empowerment funds, two of the participants mentioned that:

*The Ministry of Youth staff came here and made a meeting for youths.* (Youth 8)

*I recommend community meetings.* (Youth 19)

Road shows are a medium of communication that can be used to disseminate information to assist the youth to access empowerment funds. An example of road shows as a medium of communication was given by this stakeholder as he said: *“We also participate in public road show events”* (Stakeholder 4).

Exchange visits are a medium of communication that can be used to disseminate information to assist the youth to access empowerment funds. An example of this was given by the fifth youth as he said: *“Exchange visits to those applicants who have acquired funds.”*

Posters and agents are ways of communication that can be used to disseminate information to assist the youth access empowerment funds. An example of posters and agents for communication to assist the youth access empowerment funds was given by the sixth youth who suggested that:

*They should have used other media such as posters and people (agents) to sensitize youth on how to fill-in the application forms. It gives an opportunity to ask questions (Youth 6).*

On the same issue of posters and agents, when asked to recommend a medium of communication to assist the youth access empowerment funds, one of the participants mentioned that:

*Newspaper, radio, television, digital media, posters at the point of sale like filling stations, word of mouth (Stakeholder 9).*

An example of sensitization as a way of communication was given by the fifth stakeholder as he said: *“Increase sensitization of young people about the existence of Youth Development Funds and what it takes for one to access it. This must be explicitly explained.”* On the same issue of sensitization, when asked to recommend a medium of communication to assist the youth access empowerment funds, one of the participants said:

*I recommend serious sensitization by the Ministry of Youth (Youth 13).*

District focal points can be used to disseminate information to assist the youth to access empowerment funds. An example of this was given by the second stakeholder as he said: *“We use district council offices to disseminate information to the general populace. There is a CEEC Official seated in the district council office for 1-2 months during the call for applications to provide information and answer queries. There are also provincial offices where people are free to walk in and inquire”* (Stakeholder, 2).

Another participant reported that:

*Government has more money and can afford to give people funding all year long. They have more outlets to use, e.g. district offices. They can reach rural youth because they are more spread out. (Stakeholder, 9)*

Workshops are a medium of communication that can be used to disseminate information to assist the youth to access empowerment funds. An example of this was given by the eighth stakeholder as she said: *“Building young futures, a project implemented by the bank and UNICEF, holds workshops for young people with staff from ZRA, ZDA and PACRA for business skills and incubation clinics. They get to know how to access YDF and CEEC funds.”*

An example of clubs as a medium of communication used to disseminate information to assist the youth to access empowerment funds was given by the first stakeholder as he said: *“Yes, TEVETA use television, radio and institutional medium groups such as clubs.”* Another participant mentioned that:

*The business bank unit has established a business club to create a platform for business banking clients to mingle with large corporates. This is mainly through events like the Pan African Conference for Procurement which included business clients to interact with other businesses. Exhibitions were done. Events for launching a product, we invite corporates, business clients and retail clients to create a platform for interaction (Stakeholder 8).*

Campaigns are a medium of communication that can be used to disseminate information to assist the youth to access empowerment funds. The first stakeholder said: *“Campaigns and sensitization to big business, e.g. APPLE, to invest in small business like a mini Dragons Den.”* Another participant said that:

*Yes, there is entrepreneurial media campaigns through Facebook, radio, television, print media, and networks through business associations. (Stakeholder 7).*

Focal point persons can also disseminate information to assist the youth to access empowerment funds. The first stakeholder commented that: *“Entrepreneurship focal point persons in TEVET Institutions to facilitate clubs and other activities.”*

An example of structured meetings for communication, to assist the youth, was given by the fifth stakeholder as he said: *“Yes, the Ministry of Youth and Sports uses the media to disseminate information to the youth on access to empowerment funds, particularly the Youth Development Funds, for entrepreneurship in Zambia. The media used includes structured meetings at district, provincial and national level.”*

Flyers are a medium of communication that can be used to disseminate information to assist the youth to access empowerment funds. This was one of the responses given by the fifth stakeholder who said: *“Yes, the Ministry of Youth and Sport uses the media to disseminate information to the youth on access to empowerment funds, particularly the Youth Development Funds, for entrepreneurship in Zambia. The media used includes flyers.”*

An example of a website as a medium of communication, that can be used to disseminate information to assist the youth to access empowerment funds, was given by the seventh stakeholder as she said: *“All the rules and regulations are on the website which is [www.nyamukazambia.com](http://www.nyamukazambia.com).”* Another participant commented that:

*“All the rules and regulations are on the website which is [www.startupper.total.com](http://www.startupper.total.com). For Start upper, it is on the website” (Stakeholder 9).*

Information about youth access to empowerment funds can be done through various media including word of mouth as was alluded to by the ninth stakeholder who said:

*“Newspaper, radio, television, digital media, posters at the point of sale like filling stations, word of mouth” (Stakeholder 9).*

Social media is a medium of communication that can be used to disseminate information to assist the youth to access empowerment funds. An example of this was given by the seventh stakeholder as she said: *“32% of women applied in the Nyamuka Zambia competition in 2016 due to Facebook and women’s clinics. Yes, especially social media, which is what young people are focused on.”* Three participants mentioned that:

*Social media can be used. Print media can also be used (Youth 4).*

*There is need to make information on Youth Development Funds available to the youth. They can use universities, colleges and high schools. They should use social media like Facebook pages where youth can talk about business (Youth 1).*

*For the Ready-to-work tool, the bank uses radio and the press to give information. The bank has a Facebook page (Stakeholder 8).*

Information about youth access to empowerment funds can also be disseminated using direct marketing as was alluded to by the fourth stakeholder as he said: *“Direct marketing is also done. We engage more directly with the clients who borrow from us.”*

An example of information centres, as places where information about youth access to empowerment funds can be obtained, was given by the seventh stakeholder as she said: *“Yes. PEPZ work with other partners like ZDA who have an information resource centre which is free for SMEs.”* Another participant mentioned that: *“They need to have recognized centres where youth can be linked”* (Youth 4).

School outreach is a medium of communication that can be used to disseminate information to assist the youth to access empowerment funds. An example of this was given by the eighth stakeholder as she said: *“We also go into schools for face-to-face interaction. Yes, it is because the personalised attention has major impact. The bank takes advantage of each and every catch point.”* This response shows that school outreach as a medium of communication can assist the youth to access empowerment funds earlier rather than later in their life. From the quantitative survey, it was discovered that the youth attempt to access empowerment funds very late when they are no longer eligible for the funds.

Information about access to empowerment funds can be obtained from community representatives as was alluded to by the the ninth youth as she said: *“There are community representatives that came to Makombwe area to select us to apply for the Youth Development Funds”* (Youth 9).

Vehicle announcements are a medium of communication that can be used to disseminate information to assist the youth access empowerment funds. An example of this was given by the eighteenth youth as she said: *“Verbal communication, such as vehicle announcements, would be better for a rural set-up”* (Youth 18).

An example of conferences, for communication about access to empowerment funds, was given by the first youth as she said: *“It is good to organize conferences. There is need for conferences on entrepreneurship”* (Youth 1).

Presentations are a medium of communication that can be used to disseminate information to assist youth access to empowerment funds. The third youth said: *“There should be a*

*presentation for certain applications to go through.”* The presentations of business ideas by the youth would help gain access to empowerment funds for entrepreneurship in Zambia. A good example of presentations of business ideas by the youth is that of Nyamuka Zambia Television Show for the selection of the top five finalists and prize winners out of the Top 10 which is similar to Dragon’s Den.

### **5.4.5.3 Institutional**

Institutional solutions to the problem of youth access to empowerment funds include: hiring youth staff in districts, decentralization of government department that address issues of youth empowerment, government working with structures such as traders’ associations, simplifying application processes, having area representatives and inclusion of entrepreneurship in school curriculum.

Hiring of youth as staff in districts was recommended as a possible institutional solution to the problem of youth access to empowerment funds. One of the responses from the eleventh youth was that: *“There must be a District Coordinator who should report to the provincial office. Government should decentralize the program.”* (Youth 11)

Institutions that deal with youth empowerment should decentralize to assist the youth to access empowerment funds. The tenth stakeholder recommended the: *“Decentralization of the Youth Development Fund pay-outs. Checks are issued at national level instead of being done at district level.”* Another participant mentioned that: *“Decentralize the decision making and disbursement process from national to district level”* (Youth 5).

Government working with structures, such as marketeer associations, was recommended as a possible institutional solution to the problem of youth access to empowerment funds. The tenth youth said that: *“The government is not doing much. They should target established structures like trade and marketeer associations. It is easier to do monitoring through structures. The Ministry should engage the already established structures which are closer to the youth to encourage and understand their needs and difficulties.”* (Youth 10)

An institutional recommendation about simplifying application processes, to assist youth to access empowerment funds, was made by the third youth who said: *“The application process should be simpler. The paper work is a nightmare”* (Youth 3). Another participant mentioned that: *“Government should make the application process cheaper”* (Youth 5).

It was recommended that there should be area representatives to assist the youth to access empowerment funds. One of the responses of the seventeenth youth was that: *“In terms of communication, there is need for an area representative” (Stakeholder 17).*

Inclusion of entrepreneurship in the school curriculum was recommended as a possible institutional solution to the problem of youth access to empowerment funds. When asked about this, the fourth stakeholder replied:

*The introduction of entrepreneurship and business skills at early learning would benefit the youth. It reduces the gap of financial literacy in relation to understanding what happens when one borrows money. There is a better understanding of the cost of borrowing and better application of funds (Stakeholder 4).*

Another participant mentioned that:

*Access to funds should be taught to the youth in Grade 12 (Youth 1).*

A recommendation was made that to assist the youth to access empowerment funds, there is need to curb corruption in disbursing agencies. This recommendation was made by the seventh youth who said:

*Search for straight forwardness and avoid corruption as some people can use relatives or money to acquire the funds. There must be monitoring of people in the disbursing agency by the Anti-Corruption Commission to ensure that the money goes to the intended people (Youth 7).*

Another participant mentioned that:

*Stop corruption of giving people that are already in big business (Youth 1).*

#### **5.4.5.4 Financial**

Financial solutions to the problem of youth access to empowerment funds include: increase budget allocation, timely distribution, village banks, grants and interest free loans, piggy

banks for saving, financial record keeping, financial literacy, and government regulations on MFIs and borrowing incentives.

There is need for an increase in the national budget allocation for the youth to access empowerment funds. One of the responses from the third stakeholder was that: “Government should increase resources for youth to access more funds. If funding is increased, there will be more job creation” (Stakeholder 3). Two participants commented that:

*Increase allocation of money to the Youth Development Fund. (Stakeholder 10)*

*The fund itself should be bigger. (Youth 3)*

In order for the youth to access empowerment funds, there is need for timely distribution of funds. When asked about this, the eighth youth replied: “The Ministry of Youth should accelerate the process of giving out loans so that youth can bring about development” (Youth 8). Three participants commented that:

*The Ministry of Youth and Sport should give the youth funds quickly to encourage other youth to apply. (Youth 9)*

*If people apply for funds, the CEEC should respond fast. (Youth 19)*

*Give the funds in good time. (Youth 18)*

Village banks are a way in which youths can access empowerment funds as alluded to by the eighth stakeholder who said:

*We had a partnership with Catholic Relief Services called ‘Banking on Change’ to train village savings groups. Ten to thirteen people put money together and borrow from there. They get money to do business. They have a constitution, meet monthly and have a cycle of getting money. They repay at an interest. This project has empowered 18,000 rural people in Chibomho, Chadiza and Mansa. They also have a social fund to use for illnesses and funerals. (Stakeholder 8)*

Another participant mentioned that:

*There should be village banks. (Youth 18)*

Grants and interest free loans are financial recommendations, for the youth to access empowerment funds, which were made by the eighteenth youth who said that: “It should be interest free loans” (Youth 18).

Financial record keeping is recommended as a possible financial solution to the problem of youth access to empowerment funds. One of the responses given by the fourth stakeholder was that:

*To be able to access empowerment funds, the youth need two skills. Firstly, the youth need entrepreneurial skills to start up something sustainable. Secondly, they need record keeping for appraisal. For instance, they need a cash book to help financial institutions assess their cash flow and determine how much one can borrow. Good financial record-keeping is important. (Stakeholder 4)*

Youths need to be taught about financial literacy in order for them to access empowerment funds as was alluded to by the eighth stakeholder:

*Government has been running a strategy for financial literacy by the Bank of Zambia (BOZ), Securities and Exchange Commission (SEC) and Pensions and Insurance Authority (PIA). It had its secretariat in Bank of Zambia. They have engaged other financial institutions to encouraged savings through products like savings and insurance. Financial Literacy Week has become an annual event from 2013. It runs in March. It is targeted at schools and markets. The main theme is a ‘a better life through savings’. (Stakeholder 8)*

Two participants mentioned that:

*People with financial literacy have bank accounts and financial statements to show turnover. Yes, our organization offers training in basic financial literacy to understanding borrowing, lending, group guarantorship, collateral and an understanding of legal documents for signing. (Stakeholder 4)*

*PLAN has an approach of financial education among youth so that they understand the importance of saving. There is a lot of money (coins) thrown away which are good enough for something. (Stakeholder 10)*

This response shows that financial literacy is important to enable the youth to access empowerment funds. It is one thing to access the empowerment funds and another thing to utilize the acquired funds wisely so as to build and run profitable enterprises.

Government regulations on Microfinance Institutions (MFIs) and borrowing incentives, for youths to access empowerment funds, are financial recommendations that were made the fourth stakeholder who said:

*Reserve requirements, for MFIs with the central bank, need to reduce so that MFIs can lend more. Government should not be a big borrower from the market as it reduces liquidity and pushes up cost of borrowing for consumers. Incentives for companies that focus on groups that are financially excluded, e.g. reduce tax and regulations that add to the cost of doing business like the capping of interest rates at 40%. (Stakeholder 4)*

#### **5.4.5.5 Miscellaneous**

There are several other possible solutions to the problem of youth access to empowerment funds. These solutions include: training, business courses by the ZDA, transparency in the distribution of funds, applications in vernacular, ready market, private sector involvement, skills, change of mindset, mentorship, experts, viable business plans, entrepreneurship as a course, youth to maximize opportunities, skills training centres, revising the school curriculum to include entrepreneurship, information centres, work experience and information.

Training is recommended for youths to access empowerment funds. When asked about this, the fifth stakeholder replied:

*The Ministry of Youth and Sports offers training in the following business skills; business management, accounting, taxation, savings, growth, financial management, concept of entrepreneurship, managing a business, how to succeed as a business person, customer care, quality control of product and service, book keeping and basic financial statements, costing and pricing of products, different types of financial products, sources of business ideas, loan management and repayment. (Stakeholder 5)*

Courses in financial management and loan management can assist the youth to access empowerment funds. Five participants also commented that:

*Yes, it does training with implementing partners like ZDA, ZBS and CPCC. ZDA coordinates the training. MCTI sees to it that the cooperating partners provide funds. CEEC and ZDA trains SMEs on business development, e.g. how to raise funds, manage books, and run a business profitably. MCTI has grants for SMEs every financial year. (Stakeholder 3)*

*They get trained on their business idea through clinics, workshops and conferences. Business clinics help people to apply for the Nyamuka Zambia Business Plan Competition. Business Essentials Workshop train people in marketing, operations and finances. The National Business Conference has specialized sessions in specific areas and helps people to network with other people. (Stakeholder 7)*

*They get trained on their business idea with Bongo Hive. (Stakeholder 9)*

*Yes. For elderly youth, aged 30-35 years, we focus on selecting, planning and management of business. Below 30 years, we have training called 'Enterprise your Life'. It is involving. It has a lot of games and demonstrations. We have financial education which is compulsory. We help the youth to set a goal. (Stakeholder 10)*

*The CEEC should call people and train them before giving them forms to fill in. (Youth 18)*

These responses demonstrate that skills training is offered by several organizations. For instance, the Ministry of Commerce, Trade and Industry (MCTI) offers training in collaboration with the Zambia Development Agency (ZDA), Zambia Bureau of Standards (ZBS) and Competition and Consumer Protection Commission (CCPC). It was also recommended that pre-application training be done because it is vital and can ensure that application forms are filled in correctly and youth have high chances of accessing empowerment funds. A good example of pre-application training is done by PEPZ before the Nyamuka Zambia Competition in form of workshops and clinics.

Business courses by Zambia Development Agency (ZDA) were recommended, for youth access to empowerment funds, by the third stakeholder who said:

*ZDA coordinates the training. MCTI sees to it that the cooperating partners provide funds. CEEC and ZDA trains SMEs on business development, e.g. how to raise funds, manage*

*books, and run a business profitably. MCTI has grants for SMEs every financial year. (Stakeholder 3)*

There is need for youth involvement in policy formulation, for youths to access empowerment funds, as was alluded to by the fourth youth:

*Youth need to be engaged to know the problems they are going through and implement their ideas. (Youth 4)*

Transparency in distribution of funds is recommended as a possible solution to the problem of youth access to empowerment funds. One of the responses from the twelfth youth was that: *“There should be transparency in how funds are disbursed for those recommending.” (Youth 12)*

For the youths to access empowerment funds, applications should be in the vernacular as was alluded to by the eighteenth youth who said: *“Enable uneducated people to be able to apply for empowerment funds. Make application forms in vernacular and at the level of understanding of the poor uneducated people.” (Youth 18)* This has cost implications of translating application forms from English into the vernacular and printing them out for the youth to collect. Another participant mentioned that: *“The application form should be user friendly and not bulky.” (Stakeholder 10)*

A ready market is recommended, for the youth to use the empowerment funds they can access, by the eighteenth youth who commented that: *“There is also a need to provide a ready market, e.g. Parmalat for dairy farmers and fish buyers for fish farming.” (Youth 18)*

For youths to access empowerment funds, there is need for the private sector to be involved. When asked about this, the eighteenth youth replied: *“Inclusion of the private sector in the distribution of funds to the youth.” (Youth 18)*

Skills are recommended for youth to access empowerment funds. One of the responses given by the first stakeholder was that:

*The youth need vocational and entrepreneurial skills to access empowerment funds. Vocational skills include metal fabrication, landscaping, tailoring and designing, graphic designing etc. Entrepreneurial skills include business skills like stock control, costing and pricing, record keeping and financial management. The use of hides and biogas, leather and*

*meat processing are vocational skills needed by people with a lot of cattle, e.g. in Namwala, where an individual or family can have more than 9000 cattle. (Stakeholder 1)*

Two participants mentioned that:

*To access empowerment funds, the youth need business skills. They need their capacity to be built around proposal writing and market research. They also need networking skills to know who else is in business and how they can relate to share knowledge and skills. (Stakeholder 10)*

*Develop and train youth with skills that are in tandem with latest technologies. (Stakeholder 3)*

Accessing funds is one thing but proper utilization of those funds needs a good skill set. The youth need skills to not only acquire empowerment funds but also to put those funds to good use.

For the youths to access empowerment funds, the youths should change their mindset as was alluded to by the the first stakeholder who said: *“The entrepreneurship mind set should change to include commitment to contracts, risk taking and planning.” (Stakeholder 1)* The mindset of the youth needs to change if they are to be good entrepreneurs that can access empowerment funds. Currently, most youth entrepreneurs engage in business as a means of survival. They need to change from survival only to being growth-oriented and more committed to contracts. Growth requires risk-taking, planning and innovation.

Mentorship is recommended for youth to access empowerment funds. When asked about this, the first stakeholder replied: *“Certain organisations offer internships, attachments and mentorships. TEVETA and CEEC have been working on coming up with mentoring programmes where CEEC beneficiaries can be mentored under clusters.” (Stakeholder 1)* Seven participants also commented that:

*Yes, mentorships exist for SMEs in the leather products sub-sector, e.g. hides and skin processing and footwear design. (Stakeholder 3)*

*The Zambia Chamber of Commerce and Industry developed a mentorship program. Women in Leadership also offers mentorships. Mentorships could be better and more systematic.*

*Young people need to know where to go. All they need is an idea and make use of business mentorships and opportunities available to them for free. Be able to network with others for partnerships, equity and improvement of ideas. It helps with mentorship. (Stakeholder 7)*

*Both start-ups and established business get assistance. Mentorship is given to those who are starting new business. (Youth 12)*

*Yes, Total Zambia offers mentorship. (Stakeholder 9)*

*There is mentorship. (Youth 19)*

*It is advisable to follow university students or Grade 12 pupils to mentor them in business. There is a need for mentorship to help youth to grow business. (Youth 1)*

*There was entrepreneur mentorship by the United States Agency for International Development (USAID) / Young African Leaders Initiative (YALI), Zambia Development Agency (ZDA) and Meridian International Centre. (Youth 4)*

For the youths to access empowerment funds, they need to hire experts as was alluded to by the the first stakeholder who said: *“They can involve other experts versed in that area and manage them. For instance, Hexagon Company is a metal fabrication firm that was founded by a procurement man. The company gets tenders for school furniture, mines and government hospitals.” (Stakeholder 1)* The youth need to consider hiring experts, such as accountants, lawyers and business advisors, to help their business grow and to attract funding. It is not a weakness to get expert help. Investors and potential funders want to give money to people who seem to know what they are doing businesswise and can make a profit and return on their investment. The youth will pay for expert help from the sales of their products.

Viable Business Plans are recommended for the youths to access empowerment funds. When asked about this, the second youth replied: *“Have a good business plan because the Ministry follows the business plan.” (Youth 2)*

For the youth to access empowerment funds, the youths should take entrepreneurship as a course in the school and college. One of the responses given by the fifth stakeholder was: *“Introduce entrepreneurship as a degree on its own. Entrepreneurship is often embedded in business studies.” (Stakeholder 5)*

In order for the youth to access empowerment funds, the youth need to maximize opportunities as was alluded to by the second stakeholder who commented that: *“The youth need to take advantage of the opportunities we are giving them.”* (Stakeholder 2)

Skills training centres are recommended for youth to access empowerment funds. When asked about this, the sixth stakeholder replied: *“There is one skills training centre in every province. These enhance skills from trade schools.”* (Stakeholder 6)

For the youths to access empowerment funds, there is need for the revision of the school curriculum to include entrepreneurship. One of the responses given by the first stakeholder was that: *“Entrepreneurship and business skills have been included in the Zambian curriculum in secondary school particularly in Grade 8. There is an appreciation of entrepreneurship in secondary school. From trade certificate to diploma, entrepreneurship is integrated into the education system. By 2017, it will be examinable.”* (Stakeholder 1)

One of the participants also commented that:

*Entrepreneurship and business skills are included in the curriculum of the Zambian education system as early as Grade 1. There was a symposium at which a 2-tier system of education was developed. This system has vocational and academic career pathways. From Grade 8, children choose either the vocational or academic career pathway. There are trade tests for learners. For example, in Grade 9 learners will have a Junior Secondary Leaving Examination Certificate and Trade Certificate. In secondary school, the vocational training trade tests are conducted at 3 levels: Grade 9 is level 1, Grade 10 is level 2 and Grade 11 is level 3. From Grade 1-7, learners identify interest in the career pathways. At Grade 8, the learners intensify on specific career pathways. Parents are involved in choosing the career pathway. The revised curriculum is in the 3<sup>rd</sup> year of introduction. The new curriculum was launched in 2014. At the time, the first cohort of Grade 8s are now in Grade 11. No observation has been made as to whether they are able to access funds. 5-10 years from now is when the impact will be seen. Yes, there is business studies which is compulsory for everyone from Grade 8. From Grade 10-12, there are three academic career pathways: Social Sciences, Natural Sciences and Business Studies. Financial Literacy starts as early as Grade 1.* (Stakeholder 6).

Information Centres are recommended for youth access to empowerment funds for entrepreneurship in Zambia. When asked about this, the eighth stakeholder replied:

*Increase awareness of accessibility to YDF and WEF in target areas through established structures like school career advice centres for Grade 12 school leavers, university students, Youth Resource Centres. Government was planning to put Youth Resource Centres in every district. (Stakeholder 8)*

For the youth to access empowerment funds, they need to gain work experience as was alluded to by the fourth youth who said:

*Yes, I worked before in a factory. This helped me a lot in marketing strategies of linking up with customers. (Youth 4)*

Work experience helps entrepreneurs with networks.

Information is recommended for the youth to access empowerment funds. One of the responses given by the ninth stakeholder was that:

*There is need to have more information. How to get it? Where to get it? The same effort to get people to vote is the same effort needed to inform people about empowerment funds for entrepreneurship. (Stakeholder 9).*

One of the biggest challenges to youth access to empowerment funds is lack of information. How can the youth apply for funds if they do not know whether those funds exist? It is important to inform the youth about the existence of empowerment funds and how to access these funds.

## **5.5 Summary**

This chapter presents and discusses the findings from the interviews. The findings are grouped into the themes and categories. The main themes were economic and financial, institutional, social and miscellaneous factors as well as possible solutions. Under the economic and financial theme, the categories were: unemployment and income, collateral, savings by the youth, bank charges and poor financial habits. In most cases, it was discovered that these financial factors are a hindrance to access to empowerment funds by the youth.

Under the institutional theme, the categories were: legal regulatory framework, poor policies and bureaucracy. Zambian youth have limited access to empowerment funds because of several issues related to the bureaucratic process of acquiring the funds. These include: lengthy process of acquiring funds, rigorous processes of getting a loan, serious examination by lending institutions, costly exercise, delayed payments, lack of officers in districts to pay loans, lack of communication from disbursing agencies and established businesses being favoured over startups.

Under the social theme, the categories include: entrepreneurship education, skills training and lack of youth services. Under the miscellaneous theme, the categories are: negative social and cultural perceptions and attitudes, logistical issues and lack of information. It was discovered that youth access to empowerment funds is influenced by negative social and cultural perceptions and attitudes which include: youth fear financial services fees and fraud, youth lack skills, bad attitude of youth towards entrepreneurship, females risk averse, males are shareholders of family businesses, youth rarely follow the application process and are not serious, local youth default but foreigners pay loans, male dominance, defaulting on loans, crime and substance abuse and business people unwilling to train youth.

Under the possible solutions generated, the following emerged: alternative funding, institutional, financial and miscellaneous solutions. Under the category of alternative funding, the sub-categories are: angel investors, savings, TEVET fund, graduate fund, partnerships with banks, cooperatives, manufacturers fund, grants, competition, TOTAL Start Upper and discount invoices. The next chapter discusses the conclusions and recommendations of the study.

## CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS

### 6.1 Introduction

This chapter summarizes the main conclusions of the study based on the findings and makes recommendations on the problem of youth access to empowerment funds for entrepreneurship in Zambia.

### 6.2 Aims and Purpose of the Study

The overall objective of the study was to explore youth access to empowerment funds for entrepreneurship in Zambia. This was achieved in this study and is reflected in the factors affecting youth access to empowerment funds for entrepreneurship in Zambia which were identified and examined. Three main areas were explored, i.e. the economic, political and social aspects of the topic. The study was divided into three specific objectives.

#### *The political factors and policies in place that assist youth to access empowerment funds for entrepreneurship in Zambia*

This objective was to identify the existing political factors and policies that assist youth to access empowerment funds for entrepreneurship in Zambia. The policies identified were the National Youth Policy and the Citizens Economic Empowerment Act which provide Youth Development Funds and Citizens Economic Empowerment Funds respectively. However, it was found that most youth were unaware of these policies and could not differentiate between policies and Acts of Parliament which provide empowerment funds for them. The fact that they were not aware of these policies and Acts meant that they were not likely to apply for empowerment funds. The main political factor, as discussed in Chapter 5, was corruption which manifested itself in political patronage, vote buying, nepotism and political discrimination in the distribution of empowerment funds. These factors have a negative bearing on youth access to empowerment funds.

#### *The factors that facilitate youth access to empowerment funds for entrepreneurship*

The factors that facilitate youth access to empowerment funds for entrepreneurship include; employment and income, collateral and skills. This objective was to determine the role of employment and income, collateral and skills in accessing empowerment funds for entrepreneurship by the youth.

It was found that employment and income can have both a positive and a negative impact on youth access to empowerment funds. Income from employment or sales in different trades influences access to empowerment funds positively in that those youth with higher incomes are more likely to access empowerment funds. Employment influences access to empowerment funds negatively in that it fosters exclusion of the unemployed who are in need of empowerment funds for entrepreneurship, as the employed income earners are empowered with funds instead of the unemployed. An explanation for this is that employed youth have a stable income, in form of a salary, which could guarantee the repayment of the loans they obtain from the Ministry of Youth and Citizens Economic Empowerment Commission (CEEC) as empowerment funds.

It was found that collateral had no bearing on youth access to empowerment funds. The reasons are that the requirements for accessing empowerment funds differ according to the disbursing agency. The CEEC does not want collateral for amounts below K50,000 but any loan amount above requires collateral. The Ministry of Youth also does not ask for collateral in form of property but rather for a guarantor which removes the pressure of collateral from the youth.

In this study, practical business and entrepreneurial skills were identified as skills that enable youth to access empowerment funds. Most youth acquire skills either informally while trading or in secondary school. This has various implications. To begin with, there is need to revise the school curriculum to increase the number of youth acquiring skills. The number of skills training centres should also increase to assist more youths to acquire the necessary skills to obtain empowerment funds and use them wisely. University students should do internships in companies to acquire practical business and entrepreneurial skills. Graduates should also change their mindset towards entrepreneurship from negative to positive and desist from only focusing on getting white collar jobs.

### ***The factors that inhibit youth access to empowerment funds for entrepreneurship***

The factors that inhibit youth access to empowerment funds for entrepreneurship are lack of youth friendly services and lack of access to relevant information. This objective was to investigate existing services and information that can assist youths to access empowerment funds for entrepreneurship.

It was found that the available services are limited which negatively influences youth access to these funds. The most popular support service for youth entrepreneurs is mentorship. Incubators are few. Role models are available, but apprenticeships are almost non-existent because already established business people are not willing to take on youth entrepreneurs as they are perceived to be a risky clientele by financial lenders who could provide them with empowerment funds.

Both the medium and the level of access to relevant information can have a positive impact but is not always effective. The medium of communication of information varied from radio to social media depending of the geographic area where the youth live, that is in rural, peri-urban or urban areas. Access to information via the radio has a positive impact by increasing access to empowerment funds especially since the messages are in local languages. The more the youth hear about empowerment funds, the higher the chances of them applying for these funds. Access to information via social media is not very effective because the internet is not available to everyone, even to those in urban areas, due to the high cost of internet data bundles and frequent power outages due to load shedding. Access to information through family members can have a negative impact on access to empowerment funds due to the possibility of nepotism on the part of the staff in disbursing agencies who may encourage their relatives to apply for empowerment funds and ensure that they get the funds.

### **6.3 Conclusions**

A number of conclusions can be drawn from the findings of this study. It became evident that most participants are unaware of the policies with regard to access to empowerment funds for entrepreneurship in Zambia. As a result, they rarely apply for empowerment funds. It was found that the higher the income, the higher the likelihood of the entrepreneur accessing empowerment funds. This leads to the economic exclusion of unemployed youths who lack a stable income. It was found that collateral has no bearing on youth access to empowerment funds for entrepreneurship in Zambia. It is interesting to note that most youth entrepreneurs who accessed empowerment funds had no or limited formal education and skills training although they seemed to have acquired entrepreneurial skills while trading and learning on the job. It was observed that of all the services available to assist the youth to access empowerment funds, mentorship was the most recognized. Lastly, youth preferred

non-conventional means, such as road shows, community meetings and school talks, for disseminating information to them about the availability and access to empowerment funds.

## **6.4 Recommendations**

Based on the findings of the study and the conclusions drawn, a number of recommendations are made. These recommendations are explained under five headings namely; alternative funding sources, communication, financial, institutional and miscellaneous.

### **6.4.1 Recommendations on youth needing to find alternative sources of funding for entrepreneurship**

The youth need to research and find alternative sources of funding to the existing empowerment funds for entrepreneurship in Zambia. Alternative funding sources available include: savings, incubators, graduate fund, partnerships with banks, cooperatives, manufacturers fund, grants, competition awards, and discounted invoices.

- Savings can be an alternative funding source for the youth in Zambia. The youth should develop a culture of saving because savings can act as surety for accessing empowerment funds. According to the CEEC and MYS, for the youth to access empowerment funds, their business must be established and they should have savings. However, the youth reinvest all their profits into their business and rarely save. This requirement or added advantage of having savings is an impossibility for the youth. The Ministry and CEEC need to consider cashflow projections, instead of savings, when giving out loans to the youth.
- The youth should also take advantage of the few incubators offered by organizations such as Bongo Hive as a source of funding.
- Graduate Fund is an alternative funding source for youth in Zambia. It is recommended that the Zambian government should make the graduate fund a reality in order to give graduates a platform to engage in entrepreneurship in Zambia. This would imply that apart from giving students bursaries in higher institutions of learning while they are pursuing their degrees, the government would have to

increase the budgetary allocation to include a graduate fund for youth entrepreneurs upon completion of their studies. This would not only ensure that the youths are prepared for the world of work but also have access to funds for entrepreneurship in the event that they are unable to get jobs immediately after graduation.

- Partnerships with banks are an alternative funding source for the youth in Zambia is recommended. These should be between institutions such as the Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA) and the banks. The advantage of such partnerships is that the training institutions ensure that the youth acquire skills while the banks provides the funding for entrepreneurship.
- Innovation funds are alternative funding sources for youth in Zambia. Innovation funds are recommended as a form of alternative funding. Under incubation hubs, such as Bongo Hive, innovation funds can be created in a partnership between government and private sector to address problems in the communities that youth come from. For instance, given the climate change problem in Zambia, youth can come up with a solution such as water irrigation or outgrower scheme which uses climate smart technologies to produce more food to ensure food security. Such youths would be eligible for the innovation funds as their funds would both solve a problem and create employment.
- Cooperatives are another funding source that is recommended. They contribute funds to buy agricultural needs such as maize seed and fertilizers. A group of traders come together to form groups. They go to a microfinance institution, such as FINCA, and borrow money as a group. The group acts as collateral as members provide checks and balances as well as encourage each other to pay back the loan. The money borrowed is used for business and profits generated are used to pay for the loan on a monthly basis.
- Public Private Partnerships (PPPs) between the government and companies that provide funds for the youth to engage in entrepreneurship is recommended. This would serve the interests of both the government and the private sector, and it would

provide a conducive environment for entrepreneurs and profit maximization respectively.

- Partnerships between business people and entrepreneurs is recommended. A youth entrepreneur can partner with a business person who has the funds to support their business idea. A problem with partnerships among Zambian entrepreneurs is, however, that some partners do not make an effort to grow the business and merely want to receive the profits. There is need a for partnership agreements which clearly spells out the roles, contributions and benefits for all partners.
- Competition Awards are recommended as a funding source for entrepreneurship. A good example is the Nyamuka Zambia Business Plan Competition with awards that were funded by the British government through a private sector entity called PEPZ and banks such as the Zambia National Commercial Bank (ZANACO) and Barclays Bank.

#### **6.4.2 Recommendations on communication by disbursing agencies**

The disbursing agencies need to communicate to the youth that there are empowerment funds for entrepreneurship available for them to access. Communication about empowerment funds can be done using the following media: text messages, community meetings, road shows, exchange visits, posters and agents, workshops, clubs, campaigns, focal point persons, structured meetings, flyers, websites, social media, information centres and school outreach programmes.

- Text messages can be sent by the disbursing agency to the youth informing them about the available empowerment funds. Text messaging would be an effective way of disseminating information.
- Community meetings, particularly in rural areas, can be used by disbursing agencies to inform the youth about available empowerment funds and how these can be accessed. In these meetings, the staff of disbursing agencies can guide the youth on how to fill in the application forms and what documents are required for submission.

- The disbursing agencies can conduct road shows to disseminate information about available empowerment funds for the youth.
- The disbursing agencies can also facilitate exchange visits between youths in different districts so that those youths who have accessed empowerment funds can inspire and motivate others who have not yet accessed the funds.
- The disbursing agencies can hold conferences on entrepreneurship and have presentations on how to access empowerment funds. Presentations by the youth of their business ideas would also encourage them to pursue entrepreneurship and access funds. A good example is the Nyamuka Zambia Television Show for the selection of the Top 5 finalists of the competition which is similar to Dragon's Den where business ideas are pitched and win an award of financial support for the business.
- The disbursing agencies should have a website which provides information on available funding. The agencies would need a reliable web host and sufficient internet data to send messages via the website. The messages would have to be appealing to entice the youth to apply for and access the empowerment funds.
- Where there are existing information centres, the youth would have to make an effort to go there to get details on the available empowerment funds and how to access them. A good example of such an information centre is that of the Zambia Development Agency One-Stop-Shop which houses PACRA, ZRA and a library with computers and internet for the youth to use and check on opportunities for funding.
- The disbursing agencies should consider conducting school outreach programmes to communicate information about empowerment funds to the youth. Such programmes can assist the youth to access empowerment funds earlier rather than later in their life. This implies that the disbursing agencies would have to make arrangements with schools to allow them to reach out to the youth during extra-curricular activities

such as clubs or during financial literacy week to inform the students about the available empowerment funds and how to access them.

#### **6.4.3 Recommendations on strengthening disbursing institutions to distribute empowerment funds equitably**

Institutionally, it can be recommended that the Zambian government needs to strengthen the disbursing institutions which provide empowerment funds to do so equitably. This can be done by implementing the following: decentralization by recruiting youth staff in districts and having area representatives, government working with structures such as traders' associations, simplifying the application process, and including entrepreneurship in the school curriculum.

- The decentralization process should be efficient and effective enough to ensure that disbursing agencies have area representatives and staff responsible for youth development available in all districts. This implies recruitment of youth development personnel by the government. Government should enforce strict penalties to curb corruption in disbursing agencies. If a relative or friend of a youth development staff applies for funding, the staff should declare conflict of interest and let another staff member handle the application.
- The disbursing agencies should endeavor to simplify the application process for empowerment funds. They can do so by having minimum criteria for the youth to access the empowerment funds.
- The disbursing agencies should work with existing structures, such as traders' associations that youth entrepreneurs are affiliated to, in order to get the right information about which youth entrepreneurs are in need of empowerment funds and are likely to pay them back. A good place to start would be institutions such as markets and schools.
- It is recommended that the government should accelerate the introduction of entrepreneurship training in the school curriculum from Grade 8 to 9 to ensure that

youth entrepreneurs can access empowerment funds upon completion of their secondary school education.

#### **6.4.4 Recommendation on adoption of appropriate financial practices and discipline**

The Zambian government and the youth themselves should adopt appropriate financial practices and discipline which are crucial for improved access to empowerment funds by the youth. The recommended financial practices include: restructuring of the Youth Development Fund, formation of village banks, competitive interest rates on youth empowerment loans, business management skills and financial literacy.

- There is a need for the Ministry of Youth and Sport to restructure the Youth Development Fund to ensure that the disbursement of empowerment funds is done on time. The main issue here from the findings was that the youth received their funds late and in lesser amounts than they had applied. Much as the national government gives the Ministry adequate funds, the disbursement is not done on time and the amounts given are less. This calls for the restructuring of the Youth Development Fund. From the first disbursement, the Ministry should have identified the less risky youth businesses to fund and then disburse funds according to the request and need. The Ministry should also disburse funds on time to avoid the funds being less due to price fluctuations due to inflation and increase in foreign exchange rates. The youth should also repay the loan so that the fund is revolving. The restructuring of the YDF implies that there should be a systematic recovery of loans. If the repayment rate is good, it will motivate government to allocate more funds for youth empowerment in the national budget. There is also need for ongoing support, such as financial management as the business grows and an option of restructuring debt, for the youth who access empowerment funds. This would reduce the default rate. The fund also needs to be audited on an annual basis.
- Government should provide competitive interest rates on youth empowerment loans. The reason youths fear borrowing money from the bank is that the interest rate is high and keeps compounding, making the loans almost impossible to repay. Loans with competitive interest rates would be easier for the youth to repay within a short space of time.

- The youth can also come together and form village banks as an alternative source of funding for their entrepreneurial activities. There is a village bank concept in Zambia known as ‘Chilimba’. This is where a group of traders, for example 10 traders, come together and contribute an amount of money, approximately K500, on a monthly basis to give 1 group member, a total of about K4500, as working capital for his/her business. This acts as an alternative source of funding for entrepreneurial activities. For this to work, people must be transparent, accountable and responsible.
- The youth need to have business management skills. These include, budgeting, keeping financial records, planning, stock taking to mention but a few. The youth need to be able to keep proper financial records, as these help them when being accessed for empowerment funds, because financial records are a requirement when assessing applicants to access funds.
- It is recommended that the private sector, particularly the banks, should continue to educate youth entrepreneurs on issues of financial literacy. This will enable them to not only access empowerment funds but also use the funds correctly to make profits and sustain their lives as well as promote economic growth and national development.

#### **6.4.5 Recommendations on change in perceptions, attitudes and practices by the youth and society**

There is a need for a change in perceptions, attitudes and practices in relation to training, transparency in distribution of funds, applications in local languages, provision of a ready market, private sector involvement, change of mindset, mentorship, assistance by experts, maximizing of opportunities by the youth, establishment of skills training centres, setting up of information centres as well as revision of the school curriculum to include entrepreneurship.

- One of the practices recommended to assist the youth to access empowerment funds is creating training courses in financial management and loan management. Pre-application training should also be done because it is vital and can ensure that

application forms are filled in correctly and youths have a higher chance of accessing empowerment funds. The youth should be assisted to acquire a good skill set during training for the proper utilization of empowerment funds obtained.

- The youth should be mentored in their business endeavours. Youth entrepreneurs need mentors to guide them and assist them to overcome business-related challenges. The mentors could also provide the youth entrepreneurs with business networks.
- The application forms should be translated into local languages and made more user-friendly for out-of-school youths who do not understand English.
- There should also be transparency in the disbursement of funds. This implies that the youth entrepreneurs should have bank accounts through which to receive the funds. The youth entrepreneurs should also provide bank statements on a quarterly basis to the disbursing agency for transparency purposes. This came about as a complaint of nepotism, corruption and political patronage in the disbursement of empowerment funds. To ensure transparency in the disbursement of funds, the approvals for loan applications should be done by an independent committee of assessors.
- The government should provide the youth with a ready market for their products. This can be made possible in partnership with the private sector.
- The government should establish new skills training centres and information centres countrywide as well as strengthening the already existing ones to ensure that youths can gain skills and have information about where to access empowerment funds. There is a need to establish one information centre in every province. The establishment of new skills training and information centres implies that the government would have to hire staff to work in those centres. This has budgetary implications as the government would have to pay for staff in the centres and associated expenses.
- The Zambian government needs to revise the school curriculum to include entrepreneurship training. This will help youths to access empowerment funds for

entrepreneurship should they drop out of school. Entrepreneurship courses should also be further introduced in colleges and universities. The introduction of entrepreneurship as a degree programme would help youths to access empowerment funds upon graduation from college or university.

## **6.5 Concluding Remarks**

The concluding remarks cover three areas: research findings, implications of the research findings for stakeholders, and areas for future research. They are mostly outlined under their specific sub-headings.

### ***6.5.1 Research Findings***

The findings of this study support existing theories but cannot be generalized as participants and settings differ widely. I received sufficient responses from the youth regarding their experiences on access to empowerment funds for entrepreneurship in Zambia. Young people dominated the study as they gave more information on the issue of access to empowerment funds. Many of the youth were aware of the problems around access to empowerment funds. I got an understanding of the whole topic under study as some interviewees examined their experiences and understanding of the problem.

### ***6.5.2 Implications of Research Findings for Stakeholders***

The research findings have several financial, institutional and social implications for stakeholders:

- The government should increase its budgetary allocation for Youth Development Funds and Citizens Economic Empowerment Funds.
- Government should revise the school curriculum to include entrepreneurship in learning institutions throughout Zambia.
- Government should ensure that training is provided to youth entrepreneurs on how to access and utilize empowerment funds.
- There is need for strong Public Private Partnerships to assist the youth to access empowerment funds.
- There is a need for communication channels between disbursing agencies and the youth to improve in order for the youth to access empowerment funds.

- The youth themselves need to change their perceptions, attitudes and behaviour to prove that they are entrepreneurs whose business ideas are worthy of investment from government and other sources.
- Government and other policy makers should consider formulating and enforcing laws that encourage entrepreneurs to engage in economic activities through access to empowerment funds.

### ***6.5.3 Areas for Future Research***

Three areas for future research emerged from this study. These include:

- Conducting an assessment of attitudes of funders towards youth entrepreneurs to explore whether access to financial interventions is effective or not.
- Finding out why young entrepreneurs tend to shun certain entrepreneurial activities such as farming.
- Determining how effective village banks are as alternative funding sources for young rural entrepreneurs.

## **6.6 Concluding Statement**

This study set out to explore youth access to empowerment funds for entrepreneurship in Zambia. The main conclusions emerging from this study are that the economic and financial factors that most affect youth access to empowerment funds for entrepreneurship in Zambia are unemployment and income, collateral and savings as well as poor financial habits by the youth, and high bank charges. The main institutional factors that affect youth access to empowerment funds are legal regulatory framework, poor policies and bureaucracy. The main social factors are lack of entrepreneurship education, skills training and non-existent youth services. Other factors are negative social and cultural perceptions and attitudes, logistical issues and lack of information. The recommendations made have implications for the stakeholders including policy formulation and enforcement, formation of partnerships among stakeholders and an increase in the availability of finances for access to empowerment funds by the youth for entrepreneurship in Zambia. This study has achieved its objectives and offers feasible and viable recommendations. More needs to be done to ensure that youths have access to empowerment funds for entrepreneurship in Zambia and become successful in their businesses.

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## APPENDIX A: QUESTIONNAIRE FOR YOUTH ENTREPRENEURS



Instructions: Circle the letter with the appropriate response.

### A. Particulars/ Personal Details/Demographics

1. In which age bracket do you fall?
  - a) 15-20
  - b) 21-25
  - c) 26-30
  - d) 31-35
  
2. What level of education have you completed?
  - a) None
  - b) Primary
  - c) Secondary
  - d) College
  - e) University
  
3. What is your gender?
  - a) Male
  - b) Female
  
4. What socio-economic activities do you engage in?
  - a) Formal employment
  - b) Trading
  - c) Farming
  - d) Artists
  - e) Other, please specify \_\_\_\_\_
  
5. What is your annual income from the above socio-economic activity? Tick in the adjacent box

No.	Range of Annual Income	Tick
1	Below K6,000.00	
2	Between K6,001.00 and K6,999.00	
3	Between K7,000.00 and K18,000.00	
4	Between K19,000.00 and K36,000.00	
5	Between K37,000.00 and K60,000.00	
6	K60,000.00 and above	

## B. Youth Funds

6. Do you know the Youth Development Funds (YDF)?
  - a) Yes
  - b) No
  
7. Do you know the Citizens Economic Empowerment Funds?
  - a) Yes
  - b) No
  
8. How did you hear about either the Youth Development Funds or Citizens Economic Empowerment Funds?
  - a) Through Newspaper
  - b) Through Radio
  - c) Through Television
  - d) Through a Friend /Relation
  - e) Never heard
  - f) Others, please specify \_\_\_\_\_
  
9. What is the best medium of communication for reaching the youth on issues such as access to either the Youth Development Funds or Citizens Economic Empowerment Funds for entrepreneurship?
  - a) Newspaper
  - b) Radio
  - c) Television
  - d) Word of Mouth by friend /relation
  - e) Social Media, state which one? \_\_\_\_\_
  - f) Others, please specify \_\_\_\_\_
  
10. Have you applied for any funds for entrepreneurship in the past five years?
  - a) Yes
  - b) No
  
11. If yes, which funds have you applied for?
  - a) Citizens Economic Empowerment Fund
  - b) Youth Development Funds
  - c) Nyamuka Business Plan Competition
  - d) Microfinance
  - e) Bank loan
  - f) Others, Please Specify\_\_\_\_\_.

12. If not, why have you not applied?
- a) Not interested in any Empowerment Fund
  - b) Not aware of any youth Empowerment Funds
  - c) Have no idea of how to apply for the Empowerment Funds
  - d) The requirements needed are stringent or difficult
  - e) Others, please Specify \_\_\_\_\_

13. What were the requirements needed for you to access the Youth Development funds? Please list them below.

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14. What were the requirements needed for you to access the Citizens Economic Empowerment funds? Please list them below.

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15. Was you providing collateral one of the requirements?

- a) Yes
- b) No

16. If yes, what kind of collateral was required for youth to access Youth Development and/or Economic Empowerment Funds for entrepreneurship?

- a) A house
- b) Stable income from an employer
- c) A plot of land
- d) Savings
- e) Others, please Specify \_\_\_\_\_

17. What was the outcome?

- a) I was awarded the funds
- b) My application was unsuccessful

18. What was your experience in applying for empowerment funds? Briefly describe your experience in the space below.

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19. Are you aware for any policies and/or laws passed to help the youth gain access to empowerment funds? If no, skip to Question 21.

- a) Yes
- b) No

20. If yes, which policies and/or laws are you aware of?

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21. Does one's political affiliation have an influence on one's access to Youth Development Funds for entrepreneurship?

- a) Yes
- b) No

22. Does one's political affiliation have an influence on one's access to Citizens Economic Empowerment Funds for entrepreneurship?

- a) Yes
- b) No

23. If yes, explain the influence of one's political affiliation on access to funds?

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24. Does knowing someone in the disbursing organization have a bearing on one accessing Youth Development Funds?

- a) Yes
- b) No

25. Does knowing someone in the disbursing organization have a bearing on one accessing Citizens Economic Empowerment Funds?

- a) Yes
- b) No

26. If yes, elaborate on how knowing someone helps?

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27. Where did you learn about entrepreneurship and business skills?

- a) Primary school
- b) Secondary School
- c) College
- d) University
- e) None of the above

28. Besides funds, what services are available for youth to access empowerment funds for entrepreneurship?

- a) Mentorship
- b) Incubation
- c) Role Models
- d) Apprenticeships
- e) All of the above
- f) I don't Know

## **APPENDIX B: INFORMATION SHEET PROVIDED TO PARTICIPANTS**

As you know, youth unemployment is a serious problem in Zambia. You have been chosen to participate in a project to explore the experiences of youth on factors affecting access to empowerment funds for entrepreneurship in Zambia.

This project will run from 15 February 2016 to 31 August 2017. We are especially interested in the factors that affect the access to empowerment funds by youth for entrepreneurship in Zambia. You were selected to take part in this study because you had previously applied for youth development and/or empowerment funds and fall within the age group of 15 to 35 years.

If you agree to participate, we will ask you to respond to a few questions in an interview that will last approximately 30 minutes to an hour. We will do this so that we can gain an in-depth understanding of the factors that affect youth access to empowerment funds for entrepreneurship in Zambia.

At the end of the study, we will have a meeting with all the participants to explain the results of our study. We will explain the general results but will not mention anyone specifically who was in the study. Participation in the study is anonymous and we will keep any information about you completely confidential.

Your decision to take part is completely up to you. If at any time during the study you decide that you no longer wish to take part, you may withdraw with no penalty. All information you give us will be kept confidential to the extent possible. Your names will not appear on any report of this research project.

Your participation may benefit your future applications for funds as the information provided will be given to the relevant authorities, in form of a report, at the end of this study, which may help to improve the access to empowerment funds by the youth for entrepreneurship in Zambia. Participation in this study should not present any risk to you. If you don't like some of the questions, you don't have to answer them.

If you have any questions or concerns about this project or about access to empowerment funds by the youth for entrepreneurship in Zambia during this study, please do not hesitate to contact us at any time.

This research project is being done by a research masters student from the University of Cape Town and has been reviewed for ethical clearance by the University.

Do you have any questions? If at any time, during the project, you have questions about the project or about your rights as a person in a research project, you may speak to the researcher whose details are as follows:

Postal Address in South Africa:

Mrs. Bertha Miyanda Simuyandi, Research Student, University of Cape Town, Department of Social Development, Private Bag X3, Upper Campus, Rondebosch, Cape Town, Republic of South Africa.

Residential Address in South Africa:

Flat 41, JP Duminy Court, Mowbray, Cape Town. Mobile Phone: +27725459661

Postal Address in Zambia:

Mrs. Bertha Miyanda Simuyandi, c/o Mr. Michelo Simuyandi, Research Fellow, (Infectious Disease Prevention and Control), Centre for Infectious Disease Research in Zambia (CIDRZ), Head Office, Plot 5032, Great North Road, P.O. Box 34681, Lusaka, Zambia.

Residential Address in Zambia:

Flat 260A Salama Park, Lusaka, Zambia. Mobile: +260967991086/+260964568742

Would you like to take part in this project? [If yes]: I am now going to read you a statement, and if you agree to it, please will you sign this paper to confirm that.



## APPENDIX C: CONSENT FORM FOR INTERVIEWS

The information provided in the interview can help us determine whether the youth have access to empowerment funds for entrepreneurship in Zambia. I would like this information to see whether factors such as collateral, income, skills, services and political affiliation are related to the youth's access to empowerment funds for entrepreneurship in Zambia.

If you give us permission, I will ask you to take part in an interview which is a vital component of the study. The information I collect will not be passed on to anyone, including members of your own family. This information will be held in the strictest confidence.

### Consent

The above explanation read to me. Anything I did not understand was explained to me, and any questions I had were answered.

Please tick one of the following statements and enclose this form in the envelope provided.

- I voluntarily agree to allow the research team to interview me about access to empowerment funds for entrepreneurship by youth in Zambia.
  
- I do not agree to provide information on the youth access to empowerment funds for entrepreneurship in Zambia.

Name of Person Making Statement: \_\_\_\_\_

(print)

\_\_\_\_\_  
(Signature or Thumbprint of Person)

\_\_\_\_\_  
Date

ID number: \_\_\_\_\_

*[Information below to be filled in before handing form to respondent]*

Name of Person Obtaining Consent: \_\_\_\_\_

(print)

\_\_\_\_\_ / \_\_\_\_\_

(Signature of Person Obtaining Consent)

Date

**APPENDIX D: INTERVIEW SCHEDULE FOR OFFICIALS OF ORGANIZATIONS**

**Particulars/ Participant Details/ Demographic issues**

Gender:      Male                      Female  
                        

Age

Organization: \_\_\_\_\_

Level of Education: \_\_\_\_\_

**Questions on Access to Empowerment Funds by Youth for Entrepreneurship in Zambia**

1. What are the requirements (i.e. official documents, eligibility criteria) needed for the youth to access empowerment funds for entrepreneurship under this organization?

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2. What policies and laws are in place to help youth gain access to empowerment funds for entrepreneurship in Zambia?

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3. What have you observed about youth access to empowerment funds for entrepreneurship in Zambia?

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4. What skills should youth have to enable them to access empowerment funds?  
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5. Does being in employment and having a steady income have a bearing on access to empowerment funds by the youth from financial institutions?  
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6. Do youth need collateral to access empowerment funds from financial institutions, if so what type of collateral is required?  
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7. How does access to empowerment funds for entrepreneurship affect the development of youth?  
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8. Are there incubation centres /hubs of businesses for youth to help them have access to empowerment funds as well as gain experience and broaden their networks?  
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9. What is the saving culture of the youth in Zambia?

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10. How do personal savings affect access to empowerment funds by the youth for entrepreneurship in Zambia?

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11. Do established business organizations offer mentorships to the youth to help them gain skills and experience required for them to access empowerment funds and develop business skills?

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12. At what level of education does the Zambian curriculum start to include entrepreneurship and business skills in the education system?

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13. How does the introduction of entrepreneurship and business skills in the education system affect the access of empowerment funds by the youth for entrepreneurship in Zambia?

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14. What differences have been observed since the introduction of entrepreneurship and business skills in the education system in relation to the access of empowerment funds by the youth for entrepreneurship in Zambia?

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15. As an organization, what is your role in assisting the youth gain access to empowerment funds for entrepreneurship?

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16. Does your organization offer any training in business skills, such as proposal writing, business plan development and financial literacy, to assist the youth gain access to empowerment funds for entrepreneurship in Zambia?

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17. Do the youth have relevant and sufficient information about access to empowerment funds for entrepreneurship in Zambia? If not, please explain why?

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18. As an organization, does your organization use the media (radio, newspaper, social media like Facebook, WhatsApp and Twitter) to disseminate information to the youth on opportunities for access to empowerment funds for entrepreneurship in Zambia? If so, which media? Please specify.

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19. Is the medium of communication, used by your organization, deemed to be appropriate for reaching the youth with information about the access to empowerment funds for entrepreneurship in Zambia? If yes, justify? If no, suggest a more suitable medium.

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20. Does your organization have the organizational (staff) and technical expertise (computers, electricity and advisory skills) to assist the youth to access empowerment funds for entrepreneurship?

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21. What are the differences between rural and urban youth when it comes to the access to empowerment funds for entrepreneurship in Zambia?

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22. Does your organization have a focus on the type of entrepreneurial activity that would receive funding?

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23. What are the differences between government agencies and corporate entities regarding offering funds to the youth for entrepreneurship in Zambia?

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24. Does your organization have a Non-Disclosure Policy of the business proposals presented by the youth to guarantee the protection of their business ideas in relation to their access to empowerment funds for entrepreneurship in Zambia?

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25. What would you recommend be done to increase the youth's access to empowerment funds for entrepreneurship in Zambia?

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**APPENDIX E: INTERVIEW SCHEDULE FOR THE YOUTH**



**Particulars/ Participant Details/ Demographic issues**

Gender      Male       Female

Age

Level of Education: \_\_\_\_\_

Location: Urban       Rural       Peri-Urban

**Questions on Access to Empowerment Funds by Youth for Entrepreneurship in Zambia**

1. Have you ever applied for empowerment funds for entrepreneurship in Zambia?

Yes/No

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2. If yes, which funds have you applied for? Please mention the specific empowerment funds.

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3. What was the outcome of your application for empowerment funds?  
Awarded/Disqualified/Rejected

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4. What factors (information, services, and skills) affect your access to empowerment funds as a youth in Zambia?

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5. What has been your experience regarding access to empowerment funds in Zambia?

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6. Do you think that being in employment and having a stable income determines whether you as a youth can access empowerment funds from financial institutions?

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7. Would you need collateral to access empowerment funds from financial institutions?

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8. What type of collateral do you need to access empowerment funds from financial institutions?

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9. Is there assistance to start-up your own business, as a youth, where access to empowerment funds is considered? If there is, specify which assistance?

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10. Do you have savings of your own? Would your savings be sufficient, to engage in entrepreneurship if you do not have access to empowerment funds?

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11. Do you have a business mentor?

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12. Have you ever taken a business course?

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13. Did the skills you acquired assist you to gain access of empowerment funds?

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14. As a youth entrepreneur, on which media (radio, newspaper, social media like Facebook, WhatsApp and Twitter) did you get information on the availability of empowerment funds for entrepreneurship in Zambia? Please specify.

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15. In your view, was the media used by the disbursing agency the appropriate medium of communication to the youth? If not, which media do you recommend be used by disbursing agencies to reach the youth?

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16. Does political affiliation or allegiance have a bearing on access to empowerment funds for entrepreneurship as a youth in Zambia? If yes, how?

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17. Does knowing somebody in the disbursing organization influence one's access to empowerment funds for entrepreneurship as a youth in Zambia? If yes, how?

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18. How youth-friendly are the products and services offered by government institutions to help the youth gain access to empowerment funds for entrepreneurship in Zambia?

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19. Is there a difference between rural and urban areas when it comes to the access to empowerment funds by the youth in Zambia?

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20. As a youth, does your gender determine your access to empowerment funds for entrepreneurship in Zambia?

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21. As a youth entrepreneur, do you have a business plan? Do you know how to draw up a business plan?

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22. Have you used a business proposal before to access empowerment funds for entrepreneurship?

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23. Is there a Non-Disclosure Policy for your business proposal which guarantees the protection of your business idea applicable with access to empowerment funds for entrepreneurship in Zambia?

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24. In your view, does one's level of education influence one's access to empowerment funds for entrepreneurship in Zambia?

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25. What would you recommend be done to increase the youth's access to empowerment funds for entrepreneurship in Zambia?

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