

Assessment of Youth Opportunities in the Dairy Sector in Uasin Gishu County- Kenya

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Abstract

The study arises from the fact that the youth in both urban and rural areas are not only many but also jobless and idle. Most of them end up engaging in destructive and illegal activities such as alcoholism drug and substance abuse in both urban and rural areas. Previous studies point to the fact that the youth are less involved in dairy industry sector than the elderly. The main objective of this study was to identify strategic opportunities for the intervention among the youth in the dairy sector. With an aim of enabling the youth to start or expand income generating projects, several specific objectives were considered. The specific objectives include; identifying level of participation of the youth in the dairy sector, identifying preferable youth opportunities, potential facilitators and the way forward in enabling the youth increase income and employment in Uasin Gishu County. The population will include various stakeholders in the dairy industry; development agents and county youth officers among other key persons. Descriptive and explorative research designs were adopted. The sampling designs that were useful in this study included simple random sampling, purposive sampling and key person surveys. These sampling designs were used to obtain a sample of participants and stakeholders from each category in the dairy sector. Consultative and validation of results workshop was done. Data analysis was done using regression analysis, descriptive and various inferential statistics using SPSS. Key results in the study suggest that youth are disadvantaged in dairy industry mainly because of lack of capital resources such as land, lack of skills, and inadequate financial services. It was also observed that there are other economic opportunities such as *boda boda* (bicycle and motor bike transport) and poultry that the youth can easily start unlike dairy production. It was also confirmed that in the dairy sector opportunities for the youth include feed business, milk bars/vendor and milk transport business. These opportunities seem friendlier to the youth considering their current inadequate capacity financial and resource endowment. It was also established that there are a number of youth financial funding opportunities by various government departments such as the ministry of trade, ministry of youth affairs and sports, commercial banks but the youth are not aware or underutilized.

Keywords: youth, alcoholism, dairy industry, SPSS, Kenya.

INTRODUCTION

The youth constitute the majority of the population both in the urban and rural Kenya and are idle and jobless. Recent studies by the Kenyan government indicate that 40% of employable Kenyan youths cannot be absorbed by the Kenyan economy. Many social critics warn that this could be a time bomb waiting to explode at an appropriate time. Many youth in Kenya are jobless, poor and constitute majority of the populations both in the urban and rural areas. Unemployment and underemployment among the youth account for over 61% of the unemployed in the country. Idleness and misguided peer pressure among this group usually end up in engagement in destructive and illegal activities such as alcoholism, crime, drug abuse among other vices. In fact, police reports indicate that a large proportion of the youth participated actively in the post election violence witnessed in Kenya four years ago. From this point of view, continued neglect of this group,

the increasing gap between the rich the poor and inadequate job creation policies in the central government is a time bomb in the society. Further, the situation of the youth after the post election violence in Uasin Gishu County deteriorated. With over 1300 lives lost and over 30 000 displaced and property worth 3 billion destroyed, many youth have been left disadvantaged directly or through their parents.

PROBLEM STATEMENT

An important issue at hand here is that majority of the youth do not own factors of production in all sectors of the economy including the rural based agricultural sector such as land, skills and capital. For them to start any economic activity, they will need some form of knowledge base and or capital. This is a serious challenge because most financial institutions require some form of collateral and or reference for which majority of the youth do not have. This study will try

to determine the extent of this predicament and provide actionable recommendations in facilitating the youth to participate in any productive economic activities in the North Rift. Special consideration is being given to dairy activities despite the fact that they do not have technical know how or skills for most agricultural enterprises. Further, there are many primary and secondary school drop outs and university graduates due to a number of reasons such as poverty, examination failure among others. This explains the fact earlier mentioned that 41 % of the employable youths in Kenya cannot get gainful or formal employment. Further, some of the youth generally lack creativity or skill in engaging in some gainful economic activity. The study tries to document the extent of youth training in various formal and informal skills. Social cultural barriers are also critical in the dairy sector especially because land is a key input in the dairy sector whereas land has some social cultural attachments in terms of ownership and use within any African nucleus family. Another important problem is that poor mentorship of the youth may have led to negative attitude towards dairy farming or agricultural enterprises. Further, some parents would prefer their children to get livelihoods outside the farm setting.

RESEARCH OBJECTIVES

- ❖ To determine the extent of youth involvement in the dairy industry.
- ❖ To investigate the key constraints faced by the youth in their involvement in the dairy industry.
- ❖ To analyze the preferred existing opportunities in the dairy industry.
- ❖ To investigate the extent of involvement of the financial institution in facilitating the youth in participating in the dairy industry or other sectors.
- ❖ To outline actionable recommendations in order to increase level of income and employment for the youth in Uasin County.

SCOPE OF THE STUDY

This study will dwell on youth opportunities in the dairy industry, activity preference, ease of entry into the business and the role of various public and private financial institutions in promoting employment and income generation among the youth in the Uasin Gishu County. Data will be collected from Uasin Gishu County and from various key person surveys (s) from relevant dairy industry institutions and stakeholders.

SIGNIFICANCE OF THE STUDY

This study is relevant to the Kenyan economy bearing in mind the fact that there are very many unemployed youth. The unemployed youth constitute a large proportion of the Kenyan population. The dairy sector in Kenya generates about Kenya Shillings 20 billion and is responsible for 15 % of the employment

in Kenya. Involvement and enabling the youth in any sector of Kenya's economy would go along way in attaining Vision 2030.

METHODOLOGY

Population and Sample

The population constitutes the youth groups, individual youth in the dairy industry. Those not involved in dairy were also included in the sample. Dairy farmers also constituted the population studied, key persons in various statutory boards in the dairy industry also formed part of the population considered. A sample of 140 individual youths, 70 farmers participating in the dairy industry, and youths not participating were selected using sample random sampling.

Study Area

The study area included the following regions:

- Youth groups in Turbo, Soy and Ainabkoi locations were used in the study.
- Milk vendors/ Traders in Langas location
- Dairy farmers in Moi's bridge and Ainabkoi
- Milk processors that were visited include Orot dairy in Langas, Milk cooperative society in Moi's bridge
- Dairy statutory boards, , KDB, Ministry of Youth and social services
- Relevant Financial institutions and various GOK departments

Sampling Design

Simple random sampling was used on the youth to investigate their involvement in the dairy industry. Purposive sampling was used on the dairy farmers in the study area. Key person survey was used on the financial institutions, ministry of youth affairs statutory boards among other relevant GOK departments and organizations.

Primary Data and Sources

The primary data included the following information from the youth; Age in years, highest level of Education, Ownership of factors of production in the dairy industry, owning other factors of production, Information with regard to the actual level of and status of participation in the Dairy industry, costs and sales volumes involved was collected. Further barriers and opportunities in the dairy industry limiting the youth in participating was considered in the study. Information from dairy farmers included dairy production statistics and the extent of youth involvement. Further information regarding financial institutions and statutory boards involved in engaging and facilitating youth participation in the dairy industry was collected. Key person surveys from the ministry of youth in Uasin Gishu County were interviewed to provide more insight into facilitating the youth to increase their income and employment.

Research Instruments

Primary data was collected using a questionnaire for the youth and dairy farmers. An interview schedule was used to collect information from key persons in statutory boards related to dairy. Ministry of youth, financial institutions among other relevant organization within Uasin Gishu County.

DATA ANALYSIS

Mainly descriptive statistics were analyzed using SPSS software. The analyzed results were interpreted to provide actionable recommendations to increase income and employment of the youth in Uasin Gishu County.

MAIN FINDINGS

Sample General Characteristics

Observed mean age from the sample for the youth was 29 years with a standard deviation of 5 years. Results in figure 1 here below indicate that fifty percent 50 % of sampled youth had the highest level of education being at primary level, 40% at secondary level and ten percent at tertiary education level. On the other hand the average of the dairy farmers sampled in this study was 49 years. This mean age compares favorably with national figures indicating that most dairy farmers are 56 years of age. A recent baseline survey in the dairy sector by ACK Eldoret (March 2010), gave an average age of 50.65 for the dairy farmers despite the fact that the survey included the dairy youth farmers. Some of the farmers were older than 80 years.

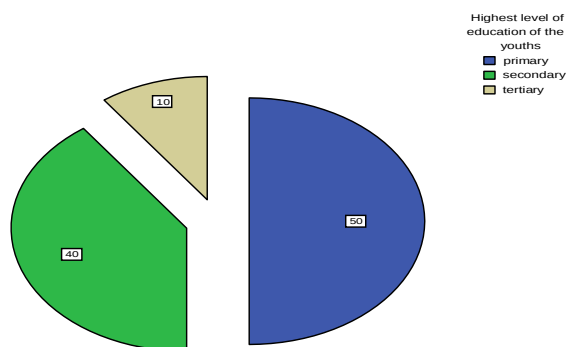


Figure 1. Level of Education for the Youths:
Source: Survey Data, 2011

Youth Economic Activities in Uasin Gishu County

The youth in the study area do engage in other economic activities apart from the dairy industry as shown in figure 2 here below. This study attempted to find out reasons why the youth engage in this other activities other than the dairy sector. Indigenous poultry farming and *Boda Boda* (motor bike or bicycle transport) are the two most popular economic

activities among the youth at 22.5% and 25% of the youth respectively. Dairy farming stands at 15% of the youth in the study area Indigenous poultry farming and *Boda boda* was found to have easy entry conditions in terms of capital resource requirements and also provide quick returns in forms of cash unlike the other economic activities. Further, motorcycle and spare parts were recently zero rated by the Kenya government in 2007/2008 financial year. This has resulted in a robust growth of motor cycle business in the urban and rural Kenya. This could be a classical case of how government fiscal policy changes can spur economic growth in the transport sector. Further, results show that only 2.5 % of the youth sampled had formal employment. The other economic activities such fishing, masonry, AI services, milk transportation, food kiosks, shop keeping and milk selling had difficult entry conditions for the youth. The level of participation in these economic activities among the youth was very low. To participate the youth would need to approach financial institutions or other sources of funds for support. Most of the youth participating in the dairy industry acquired land from parents whereas a few bought land.

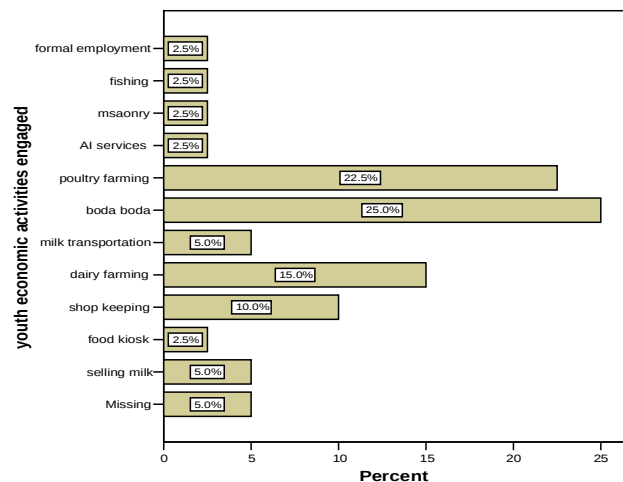


Figure 2: Youth Economic Activities in Uasin Gishu County.

Source: Survey Data, 2011

Capital Resources Owned by the Youth in Uasin Gishu County

The figure 3 below indicates that thirty percent (30 %) of the youth do access or own land through various means such as inheritance, hiring or actual purchasing. The larger proportion of 70% has no access of land that is critical for the dairy sector production. This means that the participation of the youth in dairy sector production is limited to activities not requiring land. This results further indicate that fifty one (51 %) of the youth do hire land whereas forty nine (49 %) do not hire land but acquire land through other means such as inheritance or buying. Another thirty percent (30 %) of the youth

do own motorbikes whereas 17.5% of the youth do own bicycles. These are mainly for public transport business referred above as *boda boda*. A survey of many financial institutions and supermarkets in Uasin Gishu County indicate that they are willing to loan out motor cycles at cheaper rates because of the asset financing strategy where the vendors would retain log books and other important documents.

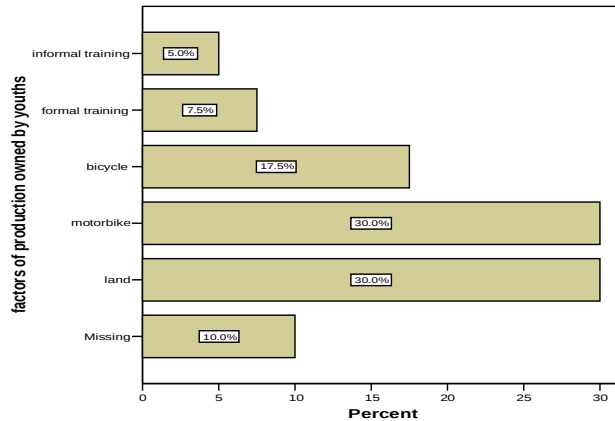


Figure 3: Factors of production owned by the youth
Source: Survey data, 2011

Youth in the Dairy Industry

On average, every youth in the study at least owns a dairy cow. At most, some own four dairy cows while others have no dairy cow at all. The dairy breeds owned varied from one individual to another. 28 % of the dairy cows owned by the youth in the study were Ayrshire, 20 % were Friesian, 36% were zebu, and 12 % were zebu. An average cost of purchasing a cow in the sample was estimated at Ksh 27 000.00 (twenty seven thousand shillings). Forty eight (48 %) of them keep the more productive Friesian and ayrshire combined. The youth seem more knowledgeable on the type of breeds recommended for high production in the study area. Participation of the youth in the dairy sector in the figure here below shows that production activities (34.21%), transport (18.42%) and trading (28.92%) in milk are the leading preferred activities among the youth in the dairy sector.

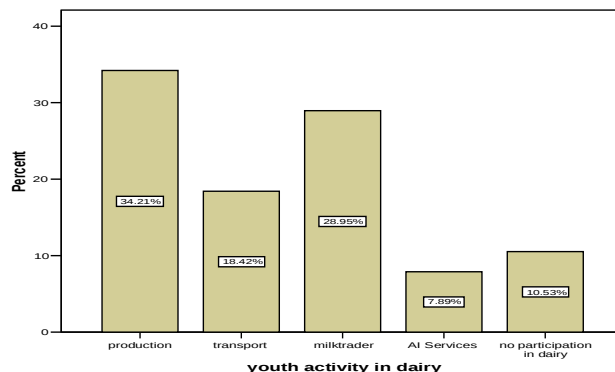


Figure 4: Youth activities in Dairy
Source: Survey Report 2011

Sources of Funds for Investing in the Dairy Sector

Sources of funds for purchasing dairy cows and other dairy activities were varied. Unfortunately, 67 % of the youth do not have any source for acquiring funds to invest in the dairy industry. This category of the youth may be engaging in other activities or are ignorant of the existing sources. Eleven percent (11 %) percent of the youth does approach commercial banks occasionally. Another eleven percent (11 %) percent of the youth do approach informal financial institutions such as local youth groups whereas a youth group comprising six percent (6%) of the sample occasionally approach milk cooperative societies.

A further survey of financial institutions that the youth approach for other businesses other than dairy farming were also investigated, Results show that still, 50% of the youth do not have any financial institution or agents to approach. 20% of the youth do approach banks, 18% approach microfinance institutions. Youth groups not participating in the dairy sector provide a number of reasons and include the following issues. Forty eight percent (48 %) of the youth indicate that **lack of capital resources** pose the greatest challenge to participating in the dairy sector. Twenty six percent (26 %) of the youth indicate **lack of financial** support as a barrier, 15 % indicate **lack of appropriate skills** and eleven percent (11%) of the youth indicates lack of land as an important predicament. In a nutshell, 85 % of the youth combined lack factors of production. The other non-dairy livelihood enterprises among the youth that seem to take the centre stage include poultry keeping, *boda boda* business, and maize farming. Previous studies in the same region among farmers indicate maize farming as the most preferred livelihood enterprise followed by the dairy farming. For the case of the youth, results indicate that dairy farming takes the third position after poultry (29%) and *boda boda* business (33%). This is explained by the fact that the youth have special characteristics especially in terms of ownership and access of productive factors of production being limited.

A survey of preferred dairy activities among the youth in the figure 5 below indicates that feed business is popular among 38% of the youth, milk processing 24% of the youth, milk transport, 22% of the youth, and animal care 7% of the youth. This result suggests that demand for livestock feed, milk processing and milk transport could be key areas to target for businesses opportunities.

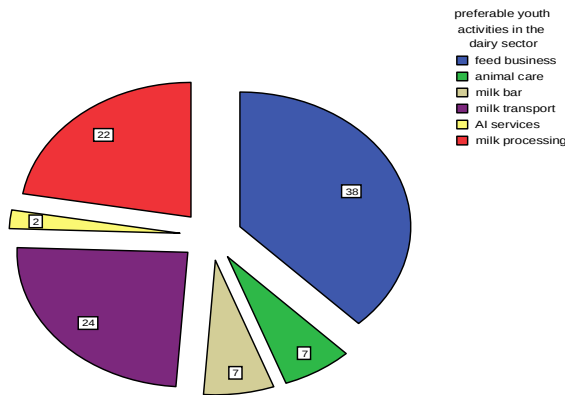


Figure 5: Preferred Dairy activities among The Youth
Source: Survey data, 2011

GOVERNMENT INTERVENTIONS

Kenya's Ministry of Youth Affairs

In 2009, the coalition government started the *Kazi Kwa Vijana program (work for youth program)* involving temporary employment of youth in public works so as to provide them with income to buy food. The program similar to food for work programs is committed to realizing the government's goal in national food security for all. The key stakeholders in this program were eleven government departments namely: office of the prime minister, ministry of planning, ministry of finance, provincial administration, ministry of forestry and natural resources, ministry of water and irrigation, ministry of roads, ministry of local government, ministry of youth affairs and sport, ministry of regional development authority and the actual youths themselves who are the beneficiaries. Key person survey results in these departments indicate that this program is budgeted once in year and the funds are allocated to the above mentioned government departments to carry out activities appropriate for their goals using the youth. In Eldoret municipality, Ksh 9 000 000 (Nine million) was allocated to the *kazi Kwa vijana* program with an estimated target of 300 youths. This youth program pays the youth ksh 250 per day for the assignments given. Usually administration costs of fifteen percent (15%) are paid to the concerned department. This program is commendable but its impact among the youth is yet to be felt because there are so many youths in the county. This program is not sustainable and depends on limited government budgetary allocations once in a year. To reach out to a reasonable number of the youth in the county, the fund should be increased and restructured to capture a big number of the youths involved in other government services

In 2006, the Government of Kenya established the Youth Enterprise Development fund. This fund had

the objective of providing loans, facilitate youth oriented micro investments and generate employment and provision of business development services. These are implemented through financial intermediaries offering loans, constituency youth enterprise scheme (C-YES), Easy youth enterprise scheme, market support and market linkages, enterprise development services, jobs abroad and commercial infrastructure. Unfortunately, the results of this survey do not indicate or reflect neither the above youth enterprise development fund nor the constituency youth enterprise scheme. In Rift valley province alone, Ksh 87 473 029 (eighty seven million four hundred and seventy three thousands and twenty nine only) has been disbursed through the constituency youth enterprise scheme. The youth in the sampled did not benefit from the above schemes. These results indicate that these efforts by the government though commendable are yet to be adequately felt on the ground among the youth. The youth enterprise development fund has three types of loans namely: *C-yes, C- Yes inua and C- yes special*. The third type of loan has been earmarked for agricultural productions, livestock trading and other seasonal or periodical businesses. The third type of loan could be appropriate for above study because it is targeting special business projects such as the dairy industry.

However, several pitfalls in the criteria and procedure of these loans seem to emerge considering the current youth circumstances. First the youths must form groups. Group formation is an important challenge that needs to be handled among the youth by the social workers and community development experts. Secondly, the maximum amount possible for start ups of group projects is only fifty thousands (**Ksh 50 000**). The easy youth enterprise provide as low as Ksh 25 000 only. Considering the results from this particular survey, for instance, the costs of inputs to start up the dairy projects, this maximum amount is not adequate at all. Another important pitfall in this youth enterprise development fund, especially. *C-Yes special* type of loan, which has a requirement for *project site confirmations*. This particular requirement was totally overlooked because in most special projects, this requirement is actual ownership or acquisition of land or some other means of owning premises to carry out the business under consideration. The results of this survey confirm that land ownership or *project site confirmation* is an important challenge facing the youth in Kenya. Despite much controversy in land issues in Kenya, an appropriate policy availing more land from elderly farmers to the jobless youth may be required in circumstances which are legal and possible. In Uasin Gishu county, only three million shillings (**Ksh 3000 000**) are allocated to each of the three constituencies for purpose of the above program. The bulk of the

monies are through financial intermediaries most of whom are commercial banks.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

- ❖ Results in this survey strongly indicate that the vast majority of the youth have no access to land either by inheritance, hiring, purchase or other means. Seventy percent (70%) do not have access to this vital resource. Land is an important capital for dairy industry production lack of it obviously limits them from active participation.
- ❖ This study also established that there are adequate opportunities for the youth especially with regard to funding opportunities from government agents, NGO and other youth financial institutions. Unfortunately, many youth have not benefited mainly because of the low awareness levels. This could also partly be attributed to the fact that this fund is still poorly funded relative to the number of youths requiring the financial service. The fund in Uasin Gishu County is at a rate of three million shillings (Ksh 3000 000) per constituency excluding finances through intermediaries. This is quite low considering the demand for the same fund.
- ❖ The study also established that the youth lack adequate technical capacity in dairy management, clean milk, production, handling and marketing. This is mainly to low levels of education and lack of skills among a vast majority of the idling youth.
- ❖ The study also established that the dairy industry an enormous entry capital requirement especially for a “*start up*” in dairy production. Other enterprises such as poultry and *boda boda* are relative easy to start unlike dairy production.
- ❖ At least fifty percent (50 %) of the youth do not access financial services and are therefore disadvantaged in accessing certain loan facilities such as the Youth Enterprise Development Fund among others.
- ❖ The conditions and requirement by some financial institutions including the Government youth enterprise Development Fund are prohibitive to the youth. The youth have limited capacity to meet these conditions. For instance the loan type 3 regarded as *C-Yes special* has requirement for the youth to provide project site confirmations and this could involve buying, hiring land or a premise to carry out the business activity.
- ❖ Another obvious requirement in this government youth fund is the formation of groups. This is a challenge because first forming groups to have the same business plan is tricky considering their levels of exposure, training, education and attitudes towards different possible enterprises and self employment.
- ❖ The youth groups once formed are weak and volatile considering the fact that the members are all still young, hoping and searching for greener pastures other than self employment. Considerable rates of pulling out from the groups have been reported in Uasin Gishu County making the groups weaker and less enthusiastic. Some join the teachers colleges, police force, among others in the process of administration of the fund.
- ❖ The results in the study indicate that a vast majority of the dairy farmers are advanced in age. This may be a predicament to implement improved dairy farming technologies.
- ❖ Demand for dairy feeds especially during the dry spells is acknowledged by the youth as an important opportunity for the youth. Dairy cow management is low during the dry periods due to inadequate feeds.

RECOMMENDATIONS

- ❖ There is need to improve the national youth policy so as to ensure that land use and access by the youth is increased. Most important youth enterprises require land or some premise to carry out. This land access favors those advanced in age most of whom do not embrace modern improved dairy technologies, green houses among others.
- ❖ There is need to encourage the youth to do feed bulking, plant fodder such as boma Rhodes among others. The demand for fodder is high considering the prohibitive costs conventional dairy feeds from the agro vets.
- ❖ Most of the youth indicated that trading in milk is an important opportunity for them considering the various limitations in the industry for the youth. This study therefore recommends establishment and branding of various milk bars. The milk bars should also be geared towards addressing the gender disparity in the dairy sector.
- ❖ This study also recommends capacity building among the youth especially on hygienic milk handling and various dairy production technologies.
- ❖ Some of the financial recommendations include the following:
 - Policy awareness on the existing interventions such as the government youth funds in the ministry of youth and sports, ministry of trade, poverty eradication commission, *Njaa Marufuku Kenya* (NMK) programs and commercial banks providing services for the government youth funds.
 - A review of the levels of funding relative to the youth numbers is needed. The funding might be too low to have any impact.
 - Conditions imposed on the youth such as group formations and project site

confirmations and registration details by the youth government youth fund should also be reviewed. Due to low capacity for the youth, referees could be used as an alternative so as to target more jobless youths.

- It also recommended that the government to involve community based organizations, faith based organizations, charitable organizations among others which are closer to the youth in administering the fund so to easily track youth the details and progress.

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