



# Effects of Youth Development Fund on the Establishment and Growth of Youth-Led Enterprises in Mpwapwa District, Tanzania

Angelina Harun Neke & Laurent Kaburire  
St John's University of Tanzania  
Email: [angelinaneke0@gmail.com](mailto:angelinaneke0@gmail.com)

**Abstract:** Youth unemployment is still a significant issue that many countries throughout the world are facing. On the plus side, the globe has realized that sustained support of entrepreneurial endeavors, which lead to significant economic and social change, in addition to formal employment. In turn, this study investigated the impact of the Youth Development Fund (YDF) on youth-led enterprises in Mpwapwa District, Tanzania. The study aimed to understand how access to YDF resources affects the establishment of youth-led enterprises, business growth, market penetration, employment creation, and youth economic empowerment. The research utilized a mixed-methods approach and involved a total of 84 respondents from the Mpwapwa District, Tanzania. The findings showed that access to the Youth Development Fund fluctuated over the past five years, with improvements recently observed due to improved administrative procedures. Additionally, the findings highlighted that, despite the YDF's positive impact on youth-led enterprises, most of the established enterprises remained small-scale, with limited capacity to create jobs or penetrate wider markets. Moreover, challenges such as inadequate training, weak market linkages, and competition were found to be hindering the long-term business sustainability. The study concluded that, while the YDF plays an important role in fostering youth entrepreneurship in Mpwapwa District, reforms are needed to strengthen transparency, expand enterprise growth, and improve market access. It recommends that the government and local authorities should enhance capacity-building, provide follow-up support, and establish structured partnerships to improve the fund's effectiveness.

**Keywords:** Youth Development Fund, Youth Entrepreneurship, Youth, Employment, Enterprise Growth.

## How to cite this work (APA):

Neke, A. H. & Kaburire, L. (2025). Effects of Youth Development Fund on the Establishment and Growth of Youth-Led Enterprises in Mpwapwa District, Tanzania. *Journal of Research Innovation and Implications in Education*, 9(3), 1391 – 1400. <https://doi.org/10.59765/bhr69j3>.

## 1. Introduction

Youth unemployment and underemployment remain substantial global concerns. Significant economic and social transformation is increasingly recognised as arising not only from formal employment but also from persistent entrepreneurial efforts. As a result, many nations have initiated entrepreneurship enhancement funds and other support programs targeting youth. For

instance, the Tony Elumelu Foundation in Africa has helped to empower various young entrepreneurs through funding, training, and mentorship programs, thereby stimulating job creation and economic growth on the continent (Elumelu, 2024). Likewise, Youth Business China provides startup funds, mentorship programs, and skills training to underserved kids and has demonstrated significant success in the creation of youth firms. These international models underscore a compelling case that effective financing, capacity building, and market

linkage efforts can enable youth-led enterprises to start, stabilize, and expand.

Youth entrepreneurship development programs in the East African region have gained substantial prominence, although their effectiveness is yet inconsistent. For instance, the Youth Enterprise Development Fund (YEDF) in Kenya has been extensively researched. However, the investigation undertaken in Marsabit County indicated that burdensome lending conditions, delays in disbursement, and inadequate accountability mechanisms restrict program adoption, ultimately hindering enterprise performance (Issa & Kiruthu, 2025). Another study undertaken in Bungoma County identified similar challenges, such as provision of inadequate loan amounts, stringent collateral stipulations, and corruption, which have noticeably limited the fund's effectiveness on youth enterprises. Moreover, evidence from Nairobi indicated that, although youth empowerment programs has helped to promote self-employment and economic advancement, still in order to attain the long-term sustainability supplementary skill trainings are highly required (Otiende, Mose, & Otieno, 2020; International Youth Foundation, 2021).

Beyond the Kenyan border, broader East African initiatives, such as the Mastercard Foundation–supported East Africa Youth Inclusion Programme (EAYIP) in Tanzania and Uganda, have demonstrated how combining entrepreneurship training, access to finance, and value chain integration can benefit rural youth and agricultural ventures. These examples highlight how holistic support mechanisms are more effective in sustaining youth entrepreneurial development. In Tanzania, the Youth Enterprise Development has been integrated into the national goals via efforts that emphasize digital skills training, market access facilitation, and youth-oriented financing models, which are administered by organizations like the Youth Enterprise Development Fund (YEDF). The Government of Tanzania has decreed various measures that are designed to alleviate regulatory constraints and cultivate a favourable environment for young start-ups through the development of policies that promote access to venture capital and capacity development (Young Enterprise Policy Analysis Report, 2023). Between 2018 and 2024, the Government of Tanzania, via all District Councils, allocated a total of 109.13 billion to support the youth groups who are engaging or wishing to partake in entrepreneurial activities (Policy Forum, 2021).

Despite these established frameworks, empirical research investigating the tangible impact of these funding interventions on the establishment, expansion, and sustainability of the youth-led enterprises at the district level in the context of Tanzania remains quite limited. A substantial portion of the prevailing empirical literature is derived from Kenya and other regions of Africa, where systemic obstacles such as inadequate funding, bureaucratic access protocols, and insufficient

monitoring have been extensively recorded. Nevertheless, similar dynamics in Tanzania's context, especially in Mpwapwa District, remain inadequately examined. This condition indicates a distinct research deficiency. Although global and regional experiences validate the potential of Youth Development funds to stimulate enterprise establishments and empowerment, empirical evidence from Tanzania, specifically in Mpwapwa District, remains scant, especially regarding how access to YDF translates into concrete outcomes such as start-up initiation, business expansion, market penetration, job creation, and youth empowerment. In the absence of such insights, policies and interventions may be predicated on mere assumptions rather than being based on informed and substantiated evidence. Therefore, this study aimed to empirically evaluate the effects of the Youth Development Fund on the formation and growth of youth-led enterprises in Mpwapwa District.

## 1.1 Problem Statement

Youth unemployment remains a mighty problem that is challenging many nations globally. On a positive note, the world has come to the realization that meaningful economic and social transformation will arise not only from formal employment, but also from persistent promotion of entrepreneurial initiatives. Following that, many nations, including Tanzania, embarked on efforts to initiate entrepreneurship enhancement schemes and funds that are specifically targeting youth, women, and other marginalized groups. In the context of Tanzania, youth unemployment has persistently remained among the critical problems in the country, which is severely deterring socio-economic progress and worsening poverty, while also catalyzing social unrest (Mushi, 2020). Having acknowledged the potential of entrepreneurship in mitigating unemployment challenges, the Government of Tanzania introduced the National Young Development Fund and the Youth Development Fund (YDF) to provide financial support to various groups of young people who have an enthusiasm for engaging in business activities to enable them to either initiate or expand youth-led enterprises. Notwithstanding these efforts, a significant deficit of empirical evidence persists regarding the effectiveness of the mentioned supporting programs in mitigating youth unemployment in the country (Kamara & Mzee, 2021).

This is substantiated by Nyalandu (2019), who contends that, despite the initiation of programs like the National Youth Development Fund, which aims at promoting entrepreneurship and job creation, a significant gap persists in the research concerning the real effects of these programs on addressing young people's unemployment or underemployment. Besides, Shivji and Kihanga (2022) have also shown that current research has failed to adequately establish whether the distribution of funds through the YDF has resulted in sustainable employment prospects for young people living in rural

areas, like in the Mpwapwa District, Dodoma Region. Therefore, this study aimed to assess the role of the YDF in mitigating youth unemployment in Mpwapwa District, Tanzania.

This study aimed to assess the role of the YDF in mitigating youth unemployment in Mpwapwa District by specifically examining youth access to the YDF, the effects of the YDF on youth-led enterprises, and the obstacles encountered by the fund's beneficiaries. It seeks to provide significant insights into the effectiveness of the YDF as a solution for addressing young people's unemployment in rural Tanzania.

## 2. Literature Review

Kitheka (2015) conducted a study in the Kikuyu Constituency targeting 300 youth groups that received YEDF loans. A sample of 150 respondents was selected through stratified sampling, and data were collected using structured questionnaires and analysed using SPSS for quantitative insights. The study found that the Youth Enterprise Development Fund (YEDF) significantly contributed to economic empowerment among youths in Kikuyu Constituency, with 71% of respondents reporting self-employment and improved financial stability, although many expressed that the loan amounts were inadequate for their business needs. The study concluded that, while YDF has positively impacted youth entrepreneurship and rural development, challenges such as delays in loan disbursement and insufficient training hinder its effectiveness. Kitheka (2015) recommended increasing loan amounts, reducing processing times, enhancing training programs for business management, and improving market linkages to ensure that youth can fully capitalize on the opportunities provided by the fund.

Tarimo (2019) conducted a study in Moshi Municipality, titled 'The effects of youth development funds on the growth of youth economic activities: A case of Moshi municipality'. A descriptive survey research design was employed, utilizing purposive and stratified sampling techniques to gather data from 93 respondents through questionnaires, interviews, and documentary reviews. Data were analyzed using SPSS. The study found that YDF supports youth Micro and Small Enterprises (MSEs) in developing linkages with large enterprises, which can lead to increased business opportunities and growth. Besides, the study found that, the Youth Development Fund (YDF) significantly contributed to the growth of youth economic activities in Moshi Municipality, with an average increase in capital from 8,435,714 Tshs to 12,435,714 Tshs. The profit rose from 851,429 Tshs to 1,174,286 Tshs, and employment opportunities increased from 3 to 8 youth per group. The study concluded that YDF positively impacted youth capital, employment, income, and enhanced livelihoods, despite challenges such as delays in fund processing and

insufficient amounts provided. Tarimo (2019) recommends that the Municipal Council revise the conditions for accessing YDF to include youth without existing economic activities, increase the loan amounts, enhance entrepreneurship training, and allow for a more flexible approach to fund distribution in order to better support youth initiatives.

Adebayo (2015) conducted a study on the Impact of Government Entrepreneurial Programs on Youth SME Participation in Nigeria. The study examined whether government entrepreneurial development strategies have improved entrepreneurial consciousness among the youth and examined whether the availability of funds translates to creating more businesses among the youth. The data collected was analysed utilizing correlation and multiple regression statistical tools. The study revealed that government support for youth enterprise development is important, since it is an integrative effort focusing on entrepreneur development, empowerment of youth, and poverty reduction. It further revealed that the government interventions on infrastructure development, entrepreneur education, and credit provisioning have helped to sustain youth entrepreneurial awareness.

Dogeje (2023) examined the impact of access to the Youth Development Fund (YDF) on youth income levels in North-West Tanzania. A cross-sectional survey design was employed, involving 100 youth respondents in Kahama District. Data was collected using structured questionnaires and analysed through ordinal logistic regression, with variables such as gender, education, and group membership included in the model. The study indicated that although access to the YDF was associated with higher income among youth, the effect was not statistically significant ( $p = 0.940$ ), hence suggesting the fund's limited effectiveness in improving overall youth livelihoods. Likewise, the findings revealed no significant effects on youth access to YDF on their socio-economic factors or income levels. This outcome implied that the fund alone may not be sufficient to drive substantial economic improvement among youth beneficiaries. Based on these results, Dogeje (2023) recommended revising YDF strategies to include supporting activities, with particular emphasis on financial literacy programs for young people, as well as exploring alternative policy approaches in order to enhance the fund's effectiveness in addressing income disparities among Tanzanian youth.

Mwakapila and Kessy (2018) conducted a study in Mwanza Region that aimed to examine the effectiveness of government and non-governmental organizations' (NGO) youth financing programs in promoting the development of micro and small enterprises (MSEs). The findings found that the youth who accessed these financial resources had experienced initial business expansion and increased income, which indicates the positive effects of such funding on youth entrepreneurship. Nevertheless, the study also revealed

the existence of significant challenges encountered by young entrepreneurs, which include limited access to markets, weak business networks, and difficulties in expanding operations. These limitations hampered the ability of youth-led enterprises to sustain growth beyond the early stages. Following that, the study concluded that, while financial support plays a significant role in stimulating business start-ups, it is not enough on its own to guarantee long-term enterprise growth. The interventions, such as market facilitation services to improve access to customers and suppliers, business networking opportunities to foster partnerships and collaborations, and infrastructure development to enhance operational efficiency, are highly needed to enhance sustainability. Based on these insights, Mwakapila and Kessy (2018) recommended that youth financing programs should integrate additional support programs such as business incubation, market facilitation, and financial assistance, in order to better equip young entrepreneurs for sustainable entrepreneurship development.

Kahangwa (2020) conducted a study in the Morogoro Region that intended to assess the effects of youth credit schemes on the performance of youth-owned businesses. The study revealed that these programs significantly increased youth participation in entrepreneurship activities, especially in areas like commerce and agro-processing, thereby promoting more economic engagement among young groups. Despite these favourable results, the study also highlighted significant problems that compromised the efficiency and sustainability of young enterprises. Furthermore, the study revealed that a significant number of young entrepreneurs have demonstrated a lack of entrepreneurship education and showed inadequate financial management skills. These obstacles sometimes resulted in the misappropriation or mishandling of resources, thereby diminishing the ability of the youth-led enterprises to maintain operations and attain sustainable growth. Following that, Kahanga (2020) suggested that youth credit programs should include compulsory entrepreneurship training in order to provide beneficiaries with essential managerial and financial skills before obtaining loans. The study highlighted the necessity of post-loan mentorship and support to support young entrepreneurs to be able to appropriately utilize loan resources, ultimately strengthening company performance and the sustainability of the youth firms.

On a similar note, a study undertaken by Chirwa (2017) indicated that, despite some youth groups having benefited from the Youth Development Fund (YDF), various challenges still exist that are hindering its overall effectiveness. In particular, the complex application procedures, limited guidance, and inadequate financial literacy among beneficiaries have constrained the fund's success. The study further noted that youth groups in rural areas often lack the entrepreneurial skills that are necessary for effectively managing and sustaining

businesses supported by the youth development fund. As a result, the success rate of these enterprises has remained low, with limited contributions to job creation and wider economic development.

Mkenda and Simba (2021) conducted a study aimed at investigating the development of youth entrepreneurship in rural Tanzania, specifically examining the effects of government lending programs on youth enterprises. The results revealed that the youth enterprises funded by these programs positively impacted household income growth and community development, which illustrates the economic advantages of providing financial assistance for young entrepreneurship. Despite these developments, the study still documented key obstacles in the provision of financial loans. A key problem uncovered was the lack of cooperation between financial institutions responsible for providing funds and youth development groups assigned to assist beneficiaries. This institutional disconnection contributed to delays in the distribution of loans and, in certain instances, outright refusal of loans to the youth, ultimately causing irritation and discouragement among youth applicants. Following these findings, Mkenda and Simba (2021) concluded that improving fund access efficiency requires the simplification of the application processes and improving collaboration among stakeholders. They additionally recommended strengthening collaborations across governmental bodies, the commercial sector, and civil society organizations so as to deliver comprehensive support for youth entrepreneurs. Collaborative initiatives would help expand access to funding and improve the quality of services and resources, ultimately fostering the sustainability of young entrepreneurs.

Overall, evidence from Kenya, Nigeria, and other African contexts demonstrates that youth enterprise development funds can help foster start-ups and self-employment but often encounter systemic challenges, including inadequate loan sizes, delays in the fund's disbursement, and weak market support systems. Few Tanzanian studies found by the researcher similarly indicated that while YDF contributes to small business creation, sustainability is often compromised by insufficient entrepreneurial training and the absence of structured follow-up support. Nevertheless, most of the studies found and analysed were conducted in the urban areas, leaving a gap for understanding such dynamics at the rural district level. This study, therefore, aimed to cover this existing literature gap.

## **3. Methodology**

### **3.1 Justification for the Study's Location**

The researcher intentionally selected Mpwapwa District as the location of the study due to its strong

implementation of the 10% Youth Development Fund (YDF) scheme. This program, authorized by the central government, requires that local government authorities allocate 10% of their internal revenue generation to promote small and medium entrepreneurship among youth, women, and people with disabilities. The initiative in Mpwapwa is actively implemented in various wards and has facilitated the distribution of financial loans to many young entrepreneurs involved in a range of income-generating activities, such as poultry farming, tailoring, retail commerce, and agricultural enterprises. Thus, assessing YDF in Mpwapwa District allowed the research to make an in-depth analysis of the practical implementation and results of the YDF in a rural setting, which is characterized by high unemployment and limited access to conventional financial services. This setting underlines the complications of the implementation of this programme while also providing insights into the YDF's potential as a mechanism for fostering economic empowerment and social inclusion among marginalized populations in rural Tanzania.

### **3.2 Study Design and Setting**

The research used a descriptive research design, a type of research design that aims to describe a phenomenon or a situation as it exists (Creswell, 2014). It employed a mixed-methods approach, which combines quantitative and qualitative techniques. This method was deemed suitable as it offers an in-depth understanding of the Youth Development Fund's (YDF) role in mitigating youth unemployment problems due to its ability to facilitate the collection of large amounts of data using multiple tools. Quantitative data provided statistical evidence and quantitative trends, while qualitative data provided context and depth by recording personal experiences, perceptions, and narratives of the youths related to the YDF. Collectively, these synergistic methodologies improved the study and facilitated a more refined assessment of the YDF's contribution to youth groups in Mpwapwa District.

### **3.3 Population and Sample**

The target population for this study comprised all youth groups in the Mpwapwa District, specifically those who received the 10% financial loan from the Youth Development Fund (YDF). These youth groups form the core beneficiaries of the YDF programme and are actively engaged in various income-generating activities supported by the loan. The composition of these groups normally includes young men and women aged between 18 and 35 years old, which is in line with the national definition of the youth population in Tanzania. Focusing on this specific population allowed the study to conduct a targeted and relevant assessment on how effectively the YDF contributes to mitigating youth unemployment in

Mpwapwa District. Using Yamane's formula, a sample of 84 respondents was drawn, comprising 80 youth group members selected randomly from 15 groups across six wards, to ensure fair representativeness. Four key informants (district loan committee members and ward community development officers) were selected using purposive sampling technique.

### **3.4 Data Collection Tools**

Quantitative data were collected using structured or closed-ended questions, and a few open-ended questions were administered to the youth respondents who were involved in the study. Qualitative data were gathered through semi-structured interviews and field observations. The in-depth interviews were conducted with key informants, including the district community Development Officer and the Community Development Officers. These interviews, which will utilise semi-structured formats, aim to gather qualitative insights into the challenges of accessing loans and their effect on youth-led enterprises. Non-participant observation was meticulously conducted in the selected youth groups to properly assess businesses that received YDF, and to observe if those businesses have proper structures, equipment, and active operations. These tools were pre-tested to ensure their validity and reliability. Triangulation of data sources was applied to enhance credibility.

### **3.5 Validity and Reliability**

#### **3.5.1 Validity**

Validity signifies the degree to which research instruments precisely measure the intended constructs (Kothari, 2008). This study maintained the validity through content, construct, and criterion validity, based on the tools utilized for data collection. Data were collected from relevant respondents, and questions were prudently formulated to capture the desired aspects (Atandi, 2013).

#### **3.5.2 Reliability**

Reliability refers to the consistency of the study findings and is closely associated with validity (Creswell, 2012). This study improved its reliability by utilizing robust and appropriate instruments for data collection and analysis. Utilizing triangulation techniques helped to achieve balanced data collection and strengthened trust in the results (Labaree, 2009).

### **3.6 Data Analysis**

Data collection involved structured questionnaires administered to youth members and key informant interviews with leaders and officers. Quantitative data were coded and analyzed using SPSS version 25, with

descriptive statistics such as frequencies, percentages, and measures of central tendency presented in tables and charts. Qualitative data were transcribed, coded, and categorized, and themes were produced through content analysis

### 3.7 Ethical Consideration

The researcher took deliberate measures to maintain the ethical integrity of this study. Informed consent was obtained from all respondents involved, and confidentiality as well as the anonymity of all respondents were strictly upheld. Every effort was made to defend respondents from possible harm while ensuring that their rights and dignity are strongly respected throughout the research process. In addition, the research proposal for this work underwent a rigorous ethical review by the St John’s University of Tanzania Internal Review Committee (SJUT-IRC), which subsequently granted approval and provided the research an Ethical Clearance Certificate.

## 4. Results and Discussion

### 4.1 Demographic Characteristics of Respondents

Of the 84 respondents involved, 52.5% were male, and the remaining 47.5% were female. The majority of the respondents (46.3%) were aged 25–31, while only 12.5% were aged 18–24. With regards to education level, nearly half (48.8%) of them had completed primary education, another 37.5% completed secondary education, and merely 11.3% had post-secondary training. Employment-wise, most (68.7%) were self-employed, with agriculture (41.3%) and small businesses (43.8%) sectors appearing as the main income sources. Additionally, a significant proportion (66.3%) had reportedly earned monthly incomes of between Tsh 100,000 and 300,000.

### 4.2 Access to YDF

The findings, as presented in Table 1, indicate substantial variations in the percentage of youth groups utilizing the Youth Development Fund (YDF) in Mpwapwa District, during a five-year duration.

**Table 1: Proportion of youth group with access to Youth Development Fund**

Year	The Group Applied for The Loan	Group Access to the Loan	Percent
2019/20	51	10	20%
2020/21	40	9	23%
2021/22	60	5	8%
2022/23	57	3	5%
2023/24	35	18	51%

Source: Field Data, 2025

In the years 2019/20 and 2020/21, the access levels were relatively low, with about 20% and 23% of youth groups that applied for loans, respectively. The access declined significantly in 2021/22 and 2022/23, and further plummeted to 8% and 5%, respectively. These numbers indicate increasing constraints on funding accessibility during this period. However, in 2023/24, a noteworthy positive change occurred, as the percentage of successful candidates increased to 51%. This significant increase indicates improvements in fund management, implementation, or targeting. The sudden increase may therefore be attributed to reforms such as improved transparency, increased youth training, and capacity-building programs designed to address earlier limitations.

These findings correspond with the observations of Mdee and Thorley (2016), who revealed that while the YDF possesses significant potential to alleviate youth unemployment, access to funds has frequently been

hindered by bureaucratic obstacles, politicization, and inadequate awareness among the youth. The United Republic of Tanzania (2020), in its National Youth Development Policy Implementation Review, recognized inconsistencies in the distribution mechanisms and emphasized the importance of streamlined application processes and improved monitoring systems. These problems may elucidate the low access rates recorded before to 2023/24. Katera et al. (2021) discovered in a Policy Forum study that many local government bodies exhibited a lack of transparency and insufficiently supported youth groups in developing acceptable funding requests. The significant enhancement in 2023/24 can therefore be ascribed to measures including improved transparency, increased youth training, and capacity-building programs aimed at addressing previous impediments.

### 4.3 Effects of the Youth Development Fund on Youth-Led Enterprises

Understanding the impact of the Youth Development Fund (YDF) on the growth, stability, and performance of firms run by youth was also central to this research. Comprehending these effects was deemed crucial for effectively assessing whether the fund fulfills its intended goals of promoting entrepreneurship, creating employment opportunities, strengthening market access, and advancing economic empowerment among the youth. The respondents' feedback provides deep insights into the fund's impact on multiple facets of business development.

Results demonstrate that a considerable majority of the respondents (80.0%) indicated that the funds provided facilitated the growth of their businesses, whereas 63.7% affirmed that it helped in the establishment of their businesses. This emphasizes the vital importance of financial assistance in the initiation and growth of youth-led enterprises. Likewise, 82.5% of respondents recognized that their businesses had seen expansion after obtaining this financial support. These findings align with a study undertaken by Cho and Honorati (2013), who revealed that access to credit significantly improves entrepreneurial outcomes, especially among the young in underdeveloped nations. This was substantiated by one of the key informants, who stated the following:

Many youth groups I have collaborated with previously encountered a lot of challenges in generating even small capital.” However, following the acquisition of cash support from the Youth Development Fund, many of the youth successfully managed to initiate small retail enterprises, livestock enterprises, and agricultural projects. For those who already owned businesses, the funds facilitated their business expansion, acquisition of essential equipment, or diversification of their business activities. (Ward Community Development Officer, May 2025).

Another key informant emphasized this view, having stated the following:

We have observed various changes among the beneficiaries of this fund. Some young individuals who commenced with small businesses are now capable of hiring people within their areas. This implies that the financial support received has provided them with assurance and stability in their commercial activities. (Member of the District Loan Committee, May 2025).

Despite the beneficial impact on business expansion, the findings revealed that only 38.7% of the respondents

indicated that their business enterprises managed to generate job opportunities for others. This highlights that although individual business growth is taking place, such growth has not yet resulted in substantial job creation. This observation aligns with Grimm et al. (2012), who found that youth enterprises frequently remain micro or small-scale businesses for prolonged durations prior to being capable of significantly contributing to job generation.

This is also affirmed by one of the key informants, who stated:

The majority of the funded youth-led enterprises remain quite small for a long period. Since they fall mostly in the form of kiosks, tailoring, or poultry ventures. So, while these enterprises are primarily able to support the owners and possibly one family member, they have not yet reached a level that they could employ other individuals”. (Ward Community Development Officer, May 2025).

Moreover, a substantial majority of respondents (90.0%) reported that their businesses face significant market competition, emphasizing the intensely competitive landscape in which young enterprises operate. Only 36.3% indicated that the funds provided have facilitated their businesses' penetration into wider markets. This suggests that while the funds given facilitate internal business growth, they inadequately address the market access issue, which is a vital element for the sustainability and expansion of the businesses.

This is supported by Fatoki (2014), who also noted that young entrepreneurs frequently face constraints in accessing markets, even when they receive financial support.

This was also validated by the key informant during the interviews, who stated that:

“The majority of youth-led enterprises are focused on identical sectors, mainly in retail, food vending, tailoring, and poultry. Hence, due to the existence of similar enterprises, the market competition is quite intense, and only a select few manage to establish a solid customer base”. (Business Development Officer, May 2025).

This was also stated by the Ward Community Development Officer, who elucidated that:

Notwithstanding access to the YDF, the youth-led enterprises frequently lack the marketing strategies or solid networks necessary for penetrating larger markets.” They mostly engage in sales inside their localities, hence limiting their expansion. The fund supports them in starting or expanding operations;

however, entering new markets continues to be a difficult matter. (Community Development Officer for the Ward, May 2025).

Regarding business stability, 68.7% of respondents indicated that the youth development fund has contributed to the stabilization of their enterprises, demonstrating that financial assistance boosts business resilience. Remarkably, 91.3% of the respondents reported feeling empowered as youth entrepreneurs following the receipt of the fund. This demonstrates a significant psychological and motivational effect of the fund among young entrepreneurs. Overall, the findings have indicated that the YDF has effectively facilitated both economic and non-economic advantages for youth in Mpwapwa District. The stabilization of enterprises indicates that this financial program allows youth to maintain their business operations, while the elevated levels of reported empowerment reflect enhancements in youth's confidence, self-perception, and motivation to engage in entrepreneurial activities.

This combination is quite essential for sustaining young people's involvement in entrepreneurship, ultimately diminishing dependence on official employment, and addressing young unemployment sustainably. The findings align with ILO (2015) and Chigunta (2017), who highlighted that youth financial support programs help to improve economic outcomes for the young generation while also promoting social and psychological empowerment for engaging in entrepreneurship activities.

An interview with a government official confirmed this perspective, with the interviewed officer stating the following:

Many youth groups can now establish or expand business enterprises due to access to the fund, resulting in increasing income levels and diminished dependence on familial support. (Government Official, May 2025).

The researchers' field observations also corroborated these findings, having observed that many youth-owned enterprises, including bodaboda ventures, tailoring shops, poultry farms, and agribusiness programs, were evidently operational. Despite their modest size, these firms have exhibited good organization, perseverance, and immense dedication for their survival from the youth owners.

Overall, most respondents (80%) reported that YDF loans helped to facilitate their business growth, while 63.7% credited the fund with enabling business establishment. Interview narratives highlighted improved entrepreneurial confidence but limited small-scale employment creation. However, enterprises have remained predominantly micro-scale, with limited

market penetration and unguaranteed business sustainability.

## 4.4 Challenges

The majority of the respondents identified difficult in getting access to the fund (81%), inadequate entrepreneurial trainings (80%), poor market linkages (75%), stiff competition (92%), and insufficient follow-up (68%), bureaucracy related to fund's application process (83%), insufficient loan provided (91%) as major constraints. These hindrances have limited the ability of the youth-led enterprises to be established and expand beyond subsistence levels.

## 4.5 Discussion

This study confirms that YDF contributes meaningfully to youth enterprise establishment and growth, consistent with findings from other African contexts. However, the small size and limited sustainability of supported businesses point to structural challenges. Access disparities in earlier years reflect bureaucratic hurdles, while the sharp improvement in 2023/24 suggests that reforms in loan administration can yield positive outcomes. The lack of integrated support services, such as training and market facilitation, echoes broader regional evidence that finance alone is insufficient to ensure sustainable youth entrepreneurship.

## 5. Conclusion and Recommendations

### 5.1 Conclusion

The Youth Development Fund has a positive but modest effect on the development and growth of the youth-led business enterprises in Mpwapwa District. While it moderately supports youth-led business creation and growth, most of the established ventures remain small-scale, contributing very little to the creation of youth employment opportunities, and are encountering immense sustainability challenges. This highlighting the need for complementary support in areas such as market access, networking, and enterprise development in order to ensure that the fund achieves its full potential as a driver of sustainable youth employment and development.

### 5.2 Recommendations

To improve effectiveness of the Youth Development Fund reforms should be undertaken, specifically focusing on the following areas. Local government authorities should establish structured partnerships between YDF-supported enterprises and local/national markets to ensure sustainable business growth. Also, the

Government should provide capacity-building training in entrepreneurship, financial literacy, marketing, and business management to improve competitiveness. The government should support youth enterprises with equipment, technology, and training in value addition to differentiate their products from competitors and increase market appeal. And the Government should establish follow-up mechanisms to monitor how funds are utilized and provide continuous advisory support. Such measures will help in transforming YDF from a basic financing scheme into a catalyst for sustainable youth entrepreneurship development and economic transformation in Tanzania that will help address youth employment challenges.

## References

- Adebayo, P. O. (2015). Impact of Government Entrepreneurial Programs on Youth.
- Atandi, F.G. (2013). Challenges of agent banking experiences in Kenya. *International Journal of Academic Research in Business and Social Sciences*, 3(8), 397.
- Chigunta, F. (2017). Entrepreneurship as a possible solution to youth unemployment in Africa.
- S. Barry & S. M. Enu-Kwesi (Eds.), *Youth and employment in sub-Saharan Africa: Working but poor* (pp. 115–136).
- Chirwa, E. (2017). *Youth Employment in Tanzania: Challenges and Opportunities*
- Cho, Y., & Honorati, M. (2013). Entrepreneurship programs in developing countries: A meta regression analysis. *The World Bank*. <https://doi.org/10.1596/1813-9450-6402>
- Creswell, J. W. (2012). *Educational research: Planning, conducting, and evaluating quantitative and qualitative research* (4th ed.). Pearson Education.
- Creswell, J. W. (2014). *Research design: Qualitative, quantitative, and mixed methods approach*. (4th ed.). Sage Publications.
- Dogeje, F. (2023). Effect of Youth Development Fund Access on Youths' Income Levels in North-West Tanzania: Case of Kahama District. *East African Journal of Business and Economics*, 6(1), 395-409.
- Elumelu, A. (2024). Why youth entrepreneurs are key to tackling climate change in Africa. *Time*.
- Fatoki, O. (2014). The impact of entrepreneurial orientation on access to debt finance and performance of small and medium enterprises in South Africa. Grimm, M., Knorringer, P., & Lay, J. (2012). *Constrained gazelles: High potentials in West Africa's informal economy*. *World Development*, 40(7), 1352–1368.
- International Labour Organization (ILO). (2015). *Global Employment Trends for Youth 2015: Scaling up investments in decent jobs for youth*. Geneva: ILO.
- International Youth Foundation. (2021). *Impact report*.
- Issa, A. G., & Kiruthu, F. (2025). Effect of Youth Enterprise Development Fund on the performance of youth enterprises in Marsabit County, Kenya.
- Kahangwa, J. (2020). Effects of youth credit schemes on the performance of youth-owned businesses in Morogoro Region, Tanzania, 5(3), 45–60.
- Kamara, P., & Mzee, W. (2021). Assessing the impact of the Youth Development Fund on employment creation in Tanzania. *African Journal of Economic Policy*, 15(2), 59–73.
- Katera, L., Mdadila, K., & Semkuba, E. (2021). *Assessment of youth access to the Youth Development Fund (YDF) and its contribution to youth empowerment in Tanzania*. Dar es Salaam, Tanzania: Policy Forum.
- Kitheka, D. M. (2015). *Impact of youth enterprise development fund on rural development: A case study of Kikuyu constituency* (Doctoral dissertation, University of Nairobi).
- Kothari, C. R. (2008). *Research methodology: Methods and techniques* (2nd ed.). New Age International Publishers.
- Labaree, R. V. (2009). *Types of research design: Organizing the social sciences*. London, UK: Macmillan.
- Mdee, A., & Thorley, L. (2016). *Good governance, local government, accountability, and delivery in Tanzania: Exploring the context for creating a local governance performance index*. Brighton, UK: Institute of Development Studies (IDS).
- Mkenda, A., & Simba, P. (2021). Youth entrepreneurship development in rural Tanzania: The impact of government loan schemes on youth enterprises, 12(1), 55–72.

- Mushi, A. (2020). Youth unemployment in Tanzania: Challenges and opportunities. *Tanzanian Journal of Sociology*, 8(3), 45–61.
- Mwakapila, A., & Kessy, F. (2018). Youth financing and sustainable entrepreneurship development in Tanzania, 10(2), 45–60.
- Nyalandu, D. (2019). Evaluating the National Youth Development Fund in Tanzania: Effectiveness and outcomes. *Tanzania Economic Review*, 12(1), 34–56.
- Otiende, O. P. M., Mose, G. N., & Otieno, R. J. (2020). Impact of the Youth Empowerment and Development Fund (YEDF) on the livelihood improvement of youths in Nairobi County.
- Policy Forum. (2021, June 18). The state of the 2021/2022 national budget in curbing youthunemployment in Tanzania. Policy Forum.
- Shivji, I., & Kihanga, Y. (2022). The role of government interventions in youth employment: A case study from Dodoma. *Journal of Policy Studies*, 29(2), 150–168.
- Tarimo, C. F. (2019). Effects of the youth development fund on the growth of youth economicactivities: A case of Moshi municipality.
- Yamane, T. (1976). *Statistics: An introductory analysis* (2nd ed.). Harper & Row.
- Youth enterprise policy analysis in Tanzania (2023).
- Youth Enterprise Policy Analysis Report (2023).