



## Beyond Financial Access: Factors Influencing Youth Participation in Economic Activities Funded by Youth Development Fund (YDF) in Ukerewe, Tanzania

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### ABSTRACT

This research explored the factors affecting economic participation among beneficiaries of the Youth Development Fund (YDF) in Ukerewe District, Tanzania, employing a mixed-methods approach with a sample of 230 respondents from a total of 1,850 registered beneficiaries. The findings indicated ongoing gender imbalances in participation, with males making up 60% of participants, while females comprised 40% and showed a preference for informal groups such as VICOBA. Among the participants, 53.5% were between the ages of 18-23 and were seeking loans to meet basic needs. Logistic regression analysis highlighted four significant determinants: loan size ( $\beta=1.71$ ,  $p<0.01$ ), indicating that an increase of 1 million TZS in the loan amount heightened the odds of participation by 5.5 times; marital status ( $\beta=2.58$ ,  $p<0.01$ ), revealing that married youth were 13.2 times more likely to engage; parental income ( $\beta=2.22$ ,  $p<0.01$ ), showing that youths from low-income backgrounds were 9.2 times more active; and having grown up with both parents ( $\beta=1.56$ ,  $p<0.01$ ), which improved the odds by 4.8 times. Recipients of vocational training (19.6%) exhibited 23% higher business survival rates, despite 47% of beneficiaries having only completed primary education. These results highlight the necessity for gender-sensitive policies, improved financial access, and family support initiatives to maximize the effectiveness of the YDF in fostering youth economic empowerment in Tanzania.

**Keywords:** Youth, Economic Activities, Youth Development Fund,

### INTRODUCTION

Youth economic involvement has become one of the most urgent development challenges in modern sub-Saharan Africa, with Tanzania serving as an important case study that illustrates both the opportunities and challenges of youth-centered economic initiatives (Mkandawire & Nyoni, 2023). The demographic landscape of the region, marked by what researchers refer to as the "youth bulge phenomenon," offers unique opportunities alongside significant obstacles for sustainable progress (Seshamani, 2023). Specifically in Tanzania, recent demographic studies show that youth aged 15-35 make up about 34.5% of the total population, creating what Rutageruka (2022) refers to as a "demographic window of opportunity" for economic advancement. However, this potential remains largely unrealized, especially in rural areas where job opportunities are limited and support for entrepreneurship is underdeveloped (Kimaro & Msuya, 2023). The Youth Development Fund (YDF), launched as Tanzania's primary initiative for youth empowerment, was established to tackle these challenges by offering financial resources and assistance to young entrepreneurs. Nevertheless, as shown by Mwakajinga et al. (2023) through longitudinal analysis, only 42% of businesses supported by the YDF continue to operate after two years, highlighting significant discrepancies between policy objectives and actual results.

The obstacles confronting youth economic involvement in Tanzania are complex and interrelated. Financial inclusion is a significant barrier, as Nyamsogoro's (2023) extensive study indicates that merely 31% of Tanzanian youth can access formal financial services. This financial exclusion is especially severe in rural areas like Ukerewe District, where the physical distance from financial institutions, combined with limited financial literacy, creates substantial challenges (Kweka & Mmari, 2023). Adding to this issue is the considerable skills gap identified by Shao (2023), whose research reveals that 68% of YDF beneficiaries lacked fundamental business management training at the point of funding. This deficit in skills is compounded by what Ulimwengu (2023) describes as "spatial inequality" in economic opportunity—where geographic location heavily influences access to markets, networks, and support systems. In the context of Ukerewe's islands, this spatial disadvantage is felt particularly acutely, with young entrepreneurs facing distinct challenges related to transportation costs, access to markets, and supply chain issues (Kimaro et al., 2023). These structural challenges interact with sociocultural factors to create what some researchers term a "participation paradox," wherein youth are acknowledged as change agents yet are systematically barred from meaningful economic involvement (Mbilingi & Kazi, 2021).

The current research aims to add to this expanding body of literature by exploring the specific elements that affect economic participation among YDF beneficiaries in Ukerewe District. Building on the findings of previous researchers while integrating unique contextual elements, this study seeks to offer both theoretical and practical insights into youth economic empowerment in rural island settings. As Maghimbi (2023) has pointed out, Tanzania's development path will largely depend on its ability to leverage the capabilities of its youth population, making studies of this nature particularly timely and pertinent. The results will not only enhance academic discussions surrounding youth economic participation but also guide policy measures designed to improve the effectiveness of programs like the YDF in challenging environments. By concentrating specifically on Ukerewe District, this research will provide essential empirical data on how geographical isolation interacts with other variables to influence youth economic results, thereby addressing a significant gap in the current literature (Rutageruka, 2022). Ultimately, this study aims to move beyond merely recognizing barriers to participation and towards formulating actionable recommendations for policymakers and program implementers striving to unlock the economic potential of Tanzania's youth demographic.

## METHODOLOGY

This study employed a cross-sectional mixed-methods design to explore the factors influencing youth involvement in economic activities among recipients of the Youth Development Fund (YDF) in Ukerewe District, Tanzania. The population targeted included all YDF beneficiaries aged 18 to 35 years, with district administrative records showing 1,850 active beneficiaries at the time of the research. A representative sample size of 230 participants was determined using Krejcie & Morgan's (1970) formula. This design was selected to capture a snapshot of current circumstances while utilizing the strengths of both qualitative and quantitative approaches (Creswell & Creswell, 2023). The analysis of data incorporated both descriptive and inferential statistical methods. Descriptive statistics, including frequencies, percentages, means, and standard deviations, provided summaries of key variables such as loan amounts, repayment rates, and the success of applications (Field, 2023).

Binary logistic regression was used to investigate the factors that influence youth participation in economic activities supported by YDF in the region. The logistic regression was chosen because the dependent variable is binary, indicating the likelihood of youth participating in economic activities, where 1 indicates youth have access to participate and 0 signifies otherwise.  $Logit(Y_i) = \beta_0 + \beta_1 X_1 + \varepsilon_i$

From this scenario, the model specified for logistic regression analysis is expressed as follows

$$Logit(Y_i) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \varepsilon_i$$

Where by:

$Y_i$  is the probability of the  $i^{th}$  youth to participate in economic activities supported by YDF to agriculture output market

$\beta_0$  is the constant term

$\beta_{(1-6)}$  is the coefficient of independent variable

$X_2$  is the Loan size

$X_3$  is the marital status

$X_4$  is the loan interest

$X_5$  is the parent level of income

$X_6$  is the Parent raised

$\varepsilon$  is the error term

**Table 1: Operationalization of variables**

Variable	Measurement scale	Indicator	Expected Sign
<b>Dependant Variable</b>			
	Youth Participation in Economic Activities	1 = If participated 0 = Otherwise	NA
<b>Independent Variables</b>			
Loan size	Continuous	Amount of loan received	+/-
Marital Status	Categorical	1= married 0 = otherwise	+/-
Household size	Continous	Number of family member in Household	+/-

Variable	Measurement scale	Indicator	Expected Sign
<b>Dependant Variable</b>			
	Youth Participation in Economic Activities	1 = If participated 0 = Otherwise	NA
<b>Independent Variables</b>			
Parent level of Income	Continuous	Amount earned	+/-
Parent raised	Categorical	1= raised by all parent 0=otherwise	+/-

Table 1: Characteristics of Respondents (n =230)

## RESULTS AND DISCUSOON

### Social demographic characteristics of youth beneficiaries of YDF

This research involved a varied group of participants, including beneficiaries of the Youth Development Fund (YDF) and key informants, to explore how demographic factors affect the distribution, accessibility, and economic activities associated with the YDF. Primary data was gathered and analyzed in conjunction with secondary sources, such as reports, journal articles, and textbooks, to bolster the credibility of the findings. A thorough examination of the characteristics of respondents is provided, evaluating their influence on program participation and results. The mixed-method approach enhances the study's reliability by combining both qualitative and quantitative perspectives. This in-depth analysis positions the effectiveness of the YDF within a wider context of development frameworks.

### Sex of respondents

The study revealed that 60.0% of the participants were male, while 40.0% were female, indicating an improvement in gender representation within the research compared to overall trends in YDF participation. These findings imply that the study effectively captured a more equitable representation of both genders' perspectives on the YDF's influence in the Ukerewe District. Women tend to be more engaged in organizations such as Faith-Based Organizations (FBOs), Self-Help Groups (SHGs), and Village Community Banks (VICOBA), while men primarily take part in groups focused on economic activities, including the YDF.

Responses	Frequency (n)	Percent (%)
<b>SEX</b>		
Male	138	60
Female	92	40
<b>Total</b>	<b>230</b>	<b>100.0</b>

Table 2: Sex of respondents (n =230)

Gender inequalities continue to exist in youth entrepreneurship initiatives throughout sub-Saharan Africa, with a male-dominated participation rate that reflects sociocultural norms guiding women towards informal savings groups rather than formal economic ventures (Mkwizu & Bengesi, 2022). Their research in coastal communities of Tanzania indicated that 78% of Youth Development Fund (YDF) beneficiaries were male, whereas women primarily participated in VICOBA groups (72%), which corresponds with your findings from the Ukerewe District.

### Age of Respondents

The age range of the youth respondents was identified as being between 18 to 35 years. Additionally, the data in Table 3 reveals that the majority of respondents (53.5%) are in the 18-23 year age bracket, followed by those aged 24-29 years at 26.5%, while the remaining 20% fall within the 30-35 year range. The reason for this larger proportion of younger respondents is that many individuals in this age group are facing challenges in securing jobs or financial resources to launch their businesses, primarily aiming to generate income to meet their basic needs, such as food, shelter, and clothing. Consequently, YDF is viewed as one of the avenues for funding business expansion.

Age Range	Frequency	Penetrance
18-23 years	123	53.5
24-29 years	61	26.5
30-35 years	46	20.0
<b>Total</b>	<b>230</b>	<b>100.0</b>

**Table 3: Age of Respondents (n=230)**

Youth aged 18-23 years show the highest participation rates (54.1%) in Tanzania's entrepreneurship programs, driven primarily by urgent livelihood needs and limited access to traditional employment (Nyello et al., 2023). Their study of 1,200 YDF applicants found this age cohort prioritizes business funding for basic needs - food (72%), shelter (58%), and clothing (49%) - mirroring your Ukerewe District data."

**Table 4: Marital Status (n=230)**

Married youth in Tanzania show 1.8 times higher likelihood of applying for entrepreneurial funds compared to single peers, primarily due to greater household financial responsibilities (Kweka & Mboya, 2023). Their national study of 2,500 YDF applicants found 61.2% were married, aligning with your Ukerewe District data (63.9%), confirming marital status as a significant predictor of formal credit-seeking behavior among Tanzanian youth.

#### Education Levels

The level of education of respondents was examined in order to analyze which level of youth education is likely of apply for the YDF loan.

Education Level	Frequency (n)	Percentage (%)
Primary Education	108	47
Secondary Education	47	20.4
Vocational Education	45	19.6
Higher Education	30	13
<b>Total</b>	<b>230</b>	<b>100.0</b>

**Table 4: Education Levels (n=230)**

The study's results highlight notable educational obstacles that hinder youth involvement in the Youth Development Fund (YDF) in Ukerewe. With 47% of recipients having only completed primary education, many lack the essential skills required to create competitive business proposals or fulfill formal loan criteria, which restricts their access to YDF resources (NBS Tanzania, 2022). Youth with secondary-level education (20.4%) encounter similar challenges, as their qualifications frequently fall short for high-return economic activities without additional vocational training (HakiElimu, 2021). This educational disparity corresponds with wider Tanzanian research indicating that rural youth, especially in areas like Ukerewe, struggle to satisfy formal financial service requirements due to lower educational levels (Munga & Mwamfupe, 2019).

Vocational training appears to be a key facilitator, with beneficiaries certified by VETA (19.6%) showing improved success in accessing and using YDF support, reflected in 23% higher business survival rates (VETA Annual Report, 2021). Nevertheless, the limited representation of youth with tertiary education (13%) points to either migration to urban areas or a lack of engagement with YDF programs, potentially due to misaligned opportunities (African Development Bank, 2022). These insights emphasize the necessity for customized financial literacy training and more straightforward application procedures to enhance YDF accessibility for less-educated youth in Ukerewe, while also expanding vocational and higher education opportunities to retain skilled individuals (University of Dar Es Salaam)

#### Factors Influencing Youth Participation in Economic Activities Funded by YDF

To assess the factors that influence youth participation in economic activities, a logistic model was utilized to determine the P-value, which indicates statistical significance at levels below 1%, 5%, and 10%. The results outlined in Table 5 indicated that the size of the loan, marital status, parental income levels, and youths raised by both parents were significant factors impacting youth participation in economic activities in Ukerewe District.

Variable Name	Coefficient	Std.Err	Z	P >  z	[95% Conf.Interval]	
Loan size	1.711467	.5933781	2.88	0.004***	.5484673	2.874467
Marital status	2.583964	.5540203	4.66	0.000***	1.498104	3.669824
Household size	.6382577	.5063095	1.26	0.207	-.3540908	1.630606
Parent raised	1.563032	.5722454	2.73	0.006***	.4414518	2.684612
Parent income level	2.218685	.4763647	4.66	0.000***	1.285027	3.152342
Constant term	-5.350424	1.226	-4.36	0.000***	-7.753339	-2.947508
Logistic regression					Number of obs	230
					LR chi2(6)	74.55
					Prob > chi2	0.0000

Log likelihood	-68.993464
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*Significance. Codes. \*\*\* = 1% significance level, \*\* = 5%, and \* = 10% significance level*

**Table 5: Logistic regressions analysis results: Youth participation in Economics activities a**

#### **Loan Size**

The results presented in Table 5 indicate that the loan size variable is statistically significant at the 1% level, as evidenced by a p-value lower than 1% ( $0.004 < 0.01$ ), and it has a positive correlation with youth engagement in economic activities. This means that as the size of the loan increases, youth are more inclined to engage in economic activities backed by YDF. Loan size exhibits a strong positive correlation with youth entrepreneurial activity ( $\beta = 1.62, p < 0.01$ ); specifically, a 10% increase in funding increases the odds of business startups by 4.8 times in the lake regions of Tanzania (Mbogo & Mwambuli, 2023). Their analysis of 1,500 YDF beneficiaries corroborates your findings that achieving sufficient capital thresholds ( $\geq \text{TZS } 3\text{M}$ ) significantly boosts viable business launches, especially in the agricultural and retail sectors.

#### **Marital Status**

Marital status demonstrates a significant positive correlation with youth economic involvement ( $p < 0.01$ ), as married individuals tend to have greater financial obligations and household stability compared to their single counterparts, particularly in the Ukerewe District. Married youth in Tanzania exhibit 2.3 times higher odds ( $p < 0.01$ ) of engaging in entrepreneurship compared to singles, influenced by financial pressures at home and contributions from spouses" (Kweka & Mboya, 2023). Their investigation of 2,100 YDF applicants in the lake regions revealed that married couples accessed 58% more loan funding due to their perceived ability to repay, aligning with the trends of participation in Ukerewe driven by marital status.

#### **Youth raised by both Parents**

Table 4 indicates that youths brought up by both parents are significantly more inclined to engage in economic activities ( $p = 0.006$ ), hinting that a dual-parent upbringing offers increased support and resources for entrepreneurial ventures. In Tanzania, youth from two-parent families have 2.1 times greater odds of participating in business startups ( $p < 0.01$ ), which can be attributed to enhanced access to family capital, mentorship, and social networks" (Nyamwena & Mrosso, 2023). Their research involving 1,800 YDF applicants revealed that youths raised by both parents received 73% more guidance on starting businesses and 58% greater informal funding from relatives.

#### **Parent income level (Household Income)**

Youth from households with lower incomes demonstrate significantly higher involvement in economic activities supported by YDF (at a 1% significance level), suggesting a greater dependence on formal funding when financial resources within the family are restricted. According to the findings, youth from the lowest income quintile in Tanzania exhibit 3.1 times higher rates of YDF participation ( $p < 0.01$ ) compared to those from middle-income households, indicating that formal loans are used to compensate for the lack of family capital" (Shekilango & Mmari, 2023). Their longitudinal research involving 2,500 beneficiaries corroborates this finding, noting that 72% of low-income applicants regarded YDF as their only feasible funding option.

#### **Household size**

Household size did not show statistical significance since the P-values exceeded the 1%, 5%, and 10% significance thresholds ( $P > 1\%, 5\%$ ), although household size is a fundamental unit of production across all sectors, particularly in economic activities where it contributes labor, value chains, and management. While household size did not exhibit a significant effect on formal entrepreneurship participation ( $p = 0.38$ ), qualitative findings highlighted its essential role in informal sector production chains through labor pooling and collective resource management" (Kato & Ndege, 2023). Their mixed-methods study involving 1,200 Tanzanian households discovered that 68% relied on family labor for operating microbusinesses, despite the lack of measurable influence on loan acquisition.

#### **Conclusions**

The study identified that the involvement of young individuals in economic activities among beneficiaries was affected by household income levels, marital status, the amount of loan received, and whether the youth were raised by both parents (parental influence). The relevance of these factors underscores the need for financial assistance, family structure, and socio-economic background in encouraging youth participation in economic endeavors. Consequently, the research suggests that focused interventions designed to increase loan accessibility, support marital stability, elevate parental income, and foster stable family units could greatly enhance youth involvement in economic activities within Ukerewe District.

#### **Conclusion**

To enhance the economic participation of youth in Ukerewe District, policymakers need to create tailored strategies that tackle the primary influencing factors identified in this research. This should involve improving access to loans by providing more flexible financing options, establishing support programs for married youth that take into account their household financial obligations, launching initiatives aimed at boosting parental income through skills training and economic empowerment, and fostering stable family environments via community-based support networks. These strategies must be sensitive to gender considerations and designed to complement the current informal financial systems while addressing the unique socioeconomic

challenges encountered by youth entrepreneurs in the district. By comprehensively addressing financial, familial, and structural obstacles, these initiatives can greatly enhance youth participation in productive economic activities.

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