International Journal of Science and Research (IJSR)
ISSN: 2319-7064
ResearchGate Impact Factor (2018): 0.28 | SJIF (2019): 7.583

Assessing Barriers that Influence Youth Access to Finance for Agribusiness Ventures in Kenya

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Abstract: ***This study sought to assess barriers that influence youth access to finance for agribusiness ventures in Kenya. The study was guided by two specific objectives; to analyse the level of access to credit by youths for agribusiness ventures and to establish the factors influencing Access to financial services by youth agribusiness owners. The study was anchored on credit access theory. A Descriptive research design was adopted in this study and the sample size of the study included 100 registered and randomly selected agribusiness groups in Kiambu County in Kenya. Self-administered questionnaires were distributed among the youths selected from various Sub Counties of Kiambu County. The study adopted descriptive statistics for analysis of raw data, which included mean, percentages; frequencies whereas chi squares and cross tabulation analysis were used as the main inferential data analysis and processing techniques. The study found that there is generally low access to credit by youths in agribusiness ventures irrespective of the value chain node their business venture was affiliated to. The study also established that a number of factors influenced access to credit facilities by youth in agribusiness such as cost of credit which was pegged on the interest rates charged on credit, pre-requisite conditions laid down by the lenders and requirements needed to access credit such as availability of collaterals, grace periods provided by lenders, membership to a group, the type and size of the agribusiness one is involved in. The type of loan needed by a particular agribusiness also was a factor considered by lenders. The study recommends that financial institutions should consider venturing into innovative financing for unique agribusiness ventures; exploring models of finance that embed de-risking mechanisms to enhance access, fixing affordable interest rates charged on credit as well as optimize conditions and requirements needed to access credit such as low penalties for default, longer repayment period as well as grace periods. On the other hand, the study observed that there was need to have more financiers providing options for equity, debt as well as mezzanine financing models especially for businesses at the early start up stage. The study further recommended that the government needed to intervene by developing policies that enable affirmative action for inclusive finance focused on fledgling ventures owned by youth in agribusiness. Such policies should advocate for establishment of de-risking schemes such as credit guarantee frameworks and insurance facilities to enable youth access credit facilities and at affordable rates.***

Keywords: Barriers, Access, Credit, Finance Youths, Agribusiness

1. Introduction

1.1 Background Information

Africa has the youngest population in the world in terms of average age, as 60 to 70% of the population is below 30 years old. The United Nations define youth as individuals in age group ranging from 15 to 24 years while the Africa Youth Charter defines youth as individuals within the age of 18-35 years. Most of the African youth live in rural areas and have limited opportunities for gainful employment. However, they have untapped potential to transform the agricultural sector through innovation and entrepreneurship (Yami, Feleke, Abdoulaye, Alene, Bamba & Manyong, 2019). Agriculture holds considerable potential to provide gainful employment opportunities to a large number of youth if it is supported with increased investment and conducive legal and policy frameworks. In particular, agribusiness, a term used to mean farming plus all the other industries and services that constitute the supply chain from farm production through processing to whole saling and retailing, can create job opportunities and generate incomes (Amanor, 2019).

For instance, the food and beverage industry in Africa forecasted to be a USD 1 trillion industry by 2030 (World Bank, 2014) has great potential to create gainful job opportunities for rural youth. This suggests that there is a need to support youth in identifying business opportunities in the agriculture sector from producing food to providing services such as storage, transport, processing, and marketing. This can only happen when barriers to growth of youth owned agribusinesses are identified and addressed at all levels.

Globally, agribusiness Micro and Small Enterprises (MSEs) make up over ninety percent of businesses and account for between fifty to sixty percent of employment (Tinega& Nyang'au, 2018). It is observed that although agribusiness MSEs are extremely important as they financially empower many people thus raising their living standards, they are characterized by high mortalities due to uncertain socio-economic and policy environments that they operate in such as inability to access financial services and insurance safety nets.

The MSEs in agriculture play an important role in the growth and development of the Kenyan economy. It is estimated that there are 7.5 million MSEs in Kenya providing employment opportunities. Despite their significance, past statistics indicate that three out of five of these businesses fail within the first few months of operation according to KNBS (2019). According to Tinegaand Nyang'au, (2018) the factors affecting growth are capital markets, cost of operations, access to capital, collateral requirements, information access, capital management and cost of registration among others. The duo observed that cost and access to capital had the highest contribution to constraining micro and small enterprises growth into large businesses. The small scale enterprises play a key role in the Kenyan economy. Although Economic Survey (2016) pointed out that the sector contributes over 50% of new jobs annually, it has potential to contribute much more and thus create vibrant economic growth and development.

World Bank (2017) defines access to credit as enhancing the quality and reach of credit, savings, payments, insurance, and other risk management products in order to facilitate sustained growth and productivity. Omoregie, Ikpesuand Okpe(2018) argue that a household has access to a particular source of credit if it is able to borrow from that source, although for a variety of reasons it may choose not to. The extent of access to credit is measured by the maximum amount a household can borrow (its credit limit). If this amount is positive, the household is said to have access. Both definitions emphasize on the quality of the credit as an indicator of the credit access. In this study access to credit it therefore defined as the ability of individuals and entities to be able to access and borrow funds for the purpose of business growth and productivity.

According to Masinde (2019) the financial system of Kenya, though the largest in East Africa, has failed to provide adequate access to banking services to the bulk of the population and lending is skewed in favor of large private and public enterprises in urban areas. Kenya just like many developing countries especially in Africa depends on exportation of agricultural products as the main source of revenue (Osabohien, et al 2020). Therefore increasing access to credit in majority of developing nations will proportionately impact revenue generated from exports of agricultural products since investment in agriculture will increase. Medium, small and micro enterprises are known to be the engine of economic growth both in developed and developing countries across the world (Mascu & Muresan, 2019). Therefore, focusing on their survival variables such as access to finance, markets and information becomes the best strategy for economic development in developing countries.

According to FinAcces (2019) report, overall access to formal financial services and products improved to 82.9 percent in 2019 from 75.3 percent in 2016. The report shows that Kenya has made progress in expanding financial access from 26.7 percent in 2006, resulting in a significant dip in the financially excluded adult population to 11 percent in 2019 compared to 17.4 percent in 2016. However, access to loans from commercial banks is difficult for youth owned agribusinesses due to high interest rates, lack of collateral and the burden that comes with the loan (Mollo, 2017). The sluggish development of MSE is rooted on inability to access financial resource (KNBS, 2016). Attempts at improving access to finance through projects such as loans via Micro Finance Institutions (MFIs), FinTech and expansion of commercial banks in Kenya have been made in the recent past, yet these too have failed to include youth-owned MSEs (Mollo, 2017).

1.2 Study Objectives

This study sought to address the following objectives
1) To analyse the level of access to credit by youths in agribusiness ventures
2) To establish the factors influencing access to financial services by youth agribusiness owners

2. Literature Review

2.1 Theoretical Framework

This paper was guided by Credit Access Theory developed by Stiglitz and Weiss(1981). The theory gives an insight into how information can bring credit constraints. Alfo and Trovato (2006) explained that asymmetric information led to credit rationing conditions by modifying the risk-return distribution; this fact encouraged financial institutions to decline advancing finance for investments and produced divergence between finance demand and supply. According to Healy and Palepu (2001) information asymmetries take the form of adverse selection or moral hazard and lead to increased costs in trying to acquire and ascertain the information presented by a party as well as enforcement of the contract. Such asymmetries lead to market imperfections which imply deviations from the neoclassical framework.

The result of such market imperfections is increment in certain transaction costs. The businesses environment in which MSEs operate are marred with very high levels of such asymmetrical information. Credit access by youth owned agribusinesses may increase growth possibilities since it facilitates the development and improvement of firms' products and services or hire new employees. In transition economies, the development process that financial markets experience may create barriers linked to access to finance. In theory, better access to finance is vital to MSEs' growth. Lack of inclusive financial systems makes small enterprises and poor individuals rely on personal wealth or internal resources for education, entrepreneurship or utilizing growth opportunities.

2.2 Empirical Literature Review

Growth and expansion of investments in agriculture, which is significant to economic growth in any particular nation is linked to access to credit within those nations (Wellalage & Locke, 2017). A study by Koskey (2016) on effects of access to credit on profitability of small and medium enterprises in Roysambu Sub-Location, Nairobi found that improving loaning stipulations and provisions in favor of tiny and medium firms would be a good way for encouraging their access to loans and thereby making the businesses profitable. Simion, et al (2018) also established that limited access to finance impede the growth of the women-owned micro-enterprises in Nyanchwa, Kisii County. Another study conducted by Nyamboga, Odhunoand Bichanga (2019) found that there is a positive relationship between access to credit and the growth of SMEs in Kenya. Therefore, access to credit in Kenya has played a critical role in the growth of businesses especially in the SMEs sector.

A study conducted by Alang'o, (2017) in Kenya found that access to credit facilities improved the level of income, wealth, better jobs, and improved living standards. According to Alang'o, (2017) access to credit facilities was significant in predicting youth economic development and recommended that credit facilities should be made accessible to youths in Kenya since they contribute positively towards poverty reduction, creation of employment, income generating and standards of living. Similarly, a study by Mugo and Kilonzo (2017) highlighted that financial inclusion provides low-income households, vulnerable groups and informal enterprises with an opportunity to undertake financial transactions, generate income, accumulate assets and manage risks, thereby enabling their participation towards inclusive and sustainable development and greatly contribute to employment creation.

Kusek, Turker, Akdemir and Hayran (2017) conducted a study and sought to analyse how access to credit in Turkey affected investment in agricultural production. Just like in many other countries agriculture in Turkey created 7.5%of the gross national product of $ 820 billion and contributed by 12% to the152 billion dollar export earnings in 2017. This implies that agricultural investment was a key pillar to economic growth of Turkey which is replicated in other countries as well. Kusek, et al (2017) found that investment in agriculture was significantly dependent on access to credit. Therefore, access to credit within nations contributed in a significant way to agriculture sector investment which ultimately contributes immensely to a nation's economic growth.

Many developing countries especially in Africa depend on exportation of agricultural products as the main source of revenue (Osabohien, et al 2020). Therefore, increasing access to credit for agriculture oriented enterprises in majority of developing nations will proportionately impact revenue generated from exports of agricultural products since investment in agriculture will increase. In Ghana, Owusu, (2017) found that credit access had a positive and significant effect on cassava productivity. Among recommendation made by Owusu, (2017) was that interventions to raise agricultural productivity in Ghana should consider access to credit as a key component.

3. Research Methodology

The study sought to determine the barriers influencing youth access to finance for agribusiness ventures in Kenya. Descriptive research design was adopted in this study and the target population of the study included 100 registered agribusiness groups in Kiambu County in Kenya. The study focused on Kiambu County due to high density of agribusiness and emergence of agriculture as a source of livelihood for youths facing unemployment in county and the huge potential the region has in terms of supporting agribusiness activities and proximity to many financial institutions.

Self-administered questionnaires were distributed among youths in the selected from various Sub Counties of Kiambu County. The questionnaire had both open-ended questions and close ended questions to enable gathering reliable information for this analysis. The study adopted descriptive data analysis technique for presentation of raw data which included mean, percentages, frequencies whereas chi squares and cross tabulation analysis were employed as the main inferential data processing and analysis techniques. The study sought to test the hypotheses that;

H_{01}**:** *There are no barriers to access to finance for youth agribusiness ventures in Kenya*

4. Results and Discussions

A total of 100 questionnaires were administered to randomly selected agribusiness youth groups in Kiambu County in Kenya. This section covers findings of the study as well as discussions of the findings.

4.1 Background Information

The respondent background information that was examined comprised of age bracket, gender, education level as well as motivation for starting a business. The findings showed that male respondents were 70% while female respondent were 30%. This implied that youth agribusiness ventures in Kiambu County were mostly dominated by male owners with unequal proportion of both genders. The findings also showed that the largest proportion of the sample, 48% were aged between 31 and 45 years, those between 26 and 30 years were 38% while 14% were aged between 18 and 25 years. Regarding the level of education, the findings showed that the largest proportion of the sample represented by 30% had diploma level of education, those who had certificates in technical courses were 23% while a further 20% had bachelor's degree with an equal percentage having secondary education. Only 8% of the respondents had primary education. Kiambu County was relatively well educated and could be relied upon to provide accurate information for the study. Regarding motivations to start a business, the results showed that 63% of the respondents indicated that they started their own businesses out of passion, those who indicated that desire for self-employment drove them to start their business were 20% while 10% cited lack of employment. Only 3% of the respondents indicated that they were influenced by close acquaintances to start their business with an equal percentage citing availability of business opportunities as the main motivation.

Background Information	Category	Frequency	Percent
Age Bracket	18-25 years	14	14
	26-30 years	38	38
	31-35 years	48	48
	Total	100	100
Gender	Male	70	70
	Female	30	30
	Total	100	100
Education level	Primary Education	8	8
	Secondary	20	20
	Technical Certificate	23	23
	Diploma	30	30
	Bachelor's degree	19	19
	Total	100	100
Motivation	It's my Passion	63	63
	Lack of employment	10	10
	Influence by close acquaintances (friends, family members etc.)	3	3
	Desire to be self employed	20	20
	Availability of business Opportunities	4	4
	Total	100	100

4.1.1 Level of Access to Credit by Youths in Agribusiness Ventures

The first objective of the study was to analyse the level of access to credit by youths in agribusiness ventures. In this regard, questions were formulated in the research instrument with the aim of assessing the current level of access to credit by youths in agribusiness ventures in Kiambu County, Kenya.

4.1.2 Youth who have Bank Accounts

The first indicator of access to credit sought to determine whether respondents had bank accounts. The study findings as shown in figure 1 revealed that majority, 96.7%, had bank accounts while only 3.3% did not have bank accounts. This implies that majority of youths in agribusiness ventures in Kiambu county had bank accounts. According to Osano and Languitone(2016), opening bank accounts marks the first step in gaining access to business finance.

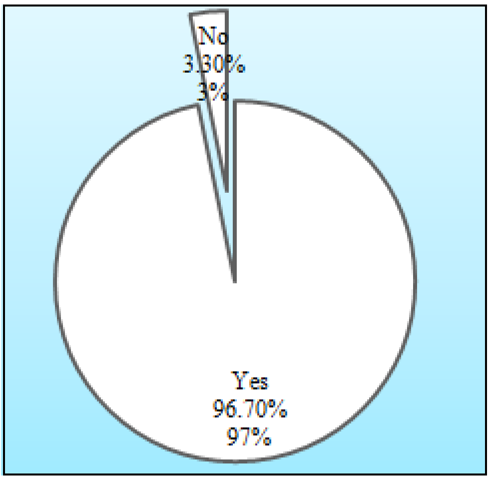

Figure 1: Bank Account Ownership

4.1.3 Business Owners

The study also sought to determine whether respondents had any business. As shown in figure 2, majority of respondents represented by 70% affirmed that they had a business while 30% did not which confirms the desire for youths to run business.

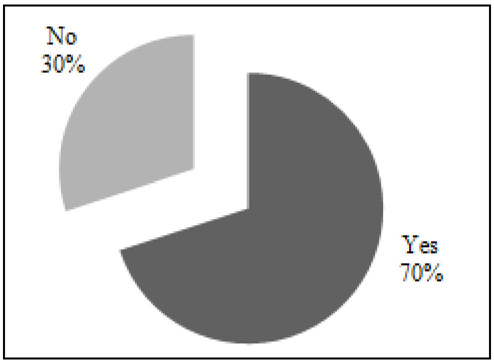

Figure 2: Business owners

4.1.4 Type of Business Activity

The study further sought to find out the type of business activity respondents were involved in. It was established that the largest proportion of respondents (55) were involved in production (Farming level activities) followed by trading (commercial businesses) represented by 13 respondents and service provision (10). It was therefore confirmed that majority of the respondents were involved in production specifically farm level activities as shown in figure 3.

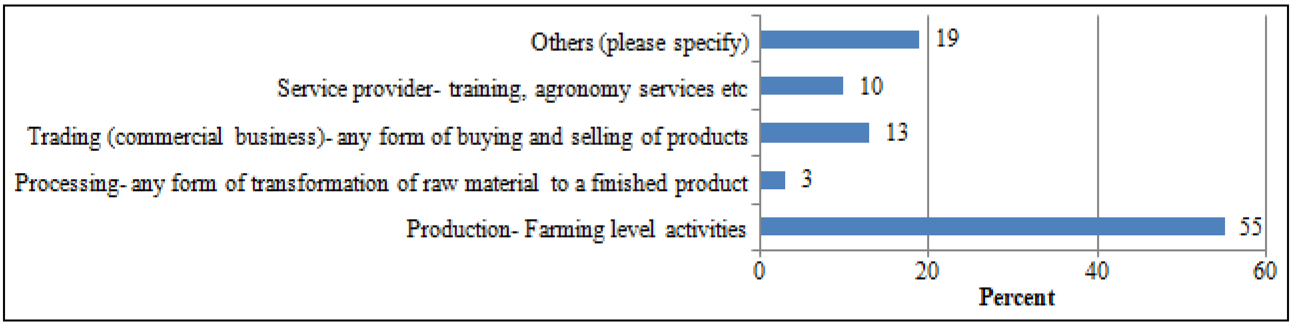

Figure 3: Type of Business Activity

4.1.5 Amount of money needed to starta Business

Respondents were also asked to indicate the amount of money in KES that they required to start their business. As shown in descriptive results Table 1, the minimum amount required to start a business is Kshs. 5, 000 with an approximate maximum of Kshs. 500,000 enough to start and run a business with a mean value of 121785.7 indicating that majority of respondents needed at Kshs. 120,000 to start and successfully run their businesses. The results imply that with as low as Kshs. 5000 youths can start their own businesses and thus amount of initial capital at one's disposal may not be a significant constraint in starting a business.

Table 1: Descriptive Statistics of Amount Needed to Start a Business

Descriptive Statistics	N	Minimum	Maximum	Mean	Std. Deviation
how much you needed to start your business in KSH	100	5000	500000	121785.7	107248.5
Valid N (list wise)	100				

4.1.6 Initial Business Finance

The study also assessed how respondents financed their business at the beginning. The study results as shown in figure 4 revealed that majority, 70%, financed their business from their own savings while those who relied on donations from friends and family were 23.3%. Only 6.7% of the respondents financed their business through credit. According to Matlay, Hussain Millman (2006), most start-up MSEs tend to have a higher reliance on own savings at the beginning before utilizing funds borrowed from financial institutions.

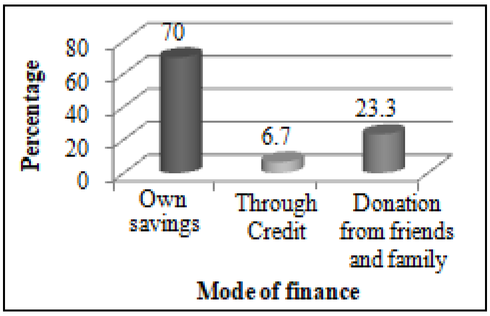

Figure 4: Initial Business Finance

4.1.7 Application for credit from financial institutions

Another aspect of access to credit that was assessed was whether respondents ever applied for credit from any financial institutions. The study results as shown in figure 5 confirm that majority (53.3%) applied for credit from financial institutions while 46.7% did not. This implies that majority of youths in agribusiness ventures make applications for credit from financial institutions.

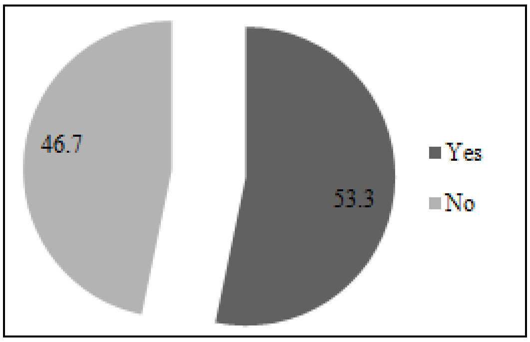

Figure 5: Application for Credit

4.1.8 Purpose of Credit from financial institutions

Moreover, the study sought to determine the purpose of credit that was obtained from financial institutions. It was established that the largest proportion of the sampled respondents, 34%, used credit from financial institutions to form their working capital while those who used it to purchase business equipment were 23% and 7% used it to pay off debts and for personal use. This implies that youths in agribusiness ventures in Kiambu County borrow from financial institutions to mostly enhance working capital for their businesses.

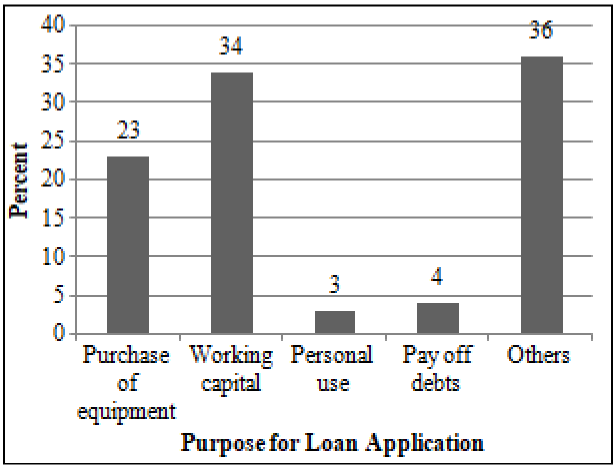

Figure 6: Purpose of Credit

4.1.9 Credit Application Success

To further assess the level of credit utilization, the study enquired whether respondents who applied for credit from financial institutions were successful. It was established as show in Table 2 that the largest proportion of the sample, 37% were not successful as compared to 33% who were successful. This suggests low rate of successful applications for credit from financial institutions by respondents.

Table 2: Success Rate of Credit Applications

Successful Applicants	Frequency	Percent
Yes	33	33
No	37	37
Missing	30	30
Total	100	100

4.1.10 Percentage of Initial Business Capital Financed by Credit

The study also sought to determine the percentage (%) of the amount needed to start business that was financed by credit. As shown in figure 7, 20% of the respondents indicated that credit obtained from financial institutions did not make up any percentage of the amount needed to start a business. Those who indicated that credit formed 0 to 10% of amount needed were 10%. The findings imply that respondents utilized a small percentage of credit from financial institutions to raise amount needed to start their business.

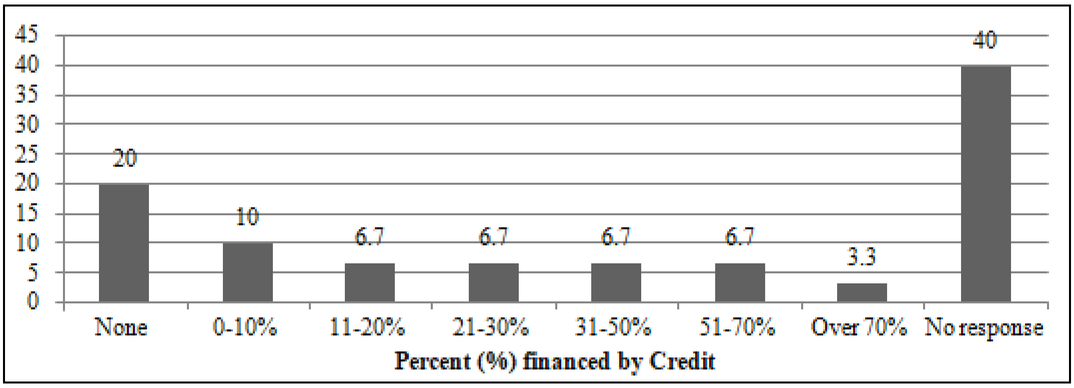

Figure 7: Percentage of Initial Business Capital Financed by Credit

4.2 Collateral Requirement for Credit

Regarding collateral requirement for credit, the study results showed that majority of respondents, 67% affirmed that they were required to provide collateral in order to secure credit while 20% were not required to provide collateral. The results are presented in figure 8 below.

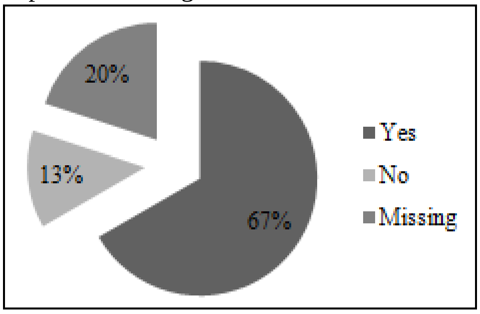

Figure 8: Collateral Requirement for Credit

4.2.1 Type of Collateral Required

The study also determined the type of collateral respondents used in order to secure credit from financial institutions. As shown in figure 9, majority had guarantors (56) while those who used land certificates as collateral were 15 and 6 presented collateral in form of pay slips. The findings imply that majority of businesses used guarantors to secure credit from financial institutions.

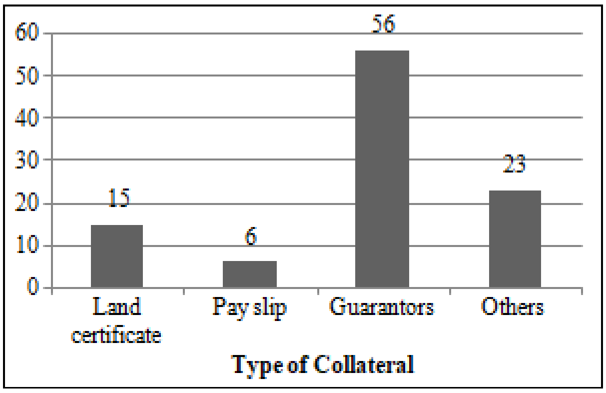

Figure 9: Type of Collateral

4.2.2 Loans from other non-bank financial institutions

With regard to whether respondents had tried to apply for loans from other non-bank financial institutions, the results show that the largest proportion of the sample (26) had obtained loans from family or friends or from financial support from the government. On the same note, other respondents indicated that acquired credit from business angels/investor finances as well as from venture capital finance.

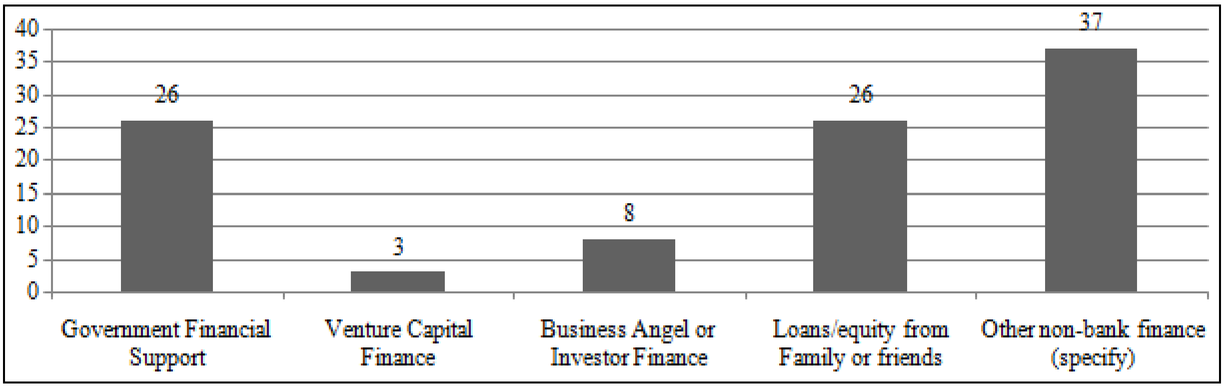

Figure 10: Other non-bank financial institutions offering credit

4.2.3 Access to Credit by Youths Seeking to Venture into Entrepreneurship

To further gauge the level of access to credit by youths venturing into entrepreneurship, the study used a scale of 1-5 to rate the comments of respondents regarding access to credit as shown in figure 11. The findings show that majority indicated very low access of credit by youths venturing into entrepreneurship (54) whereas only 8indicated high extent. This generally suggests that youths venturing into entrepreneurship felt that access to credit was low. The results corroborate the findings of Simion, *et al* (2018)that limited access to finance impedes the growth of micro-enterprises.

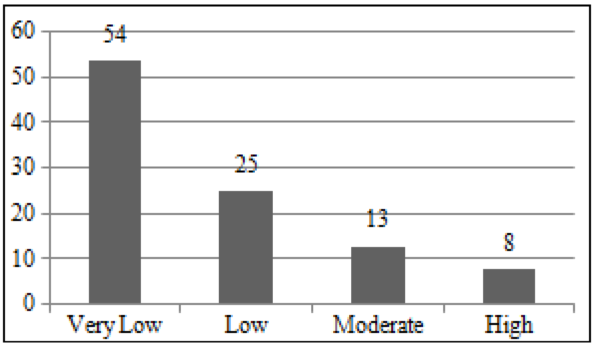

Figure 11: Access to Credit

4.2.4 Factors influencing Access to Credit Facility by Youth Agribusiness owners

The second objective of the study was to establish the factors influencing access to credit facility by youth agribusiness owners. The findings presented in Table 3 indicate how the respondents replied to the statements that were used to establish the factors influencing access to credit facility based on a scale of 1 to 5. Percentages, mean and standard deviation were the statistics used to describe the data obtained from the respondents. The mean provided the average response whereas standard deviation denoted the deviation of response from the mean. A large standard deviation indicated high variation of responses across the respondents.

Table 3: Descriptive Results on Factors influencing Access to Credit Facility by Youth Agribusiness owners

	SD	D	N	A	SA	Mean Score	Standard Deviation
Youths in this region have access to loans from financial institutions to finance their agri-business projects	31.0%	37.9%	13.8%	10.3%	6.9%	2.24	1.21
Interest rates charged on credit is affordable by the youths in Kenya	40.0%	20.0%	26.7%	10.0%	3.3%	2.17	1.18
Access to credit influences their engagement of youths in entrepreneurship	14.3%	14.3%	14.3%	17.9%	39.3%	3.54	1.50
Youths are unable to borrow and strengthen their investments	13.3%	6.7%	13.3%	40.0%	26.7%	3.60	1.33
Conditions and requirements needed to access credit are youth-friendly	53.6%	21.4%	21.4%	0.0%	3.6%	1.79	1.03
Collaterals (title deeds, log books) have been available to youth enabling access to finance	72.4%	10.3%	6.9%	3.4%	6.9%	1.62	1.21
Grace periods given by lenders have enabled me access finance	44.8%	20.7%	27.6%	3.4%	3.4%	2.00	1.10
It is easier to get loans as a group than as an individual	10.0%	0.0%	6.7%	23.3%	60.0%	4.23	1.25
The type of the agribusiness I practice attract access of finance from lenders	25.0%	25.0%	17.9%	21.4%	10.7%	2.68	1.36
The type of loan I needed for my business was available	44.8%	24.1%	13.8%	13.8%	3.4%	2.07	1.22

The study sought to assess whether respondents had access to loans from financial institutions to finance their agri-business projects whereby the largest proportion, 37.9% and mean 2.24, disagreed followed by 31% who strongly disagreed. With regard to the statement that interest rates charged on credit is affordable by the youths in agribusiness, the largest percentage, 40 and mean value 2.17, strongly disagreed with a standard deviation of 1.18 an indication of low variation of responses to the statement. The study also sought to establish whether access to credit influences engagement of youths in entrepreneurship whereby 39.3% and mean of 3.54 strongly agreed. However, there was a high variation in responses to this statement evidenced by a standard deviation of 1.5. Regarding the claim that youths are unable to borrow and strengthen their investments, 40% of the respondents agreed while a further 26.7% strongly agreed. A mean of 3.6 confirmed the results. The study further determined whether conditions and requirements needed to access credit are youth-friendly whereby majority of respondents, 53.6%, strongly disagreed while a further 21.4% disagreed. Regarding availability of collaterals such as title deeds, log books etc. to youth enabling access to finance, majority of respondents represented by 72.4% disagreed confirmed by a mean of 1.62.

Another statement sought to find out whether grace periods given by lenders have enabled youth access finance in which case the largest percentage of the sample, 44.8% and mean of 2 strongly disagreed. There was low variation in responses as demonstrated by a standard deviation of 1.1. Moreover, the study sought to establish whether it is easier to get loans as a group than as an individual. In this case, 60% of the respondents strongly agreed whereas 10% strongly disagreed. Regarding the statement that the type of the agribusiness one is involved in attracts access of finance from lenders, 25% strongly disagreed with an equal percentage disagreeing. However, 21.4% of the respondents agreed that the type of the agribusiness one is involved in attracts access of finance from lenders. A standard deviation of 1.36 therefore denotes high variation in responses. Finally, the study assessed whether the type of loan needed by one's business was available whereby 44.8% strongly disagreed supported by 24% who disagreed. The findings in this section generally imply that there is a plethora of factors that influence access to credit facility by youth agribusiness owners. The results agree with the study findings of Mole and Namusonge (2016) that among other factors lending procedures, collateral requirement as well as credit bureau referencing policies significantly influence access to credit facility by MSEs from financial institutions. The results also corroborate the findings of Koskey (2016) that improving loaning stipulations and provisions in favor of tiny and medium firms would be a good way for encouraging their access to loans and thereby making the businesses profitable.

4.3 Correlation Analysis for Factor influencing Access to Credit

A correlation analysis was conducted to test the hypothesis that H_{01}: There are no barriers to access to finance for youth in agribusiness ventures in Kenya. The results are presented in Table 4.

Table 4: Correlation Analysis for Factor influencing Access to Credit

		Interest rates	Conditions and requirements	Grace periods	Collaterals	type of the agribusiness	Credit Access
Interest rates	r	1					
Conditions and requirements	r	-0.044	1				
Grace periods	r	0.147	.252*	1			
Collaterals	r	-0.043	0.039	.487**	1		
type of the agribusiness	r	0.099	.383**	0.109	0.124	1	
Credit Access	r	-0.088	-.322**	-.351**	-0.062	0.118	1
	Sig.	0.463	0.009	0.002	0.605	0.339	
	N	100	100	100	100	100	100
* Correlation is significant at the 0.05 level (2-tailed).							
** Correlation is significant at the 0.01 level (2-tailed).							

The results show that interest rates and credit access had a correlation r=-0.088, p=0.463. These findings showed that there a weak negative association between interest rates charged and credit access by youth in agribusiness ventures. The findings show interest rates did not influence access to credit by youth in agribusiness in Kenya. These study findings reflect that even though the, interest rates in Kenya had been capped at 14% access tocredit by youth in entrepreneurship still remains very low. The correlation between conditions and requirements and credit access was r=-.322 (p=0.009) while Grace periods and credit access had a correlation r= -.351 (p=0.002). These findings implied that conditions /requirements such as grace period had a significant negative effect on credit access by youth in agribusiness in Kenya. Collaterals on its own and type of business were also found to have insignificant effect on credit access by youth in agribusiness in Kenya. The null hypothesis H_{01}: there are no barriers to access to finance for youth agribusiness ventures in Kenya was rejected since the study established that conditions and requirements such as grace period had a significant negative effect on credit access by youth in agribusiness in Kenya. The results agree with the study findings of Mole and Namusonge (2016) that among other factors lending procedures, collateral requirement as well as credit bureau referencing policies significantly influence access to credit facility by MSEs from financial institutions.

5. Conclusion

Based on the findings, the study concluded that there is low access to credit by youths in agribusiness ventures. Despite large volume of applications for credit from financial institutions, only a small proportion is successful in securing credit. The study also concluded that a number of factors influence access to credit facility by youth agribusiness owners. The factors as identified in this study include: affordability of interest rates charged on credit, conditions and requirements needed to access credit, availability of collaterals such as title deeds, log books etc., grace periods given by lenders, membership to a group, the type of the agribusiness one is involved in and the type of loan needed by a particular agribusiness. These factors generally determine the ease of access to loans from financial institutions by youth to finance agri-business projects and enhance their engagement in entrepreneurial ventures.

6. Recommendations

The section presents the recommendations made for improvement of access to credit by youths in agribusiness ventures. The study recommends small business financiers to consider fixing affordable interest rates charged on credit as well as optimize conditions and requirements needed to access credit such as low penalties for default, longer repayment periods as well as grace periods that a sensitive to the nature of agribusiness venture. Another key recommendation made by the study is that given the small amount of finance most agribusinesses require at the beginning, financial institutions should consider extending uncollateralized loans tailored to meet specific types of agribusinesses. The study further recommends youths in agribusiness ventures to form and join groups to obtain large amounts of credit from lending institutions as well as financial support from the government. The study also recommends that the government should consider intervening by developing policies that enable affirmative action for inclusive finance focused on fledgling ventures owned by youth in agribusiness. Such policies should advocate for establishment of debt de-risking schemes such as credit guarantee frameworks and insurance facilities to enable youth access credit facilities and at affordable rates.

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