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The Role of Microfinance on Youth Empowerment. An Examination of Theoretical Literature

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Abstract- The strategy of giving micro-loans to the youth for their empowerment more especially the poor youth in the rural areas is very important for the youth as well as the country as a whole.The research studies which have been done on youth empowerment indicates that at least there has been some improvements on their standard of living and that at least some degree of empowerment has taken place in their lives. On the other hand there has been limitations in defining empowerment in economic terms only but the researcher here proposes that its multidimensionality meaning of the concept should be adopted that is, it's meaning in economic, social and political terms. This review of literature has captured the use of power theories that is: power over, power within, power with and power to, at the same time the researcher has applied the Resource, Agency and Achievement theories to explain the empowerment concept of the youth. Finally the researcher has developed a simple conceptual framework where Micro-credit is an independent variable, empowerment as a dependent variable and intervening variables as: culture, economic conditions, and levels of education.

Index Terms- Youth, empowerment, microfinance, micro-credit, financial services.

I. Introduction

Youth empowerment is a process where young peopleare encouraged to take control of their lives. They do this by lecturing to their conditions and then take action in order to advance their access to resources and transform their perception through their beliefs, values, and attitudes. It aims at improving the quality of life they live. Youth empowerment can berealized through involvement in youth empowerment programs but someresearchers argue that the youth's rights should go beyond learning of formal rights and procedures to create about potential of great concrete experience of rights. According to Kenya National Youth Policy (2006), youths are defined as persons resident in Kenya in the age bracket 15 to 30 years, taking into account physical, psychological, cultural, social, biological and political definitions of the term. Young people represent an important statistical grouping globally. According to United Nations Program on Youth (2012), defines youth as young people between the ages 15 to 35 representing approximately 34% of the global population, nearly 2.4 billion people. In Africa, youth population represents 30%, while in Kenya the youth number is about 9.1 million and account for 32% of the population (World Bank, 2006).

Youth population therefore forms the largest source of human resource (Kirby & Bryson 2008), however, they have been placed on the sideline and not fully utilized for social, economic and political development (Anderson & Sandman, 2009; Jennings 2006; Oliver*et al.* 2006; Roth & Brooks, 2004). Many of the youth who are productive and energetic remain unemployed or underemployed, they continue to suffer from poor health, drugs and substance abuse and lack sufficient support from the government. As a result, they are stuck in a "low productivity, low income, lowWealth, vicious cycle of poverty etc. (Gilead, *et al.* 2008). The Heads of States and Governments in the United Nations' Declaration at the beginning of new Millennium resolved, among other things, "to develop and implement strategies that give young people everywhere a real chance to find decent and productive work." The Secretary General of the United Nations, in his report to the Millennium Assembly, highlighted the need toexplore imaginative approaches to this difficult challenge (UN, 2000).

1.2 The Theory of Empowerment.

Empowerment theory focuses on processes that enable participation, enhance control through shared decision making, and create opportunities to learn, practice, and increase skills. Empowerment theory suggests that engaging youth in pro-social, meaningful, and communityenhancing activities that the youth themselves define and control, helps youth to gain vital skills, responsibilities, and confidence necessary to become productive and healthy adults.According to (Kabeer 2005), "empowerment refers to the processes by which those who have been denied the ability to make life choices acquire such ability". From the above definitions, empowerment can be said to be an ongoing change process that involves self-determination through the making of choices that can improve a person's wellbeing. UNIFEM on the other hand suggests that youth economic empowerment should be defined as "having access to and control over the means to make a living on sustainable and long term basis and receiving the material benefits of this access and control (Carr 2000, and Mosedale 2005). Kabeer (2005b) argued that "for an individual to make meaningful choices, there must be alternatives and these alternatives must be seen to exist". Eventually, the youths should be free to make their choices and be responsible for the choice they make. In other words, resources plus agency makes achievement possible. Achievement is defined as the potential for a person to live a life the person wants.

The authors correctly note that loans can be a tool for reinforcing the negative impacts of channeling, or for alleviating them, depending on the context and especially how they relate to magnifying or reducing the negative impacts of scarcity and its taxation.This insight forces us to think differently about the decayed and perhaps reckless critiques of micro-loans centered on how some of the funds officially sanctioned for starting or expanding small businesses are in fact used for other purposes, which may not help to empower the youth, or bring any economic benefit to the youth, usually defined as "consumption." In fact, some studies that have found out that up to 40% of the funds clients receive in the form of micro-loans are not used for investment in business, or for the purpose on which they were meant. Studies indicate that more of this money is being misused and this results to statistics that are sometimes used to undermine the importance for microcredit to the youth. This critique loses some of its power when viewed through the behavioral economics lens. If micro-loan proceeds are not directly invested in a business venturesthat are used to provide extra revenues to be used to reduce scarcity and the negative behaviors it leads to, or pay off high-interest debts accumulated in the past then it may be of no use to the youth.

1.3 Definition of terms:

1.3.1 Empowerment:

According to (Kabeer 2005), "empowerment refers to the processes by which those who have been denied the ability to make life choices acquire such ability". Empowerment is a process that strengthens and activates the capacity of the youth to satisfy their own needs, solve their own problems, and acquire the necessary resources to take control over their lives. Empowering the youth is important because empowerment leads to competence and confidence, which, in turn, are linked to self-esteem and self-actualization.The word empowerment has different meanings and variations in different contexts. Some words that would come up as one seeks to define empowerment are words such as: self-reliance, self-power, ability to make choices, potential, self-rule and the list goes on, these are entrenched in the belief system. Empowerment is therefore fundamental and has influential value in many levels, it can be relevant in political or social levels, economic and can be relevant collectively or to an individual level. As people experience increased power of choice, an increased power in control of their lives happens simultaneously. The term "empowerment" therefore means to give somebody the power or authority to do something (Oxford Dictionary).It is a course of action by means of which the youth takes ownership and control of their lives through extension of their selections.

Definitions of empowerment for a long period of time has been limited to only one meaning of economic empowerment but this is not the case, empowerment is a multidimensionality concept, which may be measured by many indicators. Further ESPS stress that, women's empowerment is a multidimensional concept, which intends to measure many abilities in an individual. It intends to measure youth's ability to control resources, their ability to choose and control different outcomes, their self-esteem, their educational levels, their employment status, and theirautonomy and status in society etc. are commonly used to capture youth empowerment.Kabeer (2001), whose definition is the most extensively accepted, defines empowerment as "the development of people's ability to make strategic life choices in a context where this ability was formerly denied to them". (Ismail et al, 2011) described empowerment as "a process whereby the youth become able to organize themselves to increase their own self-reliance, to assert their independent right to make choices and to control resources which will assist in challenging and eliminating their own subordination".

Empowerment therefore, refers to individuals, families, organizations, and communities gaining control and mastery, within the social, economic, and political contexts of their lives, in order to improve equity and quality of their life (Zimmerman 2000). According to (Pigg 2000) defines empowerment as "the development of individual leadership skills and knowledge regarding the practice of leadership, and formal recognition by the community of their newly acquired skills or status in the community.Empowerment seeks to oppose oppression and marginalization, it can be viewed as a process of increasing interpersonal or political power so that individuals can take action to improve their life situation (Gutierrez, 1990).

1.3.2The Youth:

This is a defined group,"the youth" describes boys and girls who find themselves in a transition phase from childhood to adulthood, in the age between 15 and 24 years (World Bank, 2011). In reality, some people can due to their behavior and life circumstances belong to the youth even when they are younger than 15 years or slightly older than 24 years. Different cultures and communities define youth based on influences of previous understanding of the same terminology, this was stated in a conference held in Abuja Nigeria,and the conference was geared toward the young people trying to define their role in the society. The Macmillan dictionary on the other hand states the definition of youth as "the time of one's life when they are young". In Kenyan society, the reference to youth is made of an individual, who is at least 15 years of age, but no more than 30 years. In this African context, it is believed that any one above the age of nineteen is of a consenting opinion; hence assuming adult responsibilities and is therefore accountable for all his or her actions. The definition of youth is relatively subjective, can be influenced by economical, demographical, cultural, and to an extend gender.

1.2.3 Youth Empowerment:

Youth empowerment means creating and supporting the enabling conditions under which young people can act on their own behalf, and on their own terms, rather than at the direction of others. It can be regarded as an attitudinal, structural, and cultural process whereby young people gain the ability, authority, and confidence to make decisions and implement change in their own lives and the lives of other people, including both youth and adults. In fact, the youth can be considered as empowered when they themselves acknowledge that they have created, or can create, choices in life, and they are aware of the implications of those choices, make informed decisions freely, take actions based on those decisions, and accept responsibility for the consequences of those actions (Commonwealth Secretariat, 2007). The YES (2011) defines "youthempowerment"as the outcome by which youth, as change agents, gain the skills to impact their own lives and the lives of other individuals, organizations and communities.The Youths that are empowered using the YES empowerment model continue to create community change throughout their lives. The YES's definition of youth empowerment at the individual levelis "exercising power over one's life by being skilled, critically aware, and active in creating community change".The YES's definition of youth empowerment at the organizational levelis the implementation of a culture, vision, and system that supports youth empowerment at the individual level.Empowerment and capacity building enable a persons to have a voice, gives him or her the encouragement that their voice has a right to be heard, and give them hope for tomorrow in that their skills are sharpened and hence allowing them to access the future economic opportunities. We also mean that they have increased interpersonal power to influence their future. It is about supporting to bring change and increasing opportunities thereby enable the potentials of theseyouth to be realized.

In response to the worldwide phenomenon of young men and women calling for meaningful civic, economic, social and political participation, UNDP's Youth Strategy 2014-2020 recognizes the involvement of young men and women in participatory decision-making and development processes is vital to achieving sustainable human development. Identifying developmental challenges and issues facing youth today, the strategy offers recommendations for strategic entry points and engagement of a broad range of partners in addressing youth empowerment. UNDP supports the capacity development of young people and youth-led organizations, and the development of youth caucuses in government, parliament and other bodies. We engage with relevant stakeholders through outreach, advocacy, through leadership, global networks,and policy debates, in particular in the context of the post-2015 development agenda and the Sustainable Development Goals. We also support the mainstreaming of youth issues in development planning and inter-ministerial and inter-sectorial coordination.UNDP promotes:i) Inclusive youth participation in effective and democratic governance. ii) Economic empowerment of youth. iii) Strengthened youth engagement in building resilience in their communities and iv) Inclusion of youth in the future development agenda, through consultations and discussions.

*1.3.4 A**ims of empowerment.***

Youth empowerment programs are aimed at creating healthier and higher qualities of life for underprivileged or at-risk youth. The five competencies of a healthy youth are: (i) Positive sense of self, (ii) Self- control, iii) Decision-making skills, (iv) A moral system of behavior and (v) Pro-social connectedness. Developmental interventions and programs have to be anchored on these competencies that define positive outcomes of healthy youth.

1.3.0Forms of empowerment programs for the youth:

Thesehelps young people to look beyond their personal needs and interests to see their relationship to a collective groups, organizations and communities (Listen 2000), has developed seven key forms of empowerment through community Art, plus five other forms from the researcher: these are as follows in detail:

1.3.1Youth empowerment through collaboration.

Youths were empowered from gaining social capital in the form of building relationships through collaboration, teamwork, mentorship, and community participation. (Michael Mosher 2012) In his article, Painting Material Culture: Community Art Research in Saginaw, Michigan, says, "A community in democratic politics in the best sense of the word collaboration, is a process of incorporation of many voices, addressing multiple agendas and needs in which everyone benefits" (Mosher, 2012). Of the participating youths, 77% indicated that they enjoyed working with others on this project, while 74% agreed or strongly agreed they would like to work with others on a project in the future, and 56% agreed or strongly agreed they would be more likely to participate in a community project in the future. Thus from this study we can tell that at least over 75% of all the youths are ready and they enjoy to work as teamwork in collaboration with the mentors and they are ready to participate in community service and both leads to youth empowerment.

1.3.2Youth empowerment through accomplishment of a task:

Youths can be empowered through building self-esteem, which resulted from the students having tremendous pride for their accomplishment of the completed work done, and from having acted in an important part in the work process. It can be seen that most of the youths are shy and unsure of speaking up or coming forward to discuss an issue. They need to be pusheddue to lack of confidence in themselves and because they grew up when they were out of their comfort zone. When the youth participate in a project and at the end of it they are able to come up with something good, they feel proud and build up their confidence having realized that they could do something meaningful and important, and that their opinion does matter, and by the end of the project most students are able to express themselves even more.

1.3.3 Youth empowerment through Leadership opportunities:

Youths are empowered through participating in leadership opportunities. Developing leadership skills among youth members is critical to community organizing and also important to passing on the legacy of engagement to youth (Bobo, Kendall& Max, 1996). Youth participation is the process of young people contributing to decision-making that affect their lives and communities, the youth are given the opportunity to make-decisions, give opinions, and give direction and take control. (Checkoway & Gutierrez, 2006). Researchers argued that youth participation can have multiple developmental benefits. (Walker & Pearce 2005; Quane & Rankin, 2006; Zeldin, Camino & Calvert 2003). They suggest, for example, that it can foster empowerment, autonomy, competence, and provide a safe space to explore identity through meaningful roles. Youths given the opportunity, a piece of knowledge acquired about leadership increases their ability to release control to other persons, who always can be in charge and people don't mess things up, and therefore it is important to relinquish some of the control to other people, so that others can get the opportunity to learn and acquire more skills.

1.3.4Youth Empowering through Building skills:

Youths were empowered through gaining social capital from building skills and participating in a complex process. Youths have the power to acquire skills as they participate in various projects. They have many choices of how to participate in various projects including: design team, photo documentation, project planning, team leadership, fundraising, contributing themes and ideas, painting, drawing, and participating in evaluation, (Mosher 2012). By doing the above activities the youth do build capacities which finally empower them economically.

1.3.5 Youth Empowerment through Creation of a meaningful place:

By creating a meaningful place through the expression of a shared identity and experience, youths are empowered. Through creative place making, the youth discover a place that matter to them. In their article, (Kenneth Temkin and William Rohe 1996) in their article, Neighborhood Change and Urban Policy "Social mobility and spatial mobility are inherently intertwined". Youths were able to express what matters to them and let that become public knowledge. The youth's voices became publicized, and were made vulnerable to them being seen and heard. Young people are not accustomed to their opinions and stories being recognized and acknowledged, and their project attempted to shed light on youth voices and ideas, and to validate those as important and worthy of being told through a painting. This is a case where the story was a collective of shared ideas and inspirations. The youths had recognition, hope and belief and learned to set goals that are extremely challenging.

1.3.6 Youth empowerment through project ownership.

Youths were empowered through gaining a sense of project ownership. Ownership of the project is achieved through youths participating in planning and decision making. One way of creating a sense of ownership is to have certain teams being in charge of specific areas of the project. Many youths need to take ownership of certain areas of the project or certain aspects of planning. For example, a youth may take ownership of the fundraiser in planning its logistics, take ownership of some assets like estates etc.

1.3.7 Youth empowerment through levels of responsibility and accountability:

Youths can be empowered through having high levels of responsibility and expectation placed on them, and for being accountable for the process and final product. Only when youths have a high stake and high responsibility, can they build skills to become agents of change. Youths are empowered, but their level of involvement in the project and their direct involvement with decision making are intrinsically connected to the level of empowerment obtained.

1.3.8 Youth empowerment through entrepreneurship:

An entrepreneur is a person who sets up a business or businesses, taking on financial risks in the hope of profit making (oxforddictionaries.com). Lazear (2005) emphasizes that entrepreneurship requires the ability to combine resources simultaneously and efficiently.Entrepreneurs need to be "jacks-of-all trade",When these three factors are fully integrated within youth planning and programmes, youth empowerment tends to be much more of a realized objective and the benefits to the youth and the society at large are enormous (Anderson & Sandmann, 2009). Another variable to consider here, in the quest for youth empowerment in Kenya, is the 2010 Kenyan constitution, in the Bill of Rights, there is a specific application of rights for the youth. If applied as it reads, it provides not only the best policy guidance of what needs to be done to successfully accomplish youth engagement and development, but also a firm legal foundation for challenging the government if it fails to do so.

1.3.9 Youth empowerment through Education:

Education is the next important area for engaging the youth and for youth development. In fact, youth access to relevant education and training is also entrenched in the 2010 constitution of the government of Kenya. Beyond building human capital to raise worker productivity, another institutional function of education and training is to provide young people with what they need to become effective agents of change. In order to find a decent job, for example, the youth need to develop a range of skills and knowledge that are typically gained through education and training. Moreover, a reduction in youth inequality is determined, to a significant extent, by the quality of education and training that youth receive (United Nations Human Settlements Programme, 2010).

1.3.10 Youth empowerment through employment:

In Kenya and the world at large, youth unemployment is a major development challenge, governments have attempted to tackle this challenge through several initiatives. participating in the consultative forum of the Youth entrepreneurship and sustainability, Kenya Network, which is a national youth multi-stakeholder network involved in promoting youth entrepreneurship and employment in Kenya; entertaining the notion of a Youth Employment Marshall Plan in 2009, which was to incorporate various projects: organizing and hosting a National Youth Employment Conference in 2009 whose objectives included the formulation of policy recommendations to provide an enabling environment for youth employment creation, and the identification of areas and measures to create large-scale employment opportunities for the youth in the short term; and actively supporting the March 2010 launch, and partnering thereafter, in the efforts of the Kenya Youth Empowerment and Employment Initiative, which is an initiative, under the leadership of Africa Nazarene University, whose goals are to prepare youth for the world of work and to facilitate job creation in Kenya and the East Africa region, if possible. Economic growth generates job opportunities and, hence, stronger demand for labour, the main and often the sole asset of the youth. In turn, increasing employment has been crucial in delivering higher growth. This relationship between growth and employment remains robustly positive despite recent signs of 'jobless growth' in Kenya and elsewhere. But even in circumstances of a weakening relationship between growth and employment, this may suggest a stronger rationale for a higher growth strategy in the future.

1.3.11 Youth empowerment through Training.

Feigenberg et al., (2011) underscored that, entrepreneurship education is a lifelong learning process, starting as early as elementary school and progressing through all levels of education, including adult education. Robinson (2001) drew a boundary around entrepreneurship education as comprising the following three components: First, personal development: entrepreneurship education should build confidence, motivate progress, strengthen the entrepreneurial mind-set, foster a desire to achieve and inspire action. Second, business development: Technical, financial literacy and skills to engage in self-employment, and entrepreneurship that can lead to self-improvement. This would include the expected business and functional curricula. Finally, entrepreneurial skills development, entrepreneurship education should provide training in social skills, networking, creative problem solving, opportunity seeking, selling, interviewing, presentations, group leadership, community co-operation, dealing with bureaucracy, local cultural norms and how they affect business, etc.

Youth organizations have come up with innovative programmes to address the youth's economic needs, health interventions, especially those aimed at reproductive health and alleviating the spread of HIV/AIDS among the youth, environmental programmes, and character building programmes, literacy, vocational training, sports and recreational as well as social-cultural programmes. However, the following constraints have hampered their effectiveness in achieving their objectives: i) Pressure from the high population growth: The high population growth, currentlystanding at 2.5% as per 2005 census puts pressure on available resources as the number of youngPeople keeps on rising.ii) Lack of appropriate skills: The 8-4-4 education system and tertiary training institutionscontinue to release thousands of graduates, who are neither properly equipped for entryinto the labour market nor possess the necessary life skills. iii) Unclear and uncoordinated youth policies and programmes: While a number ofGovernment Ministries and youth organizations have their own programmes and sectoralyouth policies, lack of a national youth policy and effective co-ordination mechanismshamper their effectiveness. iv) Resource Constraints: Most of the youth programmes, run by both the Government andNon-governmental agencies lack adequate funds and equipment, which limits their success. v) Low status given to youth: Existing structures and prevailing attitudes do not provide anenabling environment for youth participation in decision-making, planning andimplementation processes.

1.3.12 Youth adult relationship are another type of empowermentmethod used around the world. This method has been defined as a developmental process and a community practice. The partnership involves people of different ages working together on community issues over a period of time. The method emphasizes reciprocity among adults and youth with a focus on shared decision making and reflective learning. The concept of shared control is key for empowering youth. Youth empowerment has also been used as a framework to prevent and reduce youth violence. Research shows that these youth empowerment programs can improve conflict avoidance and resolution skills, increase group leadership skills, and civic efficacy and improve ethnic identity and reduce racial conflict.

1.4 The discoveries of empowerment on the youth.

The research studies done on youth empowerment have come up with the following thinking about the same, they are as follows:

1.4.1 Benefits of Empowerment:

The practice of youth involvement and empowerment became entrenched within the organizational culture and the community culture. Adults and organizations also benefit from empowerment programs.Both become more connected and more responsive to youths in the community, which leads to programimprovements as well as increased participation from youth, the youth gains competence through the acquired skills, increase in incomes, and increase in quality in performance, increased leadership, increase in the ability to participate in decision making etc.

1.4.2 Critiques of youth empowerment.

One major critique of the youth empowerment is that most programs take a risk-focus approach. There has been a major emphasis on what is going wrong with the youth in their lives rather than what goes right. This portrays young people as a problem that need to be fixed, and displays the process of development as a process of overcoming risk. This may discourage youth from joining youth development programs. The risked-based model can obscure the fact that adolescence is a time when young people master skills and concepts.

1.5.Microfinance.

Microfinance can be broadly defined as: The provision of small-scale financial services such as savings, credit and other basic financial services to the poor and low income people. Although the word is literally comprised of two words: micro and finance which literallymean small credit; the concept of microfinance goes beyond the provision of small creditto the poor. Christen (1997) defines microfinance as the means of providing a variety offinancial services to the poor based on market driven and commercial approaches. This definition encompasses provision of other financial serviceslike savings, money transfers, payments, remittances, and insurance, among others.However many microfinance practices today still focuses on micro-credit, providing thepoor with small credit with the hope of improving their labour productivity and thereby leading to increment in household incomes.Micro-finance promises not only to break the vicious cycle of poverty by injecting liquidity into the vicious cycle, but also it promises to initiate a whole new cycle of worthy spirals of self-enforcing economic empowerment that leads to increased household well-being. That is the theory that has promoted the microfinance institution and given it the "polite and respectable" image it currently enjoys.Micro-finance began in 1970's when social entrepreneurs begun lending money on a large scale to the working poor, (Grameen Bank 2007). Therefore, micro-finance is the provision of financial services to low income clients or solidarity lending groups including consumers and the self-employed who traditionally lack access to banking and related services. Lack of access to affordable financing is perceived as being one of the biggest obstacles foryounger people to start their own business (Greene, 2005; Llisterri 2006).

Lenton and Mosley (2011) described financial exclusion as the inability of low income people to access mainstream financial services. Micro-finance is unique as an economic process that can flourish successfully in particular, difficult economic conditions, including lack of infrastructure, deficient macroeconomic policies, and low levels of national growth (Bernal-Garcia, 2008). Youth make up the bulk of these low income earners and most of them are unable to access financial services as the majority live in rural areas. Micro-finance refers to the financial services designed to meet the needs of the poor and low income individuals, particularly in developing countries, with a view to fighting poverty and financial exclusion (Robinson, 2001). Lenton and Mosley (2011) described financial exclusion as the inability of low income people to access mainstream financial services.Micro finance came into being from the appreciation that micro entrepreneursand some poorer clients can be bankable, that is, they can repay both thePrincipal and interest on time, and also make savings, provided financialServices are tailored to suit their needs. (Yunus 1998)establishing Grameen bank in 1983, Muhammad Yunus sought to realize his vision of self-support for the poorest people by means of loans on easy terms. The bank has since been a source of inspiration for similar microcredit institutions in over one hundred countries. Grameen bank works on the assumption that even the poorest of the poor can manage their own financial affairs and development given suitable conditions.

According to the UNCDF (2004) there are approximately 10,000 MFIs in the world but they only reach four percent of potential clients, about 30 million people. On the other hand, according to the (Microcredit Summit Campaign Report 2004) as of December 31st 2003, there were 2,931 microcredit institutions that we had data on, reported reaching "80,868,343 clients, 54,785,433 of whom were the poorest when they took their first loan". Even though they refer to microcredit institutions, they explain that they include "programs that provide credit for self-employment and other financial and business services to very poor persons" (Microcredit Summit, 2004).

1.5.1 Background of Microfinance.

According to Khan and Rahaman (2007) Microfinance is not a new development. Its origin can be traced back to 1976, when Muhammad Yunus set up the Grameen Bank as experiment on the outskirts of Chittagong University campus in the village of Jobra, Bangladesh. The aim was to provide collateral free loans to poor people, especially in rural areas, at full cost interest rates that are repayable in frequent instalments. The inspiration of Grameen Bank came to Yunus' mind when he lent the equivalent of between U$26 to U$46 to exploited women and others who were working as bamboo furniture makers. He saw that the women were enthusiastic about it and paid back their loans in full and on time. According to Sarkar (2001), Professor Muhammad Yunus observed that conventional banking practices had in-built constraints and were aimed only at those who were already well off. In this context, Professor Yunus contemplated an alternative institutional framework that could be used to raise the wellbeing of impoverished sections of society. The hypothesis was that, if financial resources were made available to the poor at reasonable terms and conditions, the poor could generate productive employment without external assistance.The Grameen Bank is now a very distinct poverty alleviation organization, exclusively for the poor. By definition, it is purely a bank and provides banking services to the poor including the youth. Although it is a poverty alleviating organization, it is designed to run on commercially viable terms. It extends credit to the poor to invest in productive areas such as processing, manufacturing, agriculture, forestry, livestock, fisheries, services and trade. Although its primary responsibility is to provide credit, it has involved itself in different social development activities as well. Sarkar further states that as per December 1999, 1,149 Grameen Bank branches were operating in 39,706 villages with 67,691 centers. There were 2,357,083 members, of which 2,234,181 were female and 122,902 male (Grameen Bank 1999).The Grameen Bank's main objectives according to Sarkar, (2001) are: i) Extending banking facilities to poor men and women. ii) Eliminate the exploitation by moneylenders. iii) Create opportunities for self-employment among Bangladesh's vast and underutilized manpower resources.

1.5.2Main objectives of Microfinance.

Microfinance is a type of banking service that is provided to unemployed or low incomeIndividuals or groups who would otherwise have no other means of gaining any financialServices. Ultimately, the goal of microfinance is to give low income people an opportunity tobecome self-sufficient by providing a means of saving money, borrowing money and insurance policy to protect their investments. The goals of MF banks are as follows: i) To provide diversified, trustworthy and timely financial services to the economically active Poor. ii) To mobilize savings for financial intermediation. iii) To create employment opportunities. iv) To provide real revenues for the administration of the micro-credit program of government and high net worth individuals. v)To provide payment services such as salaries, gratuities and pensions on behalf of various tiers of government. vi) To engage the poor in the socio-economic development of the country, vii) Self-sufficiency for talented youth entrepreneurs, viii) Breaking of poverty cycle, ix) facilitating and encouraging entrepreneurial spirit in quest for self-reliance and x) economic empowerment through business expansion and growth.

1.5.3 Major Principles of Microfinance.

i) The poor need a variety of financial services, not just loans.Each one needs a wide range of financial services that should be elastic, suitable and realistically priced. Thepoor do not always insist in cash loans only they also need medical insurance, rampant and cash transfer etc.

ii) Microfinance is a powerful instrument against poverty:It is necessary to provide the access of financial services to deprived people for increasing theirincome, building assets and reduced their liabilities and need to empower against the poverty.iii) Microfinance means building financial systems that serve the poor:Poor people constitute the vast majority of the population in most developing countries. Yet,an overwhelming number of the poor continue to lack access to basic financial services. Inmany countries, microfinance continues to be seen as a marginal sector and primarily adevelopment concern for donors, governments, and socially-responsible investors. In order toachieve its full potential of reaching a large number of the poor, microfinance should becomean integral part of the financial sector.iv) Financial sustainability is necessary to reach significant numbers of poor people most poor people are not able to access financial services because of the lack of strong retailfinancial intermediaries. Building financially sustainable institutions is not an end in itself. Itis the only way to reach significant scale and impact far beyond what donor agencies can fund. Sustainability is the ability of a microfinance provider to cover all of its costs, allows thecontinued operation of the microfinance provider and the ongoing provision of financialServices to the poor. Achieving financial sustainability means reducing transaction costs,offering better products and services that meet client needs, and finding new ways to reach theunbanked poor.

1.5.4 challenges facing micro-finance.

Yunus (1998) highlights them as follows: i) High costs of service delivery, ii) Poor infrastructure, and iii) Lack of appropriate regulatory oversight, iv) Diversity in institutional form, v) Inadequate governance and management capacity, vi) Limited market outreach, vii) Unhealthy competition, viii) Limited access to funds, ix) Unfavorable image and x) Lack of performance standards etc. (Susan 2012) the chief executive officer of Youth Agenda says that "given the low growth of employment in the formal sector, the growth of micro-enterprise provides the best opportunity for youth livelihood". Susan says the Youth Enterprise Development Fund which was meant to enhance youth participation in socio-economic development through the provision of credit to enable young entrepreneurs to access finances to set up or expand business appears to be failing in this mandate.

1.5.5Characteristics of Micro-finance:

Empowering small business is the key objective of microfinance, it is to provide means of financing which will enable: small business to expand, create employment and contribute to national development. This makes microfinance to possess the following features; i) Target poor clients who do not have access to formal financial sources, ii) mostly collateral free, iii) MFIs go to clients rather than clients going for MFIs, iv) have simplified savings and loan procedures, v) offers small and repeating loans, vi) repayment considers income from business as well as other sources.

1.5.6 Characteristics of microfinance products:

Microfinance services are aimed at the poor clients who do not have access to formal financial sources. According to Rwanda, 2004 study, the following are the characteristics of microfinance products: i) Small amounts of loans and savings ii) Short loan terms less than one year) iii) Payment schedules featuring frequent instalments/deposits. Iv) High rates on credit. v) Easy access to the MFI. vi) Simple application forms which are easy to complete. vi) Short processing period between completion of application and disbursement of the loan. vi) Availability of repeat loans of higher amounts for clients who pay on time. vii) Tapered interest rates decreasing interest rates over several loans as an incentive to repay on time. viii) No collateral required, only alternative methods such as individual or group. ix) Guarantees (solidarity groups).

1.5.7 The impact of microfinance on poverty.

Youth poverty in developing countries implies not only the loss of potential human and economic capital, but it exposes produces youth at-risk. Boys and girls who are involved in criminality, violence, substance abuse, drug dealing, risky sexual behavior and prostitution. Thereby, adolescents endanger not only their own well-being and health but also impact the life conditions for the rest of the population (World Bank, 2003). Hence, youth poverty is often caused by poor planning by the government and it is also the reason for youth at-risk. This vicious cycle does not only have negative impacts on the immediate environment, but it also affects the overall development outcome of a country. The strengthened negative development trends, increases the likelihood for and the frequency of youth impoverishment again (Cunningham et al., 2008). Moreover, researchers assume that the risky behavior of the young generation in Latin America and the Caribbean leads to an annual reduction of the economic growth by 2 percent.

Wright (1999) highlights the shortcomings of focusing mainly on increased income as a measure of the impact of microfinance on poverty. He states that there is a HIV/AIDS, malaria and other diseases. He argues that by increasing the income of the poor, MFIs are not necessarily reducing poverty. Youths are high-risk borrowers due to insufficient assets and low capitalization, vulnerability to market fluctuations and high mortality rates. Lack of accounting records, inadequate financial statements or business plans makes it difficult for creditors and investors to assess the creditworthiness of potential SME proposals. To reverse the vicious circle of low income, low savings, low investment, low income, changing it into an expanding system of low income, credit, investment, more income, more credit, more investment, and more income. Microfinance can pay for itself and must do so if it is to reach very large numbers of poor people. Most young people cannot get good financial services that meet their needs because there are not enough strong institutions that provide such services. Strong institutions need to charge enough to cover their costs. Cost recovery is not an end in itself. .Orrick further states that the primary goal of micro finance is to reduce poverty in developing countries by providing poor people with basic financial services.

1.5.8Criticism of micro-finance.

According to Zeller and Meyer (2002), the excitement about the use of micro-finance to empower low income people is not backed up with sound facts. Most micro-finance providers are unwilling to evaluate the appropriateness and effectiveness of such schemes because the requisite process is perceived to be rigorous and expensive. In Zimbabwe, unemployment is one of the most pervasive challenges faced by youths due to the socio-economic and political collapse that characterized the past one and a half decades. Governments and the donors should know whether the poor gain more from small loans than accessibility to good health care, food and infrastructures. Is the support for microcredit a waste or worthwhile? No one knows the appropriate answer. The question is whether microfinance is better than some other development projects for the poor as a whole. The performance of MFIs is based on outreach and sustainability, whereby outreach is the social value of the MFIs in terms of the depth, worth to the users, cost to the users and the scope. These also include the financial and organizational strength of the lender and the number of products offered including deposits. Operating and financial expenses are high, and on average, revenues remain lower than in other global regions.

Efficiency in terms of cost per borrower is lowest MFIs technological innovations, product refinements, and ongoing efforts to strengthen the capacity of African MFIs are needed to reduce costs, increase outreach, and boost overall profitability. Overall, African MFIs are important actors in the financial sector, and they are well positioned to grow and reach the millions of potential clients who currently do not have access to mainstream financial services. sustainability is performance. The goal is to maximize expected social value less social cost discounted over time. Sustainable MFIs tend to improve the welfare or the poor. Unsustainable MFIs inflicts costs on the poor in excess of the gains expected. Therefore sustainability is not an end in itself but a means to the end of improved social welfare. MFIs must prove to be a powerful instrument in reducing poverty, building assets, increasing incomes and reducing their vulnerability to economic stress. Nonetheless the microfinance industry globally is meeting difficulties as funding dries up, misbehaviors arise and disbelievers begin to question its efficiency in driving poverty reduction and development.

1.6.Micro-credit

It is a component of micro-finance and it is the extension of small loans to the youth who are too poor to qualify for commercial bank loans, especially in developing countries. Micro-credit enables every youth to engage in self-employment projects that generate income, thus allowing them to increase their standard of living for themselves and for their families. On the other hand it is generally defined as making small loans available directly to small-scale entrepreneurs to enable them either to establish or expand their micro-enterprises and small businesses Commonwealth, 2001. Dondo 2001). Micro-credit serves best for those who have identified business opportunity and ability for repayment as agreed. Microcredit empowers the youth by placing money in their hands and allowing them to earn independent income and donate economically to their households and communities, (Cheston and Kuhn, 2002). In theory, the youth invest their own income earning activity, either in the form of a micro enterprise or agricultural production, and therefore their income, which they themselves control and spend increases. In other Words, youth involvement in a successful income generating activity should translate into greater control and economic empowerment.

1.7Micro saving

Village Savings and Loans Associations (VSLAs) relies on local financial mobilization, where groups of 15-30 people meet on a weekly basis to pool their savings and to allocate loans to each other. Savings and loans are made up entirely from the group's own savings.(Douglas 2004) defined micro-saving as consisting of "a small deposit account offered to lower income families or individuals as an incentive to save funds for future use".Micro-savings accounts work similar to a normal savings account, however, it is designed around smaller amounts of money. The minimum balance requirements are often waived or very low, allowing users to save small amounts of money and not be charged for the service.Micro-saving is an integral component of microfinance. Since long it was a misconception that the poor cannot save. Emergence of microfinance has proved that the poor also have the ability to save. In fact it is their saving capacity which determines the credit amount to be awarded.

1.8Micro insurance.

The public sector is expected to assist in building the institutional and intellectual infrastructure to support the development of a healthy micro insurance market in health and agricultural sector. This is true for agricultural products which are vulnerable to poor climatic conditions. (Churchill 2006) refers to micro insurance as a protection of low income people against specific risks in exchange for low premiums. Micro-insurance means small financial transaction that each insurance policy generates. The target group consists of persons ignored by mainstream commercial and social insurance schemes. Products offered include health insurance, contracts covering properties such as assets, livestock and housing. Personal accidents are also covered. The other product is the crop micro insurance which covers against natural calamities whose occurrence could affect agricultural activities.

1.9Microfinance Institutions.

Mushendami et al (2004b) defines Microfinance Institutions (MFIs) as institutions that provide financial services to people and small and micro enterprises who do not have access to commercial bank loans. A microfinance institution can either be a credit union, savings and credit co-operative (SACCOs), non-governmental organization (NGO), self-help organization or specialized banks.The instrument is microcredit small long term loans on easy terms. By 2006 Grameen bank had granted more than seven million borrowers microloans, average amount being 100 dollars and repayment being very high. By the end of 2008 the bank had loaned over USD 7.6 billion to the poor and in the same year it had 2100 branches. (Regal 1996) finds five major faults with MFIs. He argues that: i) They encourage a single-sector approach to the allocation of resources to fight poverty, ii) Microcredit is irrelevant to the poorest people. iii) An over-simplistic notion of poverty is used. iv) There is an over-emphasis on scale. v) There is inadequate learning and change taking place.

1.10 Microfinance and Youth fund in Kenya.

According to John Hatch (2010), No one ever ended poverty by going bankrupt", MFIs have proven that it is possible to serve the poor successfully while maintaining sustainability. Across the world there are over 10,000 microfinance institutions serving in excess of 150 million customers, and over 100million being the poorest. Global demand stands at 500million families meaning that there is still a long way to go. (Kenya National Youth Policy paper 2006) defines youth as persons resident in Kenya at the age bracket of 15 to 30 years who are about 10.8 million as per 2005 population projection. Out of this 57% are female and they form about 60% of the total active labour force in the country. This takes into account the physical, psychological, cultural, social, biological and political definition of the term.

UNDP sums up unemployment in Kenya as "a Youth problem" (UNDP, 2005). Youth development Fund was established in January 2007 in Kenya with an aim of spearheading the general empowerment of the youth in order to reduce risk factors and promote positive factors. The department coordinates and mainstream youth issues in all aspects of National Development as stipulated in the National Youth Policy 2006.The state department empowers youth through provision of accessible appropriate and quality training in technical, vocational, industrial, entrepreneurship and life skills. This is to enable the youth to be self-reliant and have necessary skills to steer the country towards the attainment of the goals of vision 2030. With existing youth and women fund initiated by President Mwai Kibaki of Kenya operated ksh4.8billion and 5.2 billion. Kazi Kwa Vijana had 5.2 billion for which all have been in disposal for the last seven years but many young people still languish in object poverty (Kiberenge, 2013).

1.11Kenya's national youth policy.

The Kenya Government started the National Youth Service, in 1964 and has supported it to date. Most other youth programs are largely social and recreational in nature. In addition, they are urban-based. The current Government has taken a keen interest in youth issues in its efforts of national integration. The problem of unemployment has continued to be a big challenge. The third National Development Plan of 1974-78, while acknowledging the efforts made to address unemployment among the youth, warned that the problem would in future loom large. Efforts to initiate youth development programs have been made in other subsequent policy documents, such as Sessional Paper No. 2 of 1992 on Small Scale and Jua Kali Enterprises, the 1997-2001, Development Plan and the National Poverty Eradication Plan 1999-2015, among others. But, despite these efforts, as well as an increase in the number of agencies dealing with the youth, problems affecting young people have continued. This situation has been attributed to lack of a comprehensive policy to provide a blueprint for youth. Youth organisations have come up with innovative programmes to address the youth's economic needs, health interventions, especially those aimed at reproductive health and alleviating the spread of HIV/AIDS among the youth, environmental programmes, and character building programmes, literacy, vocational training, sports and recreational as well as social-cultural programmes. However, the following constraints have hampered their effectiveness in achieving their objectives: i) Pressure from the high population growth: The high population growth, currentlyStands at 2.5% in 2005, puts pressure on available resources as the number of young

People keeps on rising.ii) Lack of appropriate skills: The 8-4-4 education system and tertiary training institutions

Continue to release thousands of graduates, who are neither properly equipped for entryinto the labour market nor possess the necessary life skills.iii) Unclear and uncoordinated youth policies and programmes: While a number of government ministries and youth organisations have their own programs and sectorial youth policies, lack of a national youth policy and effective co-ordination mechanismshamper their effectiveness. iv) Resource Constraints: Most of the youth programs, run by both the Government andNon-governmental agencies lack adequate funds and equipment, which limits their success.v) Low status given to youth: Existing structures and prevailing attitudes do not provide anenabling environment for youth participation in decision-making, planning and implementation processes.

1.12.0 Challenges facing youth empowerment.

1.12.*1 Unemployment and underemployment.*

The economic growth rate has not been sufficient to create enough employment opportunities toengage the increasing labour force of about 500,000 annually in Kenya. Only about 25% of the youth areabsorbed, leaving 75% to bear the burden of unemployment. Furthermore, some of thoseabsorbed in the labour market have jobs that do not match their qualifications and personalCareer choices.

1.12.2 Health related problems.

The youth face a myriad of health related problems, including widespread malaria, malnutrition,HIV/AIDS and Sexually Transmitted Infections (STIs), drug and substance abuse as well as pooraccess to health services.The HIV/AIDS pandemic is more prevalent among the youth under 30 years of age. Availablestatistics show that the youth make up to 33% of Kenyans infected with Aids.Female genital mutilation and teenage pregnancy are unique to the female youth. Some of theconsequences of these are: dropping out of school and risks to life through unsafe abortions and unprotected sex.

1.12.3 Increasing school and college drop-out rates.

Many youth drop out of school and college due to the high cost of education and increase in overall poverty levels, poor returns on investment in education and lack of a re-admission policy for teenage mothers, among other reasons.

1.12.4 Crime and deviant behaviours.

Due to idleness, especially after formal education at various levels, that is secondary, middle level collegesand universities, the youth become restless and try anything. Some end up in crimes, addictions or with deviant behaviours.

1.12.5 Limited sports and recreation facilities.

Sports and recreation facilities provide the youth with an opportunity to socialize and spend theirtime productively, strengthening and developing their character and talents. However, suchfacilities are scarce and, if they exist, they are sometimes not accessible or accessible through some fee which the youth may not be able to pay.

1.12.6 Abuse and exploitation.

Owing to their vulnerability, the youth are exposed to sexual abuse, child labour and other formsof economic exploitation under the pretext of employment and support. There is currently littleprotection from the authorities.

1.12.7 Limited participation and lack of opportunities.

Despite their numerical superiority, youths are the least represented in political and economicspheres due to societal attitudes, socio-cultural and economic barriers, and lack of properorganization and good government policies.

1.12.8 Limited and poor housing.

Many youths, especially those in the urban areas, do not have access to decent housing in good
environments that favors healthy living.

1.12.9 Limited access to information and communication technology (ICT).

The youth cannot exploit career, business and education opportunities available because they lack access to ICT, due to unavailability especially in rural areas, and high costs.

1.12.10 Youth empowerment, education, employment key to future development by (YES).

Countries must invest in the empowerment, education and employment of their young people. There are 1.8 billion young people in the world today, representing a staggering amount of human potential. Yet too many of them are trapped in poverty, with few opportunities to learn or to earn a decent living. "We all appreciate the massive waste of human capital in our world when 74 million young people cannot find work," said Mr. Ban in the United Nations conference.Young people are hungry for better options. "They are rejecting the status quo and demanding a better future. Many of them are claiming their right to a decent living, and they are willing to take risks to do so and this is now very dangerous. We have seen in recent times the high numbers of young people taking risks around the Mediterranean, trying to reach a better life," said Dr. Babatunde Osotimehin, Executive Director of the United Nations Population Fund, UNFPA. But if these youth are allowed to realize their full potential, developing countries could see huge economic gains."The more young people grow into well-educated adults with fewer defendants and new opportunities to acquire wealth, savings and purchasing power, the more they will be able to accelerate economic growth and development," said Sam K. Kutesa, President of the 69th Session of the General Assembly, who convened the high-level event with support from UNFPA and the International Labour Organization.

1.13 The current global Perception of microfinance.

In the global arena there is already the impression that microfinance is successful inreducing poverty and empowering the youth. Many policy makers are therefore engaged on how to makemicrofinance sustainable and available to many poor households in the future. Manystakeholders in the microfinance industry especially donors and investors argue that,Microfinance can pay for itself, and must do so if it is to reach very large number of thePoor youth households". The overall message in this argument is that unlessmicrofinance providers charge enough to cover their costs, so as to become sustainable they will always be limited bythe scarce and uncertain supply of subsidies from governments and donors.The main underlying assumption in the argumentis that microfinance is already good for theclients and therefore what is really urgent is to make the financial service available to asmany poor people as possible. (Morduch 2000) correctly points out that this kind ofenthusiasm for microfinance rests on an appealing win-win proposition that microfinanceinstitutions that follow the principles of good banking will also be the ones that alleviate poverty. The assumption being that with good banking practices it is possible tocover costs and operate in a sustainable manner to continue serving clients and alleviatingpoverty (Morduch 2000).

The "win-win" situation both for the investor and the poor can be explained as follows:The investor in microfinance programs follows good banking practices with thepossibility of making some profit, while the poor continue to benefit by accessing reliable creditthat is assumed to be beneficial to their welfare. The supporters of the "win- win"proposition stress that the ability to repay loans by the poor is agood indicator that whatever investments the poor make with their micro credit loansmust be giving back profits. Given the assumption that microfinance is already beneficialto the poor, the "win-win" proposition further assumes that the amount of householdpoverty reduced is directly proportional to the number of households reached withmicrofinance. The "win-win" vision has been translated into a series of "best practices"circulated widely by a number of key donors including the Consultative Group to assistthe Poorest (CGAP). CGAP is a consortium of NGOs hosted at the World Bank. Otherdonor organizations that embrace "best practice microfinance" include, United StatesAgency for International Development (USAID) and the United Nations Developmentprogramme (UNDP) among other key donors. The youth have increased academic achievement, a stronger self-concept, self-esteem and attachment to others.

1.14 Research Gap:

A narrow scope of empowerment may lead to misleading conclusions, (Tuuli & Rowlinson, 2007), therefore it is most appropriate to incorporate multiple aspects of empowerment in research. In this literature review the researcher consider empowerment as a multi-level concept in his attempt to explore how the youth micro-credit borrowers perceive and experience empowerment, thus it is most appropriate to incorporate multiple aspects of empowerment in research and therefore a research study need to be done to discover other forms of empowerment which needs to be incorporatedinto the programso asto help the youth to be empowered.There has been tremendous programs adopted to empower the youth in various projects but most researchers feel that the effectiveness of these programs differ from one locality to another, therefore the researcher feels that research studies should be done in each locality to determine the programs preferred by the youth in eachlocality so that the right programs may be introduced to each project in every locality to bring about its effectiveness in empowerment.

According to Zeller and Meyer (2002), the excitement about the use of micro-finance to empower low income people is not backed up with sound facts. Most micro-finance providers are unwilling to evaluate the appropriateness and effectiveness of such programs because the necessary process is perceived to be rigorous and expensive but then this evaluation should be done, so that researchers may base their arguments on facts. Most governments and donors more especially in the developing world with little resources, diverge money meant for other sectors or ministries to the youth ministry for youth empowerment projects. The question in the minds of manyresearchers is whether these money or loans diverted to the youth ministry performs better than some other development projectswhich was initially meant for. Such as health care, food, infrastructure etc. Therefore research study need to be done to evaluate and prove thatthe youth benefits more than they could have benefited if the money would have been used where it was previously budgeted for.

Micro-credit is not a silver bullet when it comes to fighting poverty and empowering the youth. (Hulme and Mosley 1996)argues that in some cases the poorest people have been made worse-off by microfinance. This is true because we have seen in many occasions where the youth have borrowed the money but fail to pay, this tells us that the money was not well invested, otherwise the borrower could have been able to pay his or her instalments. The MFIs comes up and take away everything from the borrower's household including the iron sheets from their roofs leaving the family worse than it was. Therefore Microcredit is not always the answer to poverty reduction and empowerment. Thus microcredit is not appropriate for everyone or every situation. The poor youth and the destitute that have no income or means of payment need other forms of support before they can make use of loans.Despite the importance of microfinance services on youth financial empowerment, previous studies by (Ataya 2009, Mueni 2012 and Doro2012) failed to address the factors affecting accessibility of microfinance services amongst the youth in Kenya. This indicates that few studies have addressed the challenges facing microfinance service accessibility among the youth in Kenya and the world atlarge and therefore the researcher recommends that research studies need to be done on various challenges facing MFIs in the delivery of their services more especially in the developing economies.

According to Ritherford (2000), Microfinance has been successful in reducing poverty. (Morduch, 2006)reasoned that, to break the "low productivity, low income, low wealth, poverty cycle, there need to be an outsideforce that will intervene at some point of the cycle to improvedemand for goods and services. The major critique of the youth empowerment is that most programs take a risk-focused approach. There has been a major emphasis on what is going wrong for youth in their lives rather than what goes right. This portrays young people as a problem that need to be fixed, and displays the process of development as a process of overcoming risk. This may deter youth from joining youth development programs. The risked-based model isambiguous andneeds to be dealt away with, the fact that adolescence is a time when young people master skills and concepts. Therefore a better approach need to be applied, thus research study need to be done here to do away with this approach of risk oriented and replace it with a better approach which is youth friendly and attractive to the youth.

It is important to note here that the proposal of a commercial approach to microfinance for the poor has been questioned by socially oriented service providers. Especially the assumptions underlying the "win-win" proposition have raised eye brows among socially oriented service providers whoQuestion the validity of such assumptions in the real world.Also the researcher proposes that research study should be done to test the validity of the argument of the above proposal. Many MFIs were established to reduce poverty and make financial services more accessible to the unbankable and poor youth. In the early days when MFIs started they were financed by donor funds that had a poverty eradication goal. Hence the performance of the MFIs were measured on how much MFIs reached to the poor and how far the lives of those who got financial services were changing as compared to those who did not get the credit, therefore research need to be done to prove whether it is possible to run the MFIs to achieve the win-win proposition where both the poor and the MFIs will benefit, whereby the youth will get loans at reasonable interest rates to be able to pay their instalments without much difficult and the MFIs also to be able to cover their costs and make even little profits for sustainability.

II. LITERATURE REVIEW

2.1Theoretical framework:

The researcher will mainlyreview on the four theories of power which are all important in trying to explain how youth empowerment is determined and acquired by the youth in society, that is: power over, power within, power with and power to and on thesebasis the theoretical framework will be based: Also the researcher will focus on the concepts of agency and power because he finds their interrelatedness appropriate for his review. (Rai, et al. (2002) argues that an understanding of youth's empowerment necessitates a more detail examination of power. The following are the theories of power:

2.1.1 Power over:

Power over refers to the ability of some actors to overtake the agency of others through the use of authority or the use of violence and other forms of coercion" (Kabeer 2005). It is 'the power of one person or a group to get another person or a group of people to do something against their will. (Rowlands 1995) states that power is about control over ideology or beliefs which comes up with rules and principles. When 'power over' is too strong, it becomes oppressive, divisive and damaging. According to Rowlands, 'power over' implies an 'instrument of domination' and indirectly suggests a limited resource in which 'the more power one has, the less the other has. Therefore, empowerment through the lens of 'power over' is 'a force exerted by an individual or groups of people and it has capacity to produce change and gaining the 'control over others' thus requires a revolution and fundamental social transformation, (Rai, et al. 2002).

2.2.2 Power from Within.

Power from within' is a product of the contrary 'power over', as a result, 'power from within' is a visible form of self-awareness and self-confidence.It is the inside strength and a sense of identity. It helps the youth to recognize what they can do and understand what holds them back. To (Kabeer 2005), the process of empowerment begins from within and involves not only decision-making but also the encouragement, it carries the meaning and purpose with which individuals bring to their activities,therefore, people's sense of self-worth, how people see themselves and how they are seen by those surrounding them and their society is a crucial point while evaluating their level of empowerment. Kabeer argues that the multi-dimensional nature of power necessitates that youth to build on "the power within" as a required supporter in improving their ability to control resources, to determine their agenda and to make decisions. (Rowlands 1997) also believes that the empowerment process accelerates the self-confidence and self-esteem, a sense of agency and of self in a wider context, and being worthy of having a right of respect from others. The researcher's review of'power from within'is helpful in explaining whether the youth recipients have gained the capacity to increase their own "self-reliance and internal strength" to realize what they can do and what holds them back. How is their contribution perceived by those surrounding them like their parents, teachers, and the society as a whole? This form of power is important in order to look at how and why the youth beneficiaries lead the lives they do.

2.2.3 Power With.

According to (Townsend et al. (1999) power with is "the competency to achieve with others what one could not have attained alone; a positive-sum outcome whereby each person gains from the process and exercise of "power". 'Power with' implies a cooperative relationship in which individuals work together to multiply individual capacities and knowledge. It puts participation at the center of empowerment, and creates consciousness that the "whole" is greater than the individual, especially when a group, tackles a problem together. Kabeer sees grassroots participatory action the power to work with others together as the key to youth empowerment. Because farmers are supported by the NAADS programme in groups**,** 'power with' will be important in realizing the youth beneficiaries' capability to achieve with others what they could not have attained when working independently, without groups. For instance, there are beneficiaries' testimonies of acquiring skills and advice from one another which is a social resource. They tackle their problems together with other youths within the sub-county and outside when they go for learning tours, thereby amassing individual talents and knowledge. It is therefore essential to investigate how this 'power works with others helping these youths to carry out their activities and how it contributes to their empowerment.

2.2.4 Power To.

This is another type of empowerment which comprises gaining access to full variety of human abilities and potential (Townsend, et al. 1999b). It is the strength and ability to act, to build new capacities and skills in order to 'build upcoming talents. The 'power to' is imaginative and facilitates the youth to rebuild and reinvent themselves a new. This power is often used to mean political power, a power to inspire others to have a say in decision making. This power relates more with the youths' skills, the power to do new things and relate in new ways that indirectly challenge the status quo relations and duties and it is a form of agency and purposive choice (Kabeer 2005b). In this literature review the 'power to' will be beneficial in explaining how the youth beneficiaries transfer out their activities, the challenges they face, and how they overcome such challenges. It will help in understanding how the youth beneficiaries are using the skills attained from the previous activities to try out new things that directly or indirectly challenge the status quo of relations and roles. Some beneficiaries were purchasing land to carry out their farming enterprises and others were involved in intensive farming initiatives due to the challenge of limited land. This kind of power helps us to understand the choices the youths make, as well as their agency, power to do things they want (Kabeer 2005c). It should also be noted that the four forms of power explained above are interrelated, overlapping and build on one another.

2.3 Resources, Agency and Achievement:

Kabeer defines empowerment as "the process by which those who have been denied the ability to make strategic life choices acquire such ability' (2005c). She argues that this ability, in turn, rests on three distinct but interrelated dimensions, that are: Resources, Agency and Achievements' (2005).

2.3.1 Resources:

According to Kabeer (2005d) it is the medium through which agency is exercised. They include material, human and social resources. They are acquired and disseminated through various social relationships in institutions like family, community, market and state. Such institutions, however, benefit particular people at the expense of others through rules, customs, and treaties, hereby enabling or disabling different categories of youths to exercise their choices. Therefore, the distribution of resources depends on one's ability to define priorities and enforce claims (Kabeer 2005e) as well as the social structures in which he or she lives. Resources that will be considered include material resources (agricultural inputs, land, and credit), human resources (labour) that is intellectual resources (farming and life skills, educational levels), and social resources (parents, other siblings, teachers,peers and the society).

2.3.2 Agency:

Agency the "power to" it refers to people's ability to make and act on their own life choices, even in the face of others' opposition (Kabeer 2005f). In relation to empowerment, agency involves challenging power relationships. It involves not only decision-making and other forms of observable action but also the meaning, motivation, and purpose that individuals bring to their actions (Kabeer 2005g). This is a theory that looks at how to ensure that agents (executives, managers) act in the best interests of the principals (owners, shareholders) of an organization. This happens because of the separation of ownership and control, when the owner of the company or the board of directors (the 'principals') have to employ managers ('agents') to run the business and they need to monitor their performance to ensure that they act in the best interest of the owners. (Luhman & Cunliffe, 2012). The main concern of agency theory as proposed by (Jensen and Meckling 1976) is how to write contracts in which an agent's performance can be measured and incentivized so that they act with the principal's interests in mind. Many MFIs were established to reduce poverty and make financial services more accessible to the unbanked and poor. In the early days when MFIs started, they were financed by donor funds that had a poverty eradication goal. Hence the performance of the MFIs were measured on how much MFIs reaches to the poor and how far the lives of those who got financial services were changing as compared to those who did not get the credit, but as the MFIs industry grew in size, the need for increased financing coupled with unpredictability of donor funds triggered the issue of building sustainable MFIs that stand on their own leg i.e. MFIs started covering their own cost of operation from their program revenues. Managers are entrusted with the responsibility of building sustainable MFIs and at the same time increase the number of the poor households accessing the credit. This creates an agency problem.

2.3.3 Achievements:

It refers to the extent to which people's potential for living the lives they want is realized or fails to be realized (Kabeer 2005h). It refers to both the agency exercised and its consequences such as women's greater self-reliance and sense of independence. The researcher will use Kabeer's three interrelated dimensions of empowerment to explore the contribution of NAADS programme to youth's empowerment. I will explore the resources available to youth beneficiaries and how they access and control such resources. According to (Chambers, 2005), empowerment means that poor people are enabled to take more control of productive assets.

2.4 Models for lending:

Despite lack of data in the sector, it is clear that a wide variety of implementation models are employed by different MFIs. The (Grameen Bank 2000) has identified fourteen different microfinance Models, some of whom are closely related with each other, mostefficient and sustainable microfinance institutions have used two or moremodels in their activities. The models were developed through extensive field Work and interviews carried out inthe field in all over the world, they are as follows:-

2.4.1 Associations.

This is where the targeted community forms an association through which various microfinance activities were initiated. Such activities may include savings, credit, insurance, training etc. Associations or groupscan be composed of youth, or women, they can form around political,religious, cultural issues, can create support structures for microenterprises and other work-based issues.In some countries, an 'association' can be a legal body that has certain advantages such ascollection of fees, insurance, tax breaks and other protective measures. Distinction is madebetween associations, community groups, people's organizations, etc.

2.4.2 Bank Guarantees.

A bank guarantee is used to obtain a loan from a commercial bank. ThisGuarantee may be arranged externally through a donation, government agency etc. orinternallyusing member savings. Loans obtained may be given directly to an individual, orthey may be given to a self-formed group. Bank Guarantee is a form of capital guarantee scheme. Guaranteed funds may be used for various purposes, including loan recovery and insurance claims. Several international and UN organizations have been creating international guarantee funds that banks and NGOs can subscribe to.

2.4.3 Community Banking.

The Community Banking model essentially treats the whole community as one unit, andestablishes semi-formal or formal institutions through which microfinance is distributed. Suchinstitutions are usually formed by extensive help from NGOs and other organizations, who alsotrain the community members in various financial activities of the community bank. Theseinstitutions may have savings components and other income-generating projects included intheir structure. In many cases, community banks are also part of larger communitydevelopment programs which use finance as an inducement for action.

2.4.4 Cooperatives.

A co-operative is an autonomous association of persons united voluntarily to meet theircommon economic, social, and cultural needs and aspirations through a jointly-owned anddemocratically-controlled enterprise. Some cooperatives include member-financing and savingsactivities in their mandate.

2.4.5 Credit Unions.

A credit union is a unique member-driven, self-help financial institution. It is organized by andcomprised of members of a particular group or organizations who agree to save their moneytogether and to make loans to each other at reasonable rates of interest.The members are people of some common bond: working for the same employer; belonging tothe same church, labour union, social fraternity, etc.; or living and working in the same community. A credit union's membership can be open to all who belong to the group, regardless of race,religion, colour or creed.A credit union is a democratic, not for profit making. Each is owned andgoverned by its members, with members having a vote in the election of directors andcommittee representatives.

2.4.6 Grameen.

The Grameen model emerged from the poor-focused grassroots institution, Grameen Bankstarted by Prof. Mohammad Yunus in Bangladesh. It essentially adopts the followingmethodology:A bank unit is set up with a field manager and a number of bank workers, covering an area ofabout 15 to 22 villages. The manager and workers start by visiting the villages to familiarize themselves with the local in which they will be operating and identify prospectiveclientele, as well as explain the purpose, functions, and mode of operation of the bank to thelocal population. Groups of five prospective borrowers are formed; in the first stage, only twoof them are eligible for, and receive, a loan. The group is observed for a month to see if themembers are conforming to rules of the bank. Only if the first two borrowers repay theprincipal plus interest over a period of fifth weeks do other members of the group becomeeligible themselves for a loan. Because of these restrictions, there is substantial group pressureto keep individual records clear. In this sense, collective responsibility of the group serves as Collateral on the loan.

2.4.7The Group model.

The Group Model's basic philosophy lies in the fact that shortcomings and weaknesses at theindividual level are overcome by the collective responsibility and security afforded by theformation of a group of such individuals. The coming together of individualmembers is used for a number of purposes: educating and awareness building, collectivebargaining power, peer pressure etc.

2.4.8 Individual model.

This is a straight forward credit lending model where micro loans are given directly to theborrower. It does not include the formation of groups, or generating peer pressures to ensurerepayment. The individual model is in many cases part of a larger 'credit plus' programswhere other socio-economic services such as skill development, education, and other outreachservices are provided.

2.4.9Intermediary model.

Intermediary model of credit lending position is a go-between organization between thelenders and borrowers. The intermediary plays a critical role of generating credit awareness andeducation among the borrowers. In some cases starting savings programs. Theseactivities are geared towards raising the 'credit worthiness of the borrowers to a level sufficientenough to make them attractive to the lenders. Intermediaries could be individual lenders, NGOs, microenterprises,microcredit programs and commercial banks. Lenders could be government agencies, MFIs, commercial banks, international donors, etc.

2.4.10 Non-Governmental Organizations model (NGOs model).

NGOs have emerged as a key player in the field of microcredit. They have played the role of Intermediary in various dimensions. NGOs have been active in starting and participating inmicrocredit programmes. This includes creating awareness of the importance of microcreditwithin the community, as well as various national and international donor agencies. They havedeveloped resources and tools for communities and microcredit organizations to monitorprogress and identify good practices. They have also created opportunities to learn about theprinciples and practice of microcredit. This includes publications, workshops and seminars,and training programmes.

2.4.11 Peer Pressure model.

Peer pressure uses moral and other linkages between borrowers and project participants (MFIs) toensure participation and repayment in microcredit programmes. Peers could be other membersin a borrower’s group where, unless the initial borrowers in a group repay, the other membersdo not receive loans. Hence pressure is put on the initial members to repay.Community leaders usually identified, nurtured and trained by external NGOs. The 'pressure' applied can be in the form of frequent visits to thedefaulter, community meetings where they are identified and requested to comply and make their payments etc.

2.4.12 Rotating Savings model.

Rotating Savings are essentially a group of individuals whocome together and make regular cyclical contributions to a common fund, which is then givenas a lump sum to one member in each cycle. For example, a group of 12 persons may contribute ksh.100 per month for 12 months. The ksh. 1,200 collected each month isgiven to one member. Thus, a member will 'lend' money to other members through his regularmonthly contributions. After having received the lump sum amount when it is his turn he then pays back the amount in regular monthlycontributions. deciding who receives the lump sum is done by consensus, by lottery, bybidding or other agreed methods.

2.4.13 Small Business model.0

The prevailing vision of the informal sector is one of survival, low productivity and very little Value added. But this has been changing, as more and more importance is placed on small and Medium enterprises for generating employment, for increasing income and providingservices which are lacking.Policies have generally focused on direct interventions in the form of supporting systems suchas training, technical advice, management principles etc.; and indirect interventions in theform of an enabling policy and market environment.A key component that is always incorporated as a sort of common denominator has beenfinance, specificallymicrocredit, in different forms and for different uses. Microcredit has beenprovided to SMEs directly as a part of a larger enterprise development programme, alongwith other inputs.

2.4.14 Village banking model.

Village banks are community based credit and savings associations. They typically consist of 25to 50 low-income individuals who are seeking to improve their lives through self-employmentactivities. Initial loan capital for the village bank may come from an external source, but themembers themselves run the bank: they choose their members, elect their own officers,establish their own by-laws, distribute loans to individuals, and collect payments and savings.Their loans are backed, not by goods or property, but by moral collateral: the promise that thegroup stands behind each individual loan. (Grameen Bank).

3.0 Conceptual framework.

The following conceptual framework shows the correlation of variables between microfinance services and youth empowerment through changes in increasing sales, savings, employment creation and business Management skills.

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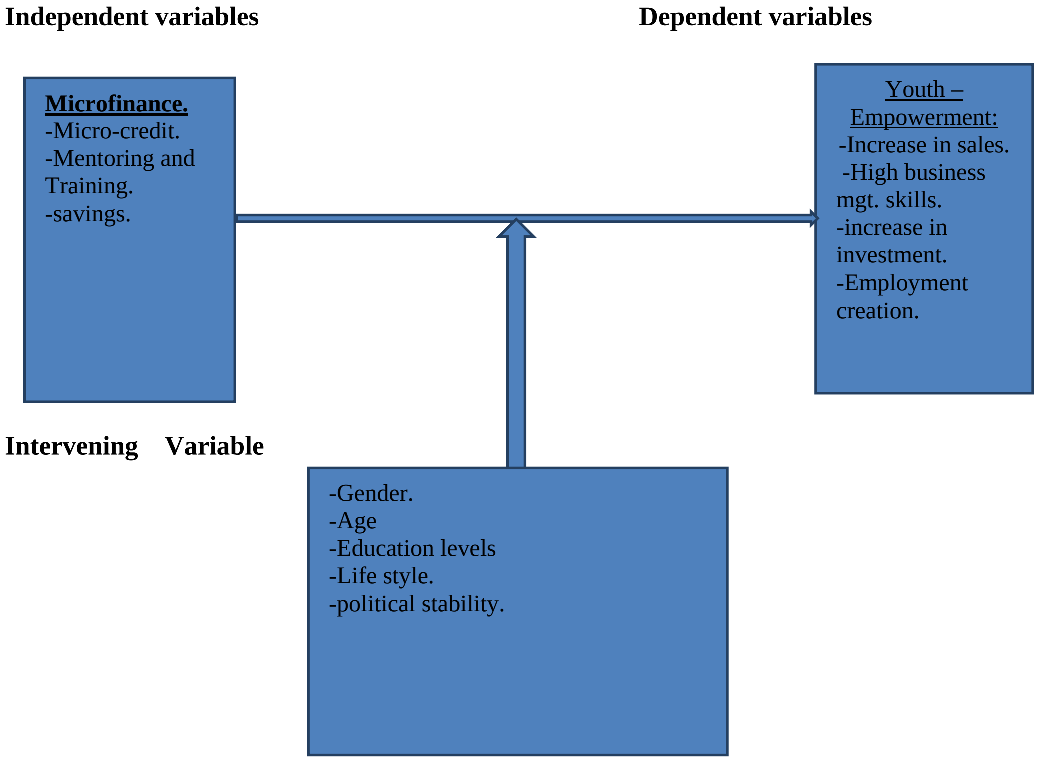

3.1Independent variable:

Microfinance as an independent variable, comprises of the following: i) Micro-credit: these are the loans given to the youths through different programs under various projects. ii) Mentoring and training: Specific adults are chosen to be mentors who then trains the youth in various skills which enables them to be empowered.At the same time the youth can also be trained through special training seminars. Training can be done internally within the organization or externally. iii) Education: The educational levels determines the rate at which the youth acquire the skills during training, it is obvious that the youth with high levels of education develop higher absorption capacity than those with low education levels. The higher the education levels, the higher the rate at which the youth acquire the skills. iv) Savings: when the savings increases it promotes the investments thus empowering the youth.

3.2 Dependent Variable:

Youth empowerment is a dependent variable which depends on microfinance services such as: i) Increase in sales: as micro-credit increases,productivity also increases thus leading to an increase in demand as well as increase in sales. ii) Enhancing business management skills: MFIs offers training which leads to capacity building of the youths thus youth empowerment. iii) Increase in investments due to an increase in micro-credit leads to an increase in liquidity consequently thus increase in investments. iv) Creation of employment: it is obvious that as investment increases more job opportunities are created.

3.3 Intervening variables:

3.3.1Educational level and experience.

A study conducted by (Kim 1996), involving entrepreneurs in Singapore, demonstrates that, after entering the entrepreneurial world, those with higher levels of education were more successful in acquiring micro financial services and products because university education provides them with knowledgeable and modern managerial skills, making them more conscious of the business world and thus they are able to use their learning capabilities to negotiate for favorable terms and services from financiers.

3.3.2 Political environment.

An economy with a stable political environmenttends to create a good environment for business which attracts both foreign and local investments which automatically leads to the growth and expansion of business organizations.

3.3.3 Life style.

The life style of the youth determines to what extend empowerment will be effected. Example if the life style of a youth is high then it means that the youth's expenditure will also be high causing a decline in investment and vice versa.

3.3.4 Entrepreneurship.

It is not an easy option for everyone; it is only best suited to those with the necessary skills and knowledge. According to (School 2006) entrepreneurship education is not only a means to foster youth entrepreneurship; it also seeks to equip young people with entrepreneurial attitude and skills.According to (OECD 2010) many experts believe that entrepreneurial education and training should begin as early as possible for two main reasons: 1st it forms an essential component by motivating potential young entrepreneurs to go into business by themselves. 2ndly it instils entrepreneurial habits and work skills in the mind of young entrepreneurs which can serve equally well for successful employees in the new, globalized, post-industrial economy and those who actually choose to establish their own enterprises.

3.4 Discussions.

The assumption that all the youths whose incomes have increased have all been empowered is wrong. This is because empowerment has been narrowly defined in economic terms, but the fact remains that empowerment is not all about income, it is beyond that. The financial sustainability approach, which defines and measures empowerment exclusively in economic terms is wrong. It becomes problematic, because it addresses only the economic component of empowerment, and it fails to acknowledge the multidimensionality of this concept. (Tuuli and Rowlinson 2007) assert that "assigning only one meaning to the empowerment concept will ultimately hinder research and practice". This therefore means that there are other hindrances that need to be addressed in order to unlock the full potential of the youth. Therefore, research that investigates the relationship between micro-credit membership and empowerment must extend beyond the financial sustainability hypothesis to explore multiple dimensions of empowerment and not just in economic terms only.

i) Continuous training is important in promoting the capacity and the efficiency of the youth in enabling them understand why prior skills and knowledge in entrepreneurship and financial matters are important in youth empowerment. The Kenyan government of late is putting more emphasis on TIVET programssince they are good in imparting technical skills to the youth thus empowering them.

ii) Highproductivity and management efficiencytakes place in the lives of the youth as well as the increase in investment opportunities and good financial planning becomes possible through entrepreneurial training imparted to the youth.

iii) It is important to note here that most studies that have been done on youth empowerment more especially (kabeer, 2001) indicates that at least a good number of the youth who were able to get loans from financial institutions have managed to do various investments such as: buying land, owned properties, started businesses, have developed self-confidence, high capability in decision-making, high mobility, highly knowledgeable, high bargaining power and better access to capital. At the same time have taken up family responsibilities like paying school fees for their younger siblings and incurring some household expenditures.

iv) The researcher has also discovered that, the rate of economic dependency of the youth on their parents' income has dropped has tremendously and this has led to the youth gaining respect from their parents and their family members when they started realizing that the youth are capable of making their own decisions concerning their future life,business and also even contributing to their family decisions.

v) The research has also confirmed that micro financing has influenced the economic status, decision making power and the knowledge hence it is effective in graduating the poor youth and the middle class people to higher living standards.

vi)The researcher has also noted that MFIs should impress demand driven initiatives that fit their clients' needs and preferences. This is importantin promoting the effective demand of the youth thus creating employment opportunities for the youth thus bringing about economic growth and development.

vii) Availing microfinance services with proper utilization had significant role in economic empowerment of the youth economically, which is acknowledged by study findings.

viii) Interest rate ceilings can damage poor people's access to financial services. It will make the cost of getting loans to go up and it causes many small loans to be more expensive than a few large loans the micro financial institutions do give. This will hinder the MFIs from achieving its major objective of raising the standard of living of the poor more especially the youth.

ix) The growing ability of the MFIs and its sustainability will be limited by the scarce and uncertain supply of subsidized funding. When governments regulate interest rates, they usually set them at levels not too low to fail to permit sustainability by covering their cost of operations at the same time not too high to make it unavoidable for the youth to take loans.

x) Microfinance is not a silver bullet when it comes to fighting poverty and empowering the youth. Hulme and Mosley (1996) said that in some cases the poorest people have been made worse-off by microfinance. Microcredit is not always the answer, microcredit is not appropriate for everyone and in every situation. The poor and the destitute that have no income or means of payment need other forms of support before they can make use of loans. The government and donors before lending should ensure that the poor have access to improved infrastructure, health, training with appropriate tools for poverty alleviation. Grameen bank works on the assumption that even the poorest of the poor can manage their own financial affairs and development given suitable conditions.

3.5 Recommendations.

i) Further education is crucial for the youth (borrowers) and theMFIs should be able to offer such training so as to enable the youth use the loans efficiently, that is put the money into the best use and to the MFIs to do the same to their staff so as to improve on their service delivery, resource mobilization and financial utilization.

ii) The study recommends that the government, investors and other interested stakeholders should be involved in key decision-making on issues affecting micro MFIs. This would help bring in new ideas which MFIs are able to tap and implement.

iii) The interest rate should be kept at a balanced level, not to low making the MFIs unable to cover their operation costs at the same time, not too high, to discourage the youth from borrowing money for their business activities.

iv) MFIs should have simplified designed systems of operation that provides efficient and effective services delivery that are accessible, less costly and preferred by the youth across the country in enabling them improve their living standards.

v) All the costs involved need to be recovered to ensure a continuous sustainable growth and expansion for the MFIs to allow for the smooth operation of the organization for the alleviation of poverty.

vi) Some incentives to be introduced such that good performance both by the youth borrowers and the microfinance staff should be rewarded for the job well done particularly in training, loan advancement, loan use and loan repayment.

vii) It is important that the parents may understand the need to let their youth to be in charge of their loans without having any interference and to see the increase in their youths' income as a blessing to the family.

viii) Further research studiesto be done on various products to be developed so as to diversify the products to fit various needs of the youth of various financial abilities.

ix) Encourage the adults to allow their youths to participate in various levels of decision-making in societies, so that they may bring up issues concerning the youth themselves to the table for debate this will create ownership of the decisions made the youth being inclusive.

x) The researcherProposes for a review of all curriculums, for primary, secondary, and higher learning institutions to bring up the content concerning entrepreneurship and development aspectsand align their contents to the needs of the job market, this can be done better by bringing in the all the stakeholders more especially the employers to say exactly what they need in the market.

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