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Abstract

Purpose: Devolved enterprise funds would contribute to increased entrepreneurship and household welfare in Kenya, leading to reduced poverty levels and improved living standards. The extent of the impact of devolved enterprise funds on household welfare in Kenya is uncertain. Despite the funds being available, many entrepreneurs in Kenya still struggle to access capital and other resources needed to start and grow their businesses. This has limited the potential benefits of devolved enterprise funds on household welfare. This study investigated the influence of devolved enterprise funds on household welfare in Kenya.

Methodology: The study employed a non-experimental pooled cross-sectional research design. The study targeted the households listed in the 2015/2016 Kenya Integrated Household Budget Survey which indicated the residence of households' owners from which a random sample of 384 households was generated using the Fisher's formula. Cross sectional data were collected from selected households using structured questionnaire. Random utility maximization theory was used to determine people's choice, preferences and decision making. Simple linear regression model was used to estimate the relationship between variables. The data was presented in tables.

Findings: Findings revealed that devolved enterprise funds had a significant positive influence on household welfare in Kenya. Therefore, household welfare will improve if devolved enterprise funds positively influence the welfare of many households in Kenya.

Unique Contribution to Theory, Practice and Policy: The study recommends that efforts should be made to simplify and streamline the application and disbursement processes for enterprise funds, particularly for women and youth entrepreneurs who may face additional barriers to accessing funds.

Keywords: *Devolved Funding, Household Welfare, Enterprise Funds.*

INTRODUCTION

The introduction of devolved funding in Kenya was expected to positively influence the level of economic growth rate and household welfare. According to United Nations (2015), Kenya has not achieved most of the Millennium Development Goals (MDG). According to the Republic of Kenya (2007), the gross economic growth rate was expected to grow by 10 per cent annually. Poverty levels were expected to reduce by more than half. Devolved funding policies were expected to drive the achievement of these development goals and address the growing income inequality (Simiyu, Mweru & Omete, 2014; Mapesa & Kibua, 2006).

Despite the significant drop in poverty levels from 46 per cent in 2009 to 36.1 per cent in 2016 (Republic of Kenya, 2016; United Nations Development Programme [UNDP), 2018], there exists a growing multi-dimensional poverty which has affected lifestyle and the living standard of households. There exist also huge regional inequalities with the rural areas bearing the brand. There also exist county differentials with Nairobi and Turkana recording Human Development Index (HDI) of 64.1 and 27.8 respectively.

To ensure good or satisfactory standards of living and to address the inequitable access of the poor to social services, it is the role of the national government to set a level playing ground for everyone. Addressing the issue from the apex was not rather feasible and thus, the governments brought the services closer to the public through devolved funding policies. Governments came up with policies to ensure public participation in all resource-allocative decisions on the grass root. This will ensure transparency and improve the allocative efficiency in the distribution of public resources (Finch & Omolo, 2015).

Poverty reduction and improvement in household welfare in Kenya are the main objectives of economic development. To achieve this objective, it is important to evaluate the effectiveness of some pro-poor policies such as devolved funding on the welfare of the household. The outcome of such a study shall provide policy guidelines and an implementation framework for developing countries (Glewwe, 1991). The introduction of devolved funding was a strategic response to the failure of past economic policies, strategies and programs (IEA, 2010). It is argued that most of these development programs failed to consider public participation which was very critical to decision-making on the welfare of people at the grass root level. Inadequate funding, obsolete technology in production, underdeveloped institutions and lack of political support are some of the factors that impacted negatively the effectiveness of these policies (IEA, 2010).

However, the effectiveness of devolved funding may not be realized in a situation where the government may not have the ability to execute its basic functions. For instance, in failed states, governments cannot make and implement policies including pro-poor policies. Devolved funding may also not be very effective in a society with a high level of income inequality. In both cases, devolved funding may worsen the poverty situation instead of reducing it (Bardhan & Mookherji, 1998; Silas Wawire, & Onono Okelo, 2018). These analyses suggest that the relationship between devolved funding and the reduction of poverty is opaque and efforts to establish the link are likely to be influenced by country-specific factors, as well as the design and structure of devolved funding.

In Brazil, economic growth and development have been made possible through fiscal decentralization, adopted in the early nineteenth century. The country is considered a modern economy with highly developed devolved units that accounts for 50 per cent of the public expenditure (Bockmeyer, 2003). Devolution influences each part of the administration, including the allocation of public resources (fiscal decentralization) which thus, influences the general household welfare.

In Ghana, for instance, devolved units can finance most of their expenditures from their revenue although with the national government's support. The devolved government derives their revenue from various sources including Cess which account for 22 per cent, user fee accounting for 9 per cent and the rest being covered by the national government. This is a clear indicator that in Ghana, the devolved units have not achieved much autonomy and still rely heavily on support from the national government (Donkoh, Alhassan & Nkegbe, 2014).

Kenya has had a strong history of devolved funding policies since independence. According to Karari (1989), Auya and Oino (2013), some of the devolved funding policies introduced by various governments since independence includes the Special Rural Program (1969/1970, the District Focus for Rural Development (1983-1984), District Development Program of 1966,), District Development Planning (1971), and the Rural Trade and Production Centre (1988-1989). The primary aim of all these policies and strategies was to fast-track economic development, reduce poverty and income inequality and thus improve household welfare, particularly in the rural economies. However, most of these policies failed to achieve their objective due to a lack of support from the national government (IEA, 2010), technical incompetency, lack of political will, challenges in planning and implementation of the policies (Ngiri, 2016).

In the last two decades, more well-structured forms of devolved funding programs were introduced including entrenching devolved governance in the constitutional review of 2010. They include HIV/AIDS Fund (1997), Rural Electrification Programme (1998), the Road maintenance levy Fund (1993) and Secondary Schools Education Bursary Fund (1993). Other devolved funds established over the years include Poverty Eradication Funds (1999), Youth Enterprise Development Fund (2006), Local Authority Transfer Fund (1999), Water Service Trust Fund (2002), Free Primary Education Fund (2003), Women Enterprise Development Fund (2007), and the Constituency Development Fund (CDF) (2003), These funds are in operation although they have gone through various amendments to improve their effectiveness to achieve the intended objectives. However, Local Authority Transfer Fund (LATF) has since been abolished particularly in the spirit of the Kenya Constitution promulgated in 2010.

Stronger devolved funds with good legislation and regulation may enhance equitable distribution of national resources. They will also provide citizens of Kenya with an opportunity to participate in decision making particularly concerning resource mobilization and allocation. The involvement of the public in decision-making is an impetus to increase transparency and accountability and effectively influence resource allocation. This will increase equity and access to key opportunities (such as quality education, energy, water and sanitation) in Kenyan society (World Bank, 2018). The degree to which County governments have the genuine choice capacity to decide the distribution of their use or to raise their income likewise seems to matter (Kinuthia & Lakin, 2016).

Therefore, the current study, based on the above backdrops, sought to investigate the role the devolved funds play in improving household welfare in Kenya.

Statement of the Problem

Kenya government has always desired to improve the welfare of its citizens through reductions of poverty and economic and social disparities. Policies and strategies have been formulated to help achieve these goals. However, to date households in Kenya still experience high levels of poverty, high-income disparity and high levels of inefficiencies in resource distribution which has harmed the level of welfare of the household. According to the Republic of Kenya (2007), it was anticipated that the growth rate would be 10 per cent on an annual basis. The percentage of people living in extreme poverty was projected to drop below 28 per cent by 2015, down from 56 per cent in 2000 (Republic of Kenya, 2007). Extreme poverty was reduced by half from 56 per cent in 2000 to less than 28 per cent by 2015 (Republic of Kenya 2007). The economic growth rate has maintained an average growth rate of 5 per cent for the last ten years. Poverty levels are still high at about 36.1 per cent, widening the income gap and regional inequalities over the years (Republic of Kenya, 2016). Because of this, the question arises as to whether or not funds that have been delegated have effectively contributed to the improvement of household welfare. There is a great deal of skepticism over the extent to which it has affected the rates of economic expansion in Kenya. While some studies revealed that devolved funds have a favourable impact on inequality (Beramendi, 2003), other studies have discovered that it has a detrimental impact (Tselios, Rodríguez-Pose, Tomaney and Torrisi, 2011). As a result, there is no clear answer to the question of whether or not devolved enterprise funds are an efficient instrument for enhancing the welfare of households and this study answers this. The essence of this study was to analyze the influence of devolved enterprise funds on household welfare in Kenya.

LITERATURE REVIEW

The study adopted the Utility Theory which is usually concerned with people’s choices, preferences and decision-making about consumption. Despite the government's efforts to promote businesses through devolved funds, several challenges, such as inadequate finances or capital due to the lack of collateral to secure loans, difficulties in transportation and marketing, and the persistence of primary products or raw materials, exist. Furthermore, it led Kamau (2014) to study the access and impact of the funds transferred on female-owned and poor enterprises in the southern sub-county of Gatundu. The study used raw data based on 80 groups and probit models to analyze the relationship between access and impact of the transferred funds and women and poor-owned enterprises. The study results showed that the Rotation Fund of the Commission for the Elimination of Poverty for Women (CWEF) and the Rotation Fund of the Commission for the Elimination of Poverty (PECRF) play an important role in improving women's lives. The duration of the group, the guarantee, and gender significantly affected access to funds, while PECRF significantly affected business development. The study made a series of policy recommendations: conducting capacity-building training for groups, training citizens on what is required of them to access funds, and expanding the CWEF and PECRF to reach more groups. Effects of women enterprise fund loan on women entrepreneurs a survey of small and medium enterprises

Gedion, Oyugi, and Munyithya (2015) reported that enterprise fund loans boosted women's household earnings. In general, enterprise fund loans improved the socioeconomic welfare of women and their households. Al-Shami, Majid, Mohamad, and Rashid (2017) conducted a survey of 495 previous and new borrowers to examine the effect of a productive loan offered by Amanah Ikhtiar Malaysia (AIM) on women's household welfare and empowerment. According to the findings, microcredit had a considerable favorable impact on borrowers' household income and personal asset acquisition. However, although microcredit empowers female borrowers in household decision-making, it has little influence on women's authority over small financial matters.

Mohamud and Ndede (2019) did a research to determine the link between youth business development financial services and youth empowerment of 200 youth groups in Wajir County, Kenya. According to the report, attending entrepreneurship training was vital for boosting company performance and, as a result, promoting young empowerment in the county. Opil (2019) investigated the impact of a women's entrepreneurial fund on the socioeconomic empowerment of women in Nakuru County, Kenya. The women were socially and economically empowered because they received trainings that allowed them to share knowledge with others, as well as increased money from income-generating activities that complemented their existing sources of income.

The above studies have provided support that enterprise empowerment funds are instrumental in alleviating the welfare of the economy. It is thus, based on the above previous evidence provided that the current study seeks to explore the influence of the devolved enterprise funds as a government devolved funding on the welfare in Kenya.

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Conceptual Framework

Devolved Enterprise Funding **Household welfare**

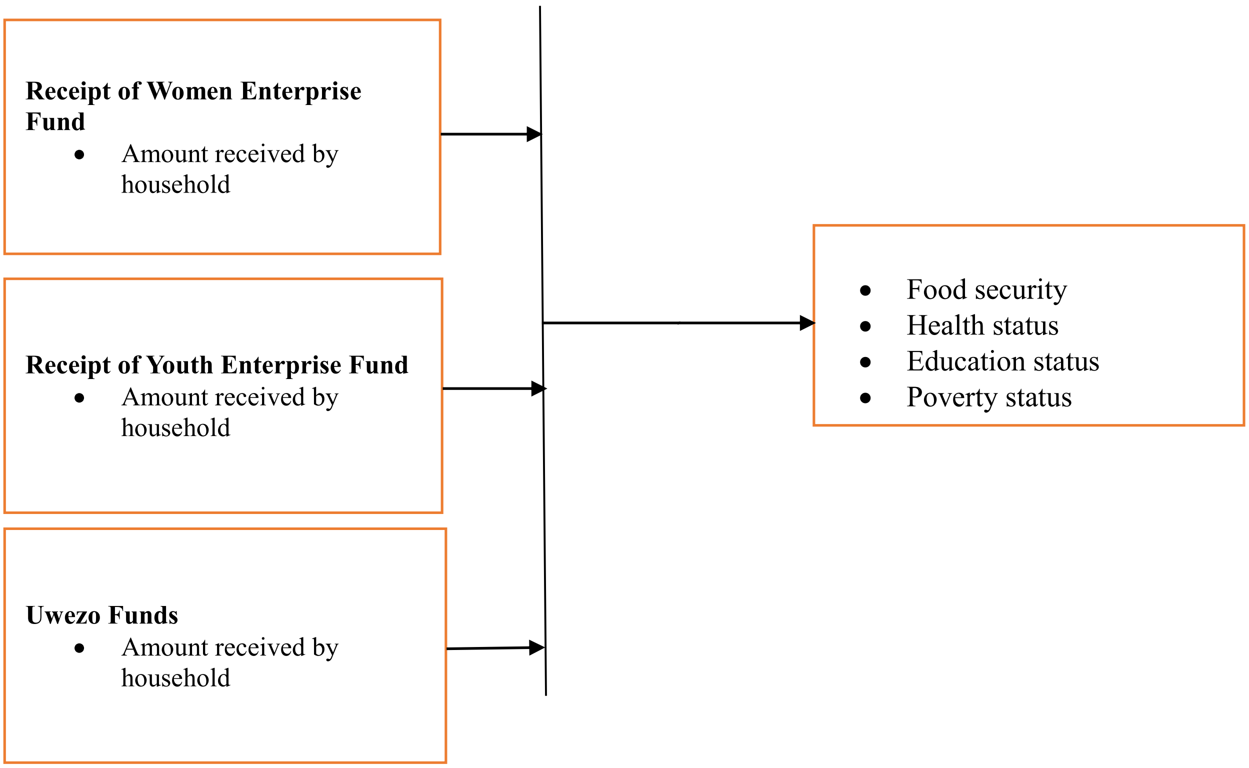

Figure 1: Conceptual Framework

Access to devolved enterprise funds is expected to increase the level of household welfare through the education and poverty alleviation, specifically through receipt of Women Enterprise Fund, receipt of Youth Enterprise Fund and Uwezo Funds. With access to microcredit, an investment in company assets and self-employment income grows significantly. The increase in employment income may increase the probability of household expenditure income and accumulation of assets resulting in positive changes in household welfare.

METHODOLOGY

This study adopted a positivist research philosophy and employed a non-experimental pooled cross-sectional research design and employed a utility-maximizing model in the analysis of the objectives. The association of household welfare and participation in enterprise funding is best exhibited in the theory of consumer utility maximization. The theory proposes that the main objective of an individual is to maximize utility subject to a set of constraints (income and prices). Participation in the enterprise funds/empowerment funds may provide a source of income that may influence household production and consumption functions. The investment returns generated from the firm are a source of household income that could be converted into consumption expenditure that could influence household utility functions.

In modelling this household behaviour, it is assumed that household participation in devolved enterprise funds is discrete and not easily predictable and therefore random utility maximization model was identified as the most suitable. This is because the random utility maximization model assumes that households may choose to participate in a devolved enterprise fund (through borrowing) or may decide otherwise. The impact on household welfare of this decision may be determined by computing the differences between welfare effects due to household participation in devolved enterprise and non-participation. If the welfare effects due to participation in enterprise funds are greater than the welfare effects due to non-participation, the household will choose to participate and otherwise the household will not participate.

In this binary decision problem, let V_P be the indirect utility (welfare effects) derived from household participation and V_N be the indirect utility (welfare effects) derived from non-participation and that w is a vector of welfare characteristics. In this model, the choice to participate is observable but the point at which the decision is made is non-observable and therefore a latent effect and is denoted as (Di) and can be specified by assuming that the household choice to participate or not is determined by an unobservable threshold utility such that;

$$V^*(w) = V_p(w) - V_N(w) \ldots \ldots \ldots \ldots (1)$$

Given this threshold level of utility, the latent variable may be defined as

$$D_i = 1 \; if \; V^*(w) > 0 \; and \; D_i = 0 \; if \; V^* \leq 0 \ldots \ldots \ldots \ldots (2)$$

The binary decision in participation can be estimated using a suitable probability model given the observed covariates and could be given as;

$$D_i = X'\beta + \mu \ldots \ldots \ldots \ldots (3)$$

Where D_i is the latent variable due to the decision to participate or not, X' is a set of predictor variables affecting the choice to participate, β is a set of unobservable parameters and μ is a random disturbance variable. A probit regression model was used for estimation. The decision to use this model was guided by the assumption that the error term was normally distributed (Verbeek, 2012). The probit model was set as:

$$\Pr(D_i = 1) = \emptyset(X'\beta) \ldots \ldots \ldots \ldots (4)$$

Where $X'\beta$ is already defined $\emptyset$ represent the cumulative distribution function of a standard normal random variable, with a mean of zero and a constant variance for the residuals.

A heteroskedastic probit (hetprobit) model proposed by Harvey (1976) was used to reduce the effect of heteroscedasticity. The heteroskedastic probit model introduces a multiplicative term into the model and this relaxes the assumptions of homoscedasticity. This is done through modification of the cumulative distribution function (CDF) to a normal cumulative distribution function (CDF) with a variance that is no longer fixed at one (1) but can vary as a function of the independent variables (Harvey, 1976; Alvarez & Brehm, 1995). This is shown in the equation that follows.

$$\Pr(D_i = 1) = \emptyset\left(\frac{(X'\beta)}{\exp(\rho\omega)}\right) \ldots \ldots \ldots \ldots (5)$$

Where$X'\beta\emptyset$ are defined above, ρ is a set of covariates predicted to have heteroscedasticity and $\acute{\emptyset}$ is a set of parameters correlated with variables. Hetprobit is modified to probit If$\omega = 0$. The

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empirical model for determinants of household participation in women's funds was set up based on the probit framework.

Model Specification and Hypothesis Testing

A simple linear regression model was used to evaluate the effects of devolved enterprise funds that is receipt of the Women Enterprise Fund, receipt of Youth Enterprise Fund and Uwezo Funds on household welfare in Kenya. This model is the appropriate statistical approach to analyze data to establish the relationship between variables. The model is also useful in examining the degree of correlation among all variables (dependent and independent). The regression model was as follows:

$Y_1 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$ ……………………………………………… (6)

$Y_2 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$ ………………………………………………. (7)

$Y_3 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$ ………………………………………………. (8)

$Y_4 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$ ………………………………………………. (9)

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$ ……………………………………………… (10)

Where:

Y = Household Welfare

Y_4 (FS) = Food Security

Y_3 (HS) = Health Status

Y_2 (ES) = Education Status

Y_1 (PS) = Poverty Status

β_0 = Constant Term

$\beta_1, \beta_2, \beta_3$ = Beta coefficients

X_1 (WEF) = receipt of Women Enterprise Fund

X_2 (YEF = receipt of Youth Enterprise Fund

X_3 (UW) = Uwezo Funds

ε = Error term

The study targeted the households listed by Kenya Integrated Household Budget (KIHBS) which indicated the residence of households' owners. It was more convenient and practical to follow up with those in Nairobi County as opposed to those outside Nairobi County. The total population in Nairobi County is 1,128,693 households (Kenya National Bureau of Statistics (KNBS), 2020). The KIHBS 2015 /2016 was the baseline of sampling frame with 1,128,693 households being targeted. The study thus, used the Fishers formula to select a sample of 384 respondents (Sanson-Fisher et.al, 2007).

The descriptive statistics was applied using Statistical Package for Social Science to analyze crossectional data. Descriptive statistics captured included mean, frequency, standard deviation and percentages to profile sample characteristics and major patterns emerging from the data. Simple linear regression model regression was used to analyze the relationship between variables.

RESULTS AND DISCUSSIONS

A total of 384 respondents were administered with the questionnaire equivalent to the study's sample size. 305 (79.4 percent) respondents filled out the questionnaires properly and returned them—the study aimed at finding out the resultant impact of devolved enterprise funds on household welfare. The elements addressed in the study were; money from Women Enterprise Fund, money from the Youth Enterprise Fund program, money from the Uwezo funds program, money from other assorted enterprise empowerment funds programs, money from enterprise empowerment funds programs, and cash transfers from enterprise empowerment. The rates of the measures were assessed on the practice of the measures.

Table 1: Perceptions on the Importance of Devolved Enterprise Funds to Households

	Percentage Distribution							
	Strongly Disagree	**Disagree**	**Moderately Agree**	**Agree**	**Strongly Agree**	**Total Score**	**Mean**	**Standard Deviation**
This household is a beneficiary of money from Women Enterprise Fund	25.2	27.2	6.2	16.4	21.0	856	2.607	1.51
This household is a beneficiary of money from Youth enterprise Fund program	27.5	26.2	7.2	16.0	21.0	850	2.767	1.53
This household is a beneficiary of Uwezo funds program	25.2	27.2	7.2	20.3	16.0	850	2.767	1.47
This household is a beneficiary of other assorted enterprise empowerment funds program	26.2	26.7	5.7	17.3	17.7	846	2.774	1.51
This household receives money from enterprise empowerment funds programs regularly	26.2	26.2	4.3	20.3	21.0	859	2.616	1.53
The cash transfers from enterprise empowerment meets the needs of this household	23.3	27.7	6.5	16.0	22.3	879	2.662	1.51

The outcome of the analysis in table 1 indicated that 37.4 percent of those interviewed strongly agreed that their household was a beneficiary of money from Women Enterprise Fund. 6.2 percent of the moderately agreed that their household was a beneficiary of money from Women Enterprise Fund while majority of the respondents at 54.4 percent of the respondents did not agree that their household was a beneficiary of money from Women Enterprise Fund. The value of mean of the participants who are beneficiary of money from women Enterprise Funds was 2.607 and the standard deviation was 1.51 indicating that the data collected was accurate and stable with low level variability of data. These results positively corresponding to a study by Opil (2017) who analyzed the influence of women enterprise fund on the welfare of most women. Most women who participated in these funds through training, access to credit and information were able to increase their income by engaging in business venture of all kinds. High income enables women to confidently participate in social political activities hence increase their voice at the grass root effectively reducing gender prejudice and increase their public participation in key decision making.

37.0 percent of the respondents strongly agreed that their household was a beneficiary of money from Youth enterprise Fund program. 7.2 percent of the moderately agreed that their household was a beneficiary of money from Youth enterprise Fund program while majority of the respondents at 53.7 percent of the respondents did not agree that their household was a beneficiary of money from Youth enterprise Fund program. The value of mean of the participants who are beneficiary of money from Youth Enterprise Fund was 2.767 and the standard deviation was 1.53 indicating that the data collected was accurate and stable with low level variability of data. These results corresponds to a similar study by, Mohamud and Ndede (2017) who analyzed the link between devolved Youth Funds and the welfare of the youth in Kisii County. The study revealed that youth who participated in business training observed improved business performance hence their welfare in the County.

36.3 percent of the respondents strongly agreed that their household was a beneficiary of money from Uwezo funds program. 7.2 percent of the moderately agreed that their household was a beneficiary of money from Uwezo funds program while majority of the respondents at 52.4 percent of the respondents did not agree that their household was a beneficiary of money from Uwezo funds program. The value of mean of the participants who are beneficiary of money from Uwezo Fund was 2.767 and the standard deviation was 1.47 indicating that the data collected was accurate and stable with low level variability of data.

37.0 percent of the respondents strongly agreed that their household was a beneficiary of money from other assorted enterprise empowerment funds program. 5.7 percent of the moderately agreed that their household was a beneficiary of money from other assorted enterprise empowerment funds program while majority of the respondents at 55.1 percent of the respondents did not agree that their household was a beneficiary of money from other assorted enterprise empowerment funds program. The value of mean of the participants who are beneficiary of money from other assorted enterprise empowerment funds program was 2.774 and the standard deviation was 1.51 indicating that the data collected was accurate and stable with low level variability of data. On a similar note, Kamau (2014) provided a confirmation that enterprise empowerment funds are instrumental in improving the welfare of the household.

41.3 percent of the respondents strongly agreed that their household received money from enterprise empowerment funds programs regularly. 4.3 percent of the moderately agreed that their household received money from enterprise empowerment funds programs regularly while majority of the respondents at 54.4 percent of the respondents did not agree that their household received money from enterprise empowerment funds programs regularly. The value of mean of the participants who are received money from Youth Enterprise Fund was 2.616 and the standard deviation was 1.53 indicating that the data collected was accurate and stable with low level variability of data.

40.3 percent of the respondents strongly agreed that cash transfers from enterprise empowerment fund met the needs of their household. 6.5 percent of the moderately agreed that cash transfers from enterprise empowerment met the needs of their household while majority of the respondents at 51.2 percent of the respondents did not agree that cash transfers from enterprise empowerment met the needs of their household. The value of mean of the participants who agree that enterprise empowerment fund met the needs of their household was 2.662 and the standard deviation was 1.51 indicating that the data collected was accurate and stable with low level variability of data. On a similar note, Kamau (2014) provided a confirmation that enterprise empowerment funds are instrumental in improving the welfare of household.

Table 2 shows the correlation results that portray the association between devolved enterprise funds and household welfare.

Table 2: Correlation Test of Devolved Enterprise Funds

	Food Security	**Health Status**	**Education Status**	**Poverty Status**	**Welfare**	**Enterprise Empowerment Funds**
Food Security	1					0.391*** **(0.000)**
Health Status	0.984*** **(0.000)**	1				0.378*** **(0.000)**
Education Status	0.985*** **(0.000)**	0.983*** **(0.000)**	1			0.379*** **(0.000)**
Poverty Status	0.984*** **(0.000)**	0.983*** **(0.000)**	.985*** **(0.000)**	1		0.376*** **(0.000)**
Welfare	0.994*** **(0.000)**	0.993*** **(0.000)**	0.994*** **(0.000)**	0.994*** **(0.000)**	1	0.383*** **(0.000)**
Enterprise Empowerment Funds	0.391*** **(0.000)**	0.378*** **(0.000)**	0.379*** **(0.000)**	0.376*** **(0.000)**	0.383*** **(0.000)**	1

The asterisk *** implies that the coefficient is statistically significant at 1 percent level.

The p-Values are in parentheses.

The correlation coefficients were positive and their respective p-values were less than 0.05 as revealed in Table 2. The results revealed that the correlation between devolved enterprise funds and food security index was 0.391 which implies a positive relationship between devolved enterprise funds and food security index. The results also showed that the correlation between devolved enterprise funds and health security index was 0.378 which implies a positive relationship between devolved enterprise funds and health security index. The results also revealed that the correlation between devolved enterprise funds and education index was 0.379 which implies a positive relationship between devolved enterprise funds and education index. The results also found out that the correlation between devolved enterprise funds and poverty index was 0.376 which implies a positive relationship between devolved enterprise funds and poverty index. The results also showed that the correlation between devolved enterprise funds and welfare index was 0.383 which implies a positive relationship between devolved enterprise funds and welfare index.

Regression analysis was done to determine the influence of devolved enterprise funds on household welfare. Results were presented in Table 3.

Table 3: Regression Results for Devolved Enterprise Funds

Variable	**Food Security index**	**Health Security Index**	**Education Index**	**Poverty Index**	**Welfare Index**
Receipt of Women Enterprise Fund (X_1)	0.282*** (10.837)	0.280*** (2.367)	0.250*** (2.105)	0.282*** (2.595)	0.290*** (2.550)
Receipt of Youth Enterprise Fund (X_2)	0.141*** (1.978)	0.172*** (1.99)	0.170*** (2.304)	0.086*** (2.313)	0.079*** (2.373)
Receipt of Uwezo Funds (X_3)	0.051 (0.0433)	0.096 (0.812)	0.060 (0.505)	0.012 (0.108)	0.005 (0.041)
Constant	1.752*** (10.837)	1.786*** (11.053)	1.790*** (11.048)	1.736*** (10.512)	1.716*** (10.398)
R Square	0.157	0.149	0.148	0.148	0.154
Adjusted R Square	0.149	0.141	0.140	0.140	0.145
ANOVA (F Statistic)	18.751	17.565	17.432	17.445	18.201

The t-statistics are in parentheses.

The asterisk *** implies that the coefficient is significantly at 1 percent level.

Receipt of women enterprise fund and receipt of youth enterprise fund were related to food security index. An increase in receipts lead to a significant increase in food security. Receipt of women enterprise fund and receipt of youth enterprise fund were related to health security index. An increase in receipts lead to a significant increase in health security. Receipt of women enterprise fund and receipt of youth enterprise fund were related to education index. An increase in receipts lead to a significant increase in education security. Receipt of women enterprise fund and receipt of youth enterprise fund were all related to poverty index. An increase in receipts lead to a significant increase in poverty security. In summary, an increase in devolved enterprise funds (Receipt of women enterprise fund and receipt of youth enterprise fund) lead to a significant increase in the welfare index.

Receipt of Uwezo Funds was not related to food security index. Receipt of Uwezo Funds was not related to health security index. Receipt of Uwezo Funds was also not related to education security index. Receipt of Uwezo Funds was not related to poverty index.

Conclusion and Policy Implications

The main objective of the study was to determine the influence of devolved enterprise funds on household welfare in Kenya. Devolved enterprise funds coefficients significantly and positively influence household welfare in Kenya. Therefore, if devolved enterprise fund is made accessible to most households, investment in SMEs and start-ups will increase household income and hence improve their welfare. The government of Kenya needs to increase budgetary allocation towards this funds to empower women, youths and other groups in the community thus improve overall household welfare and as a result enhance economic growth in the country. The research study has concluded that the devolved enterprise funds that have been received by most households in Kenya have helped the households meet their needs hence improving their welfare.

The study findings suggest that devolved enterprise funds have the potential to significantly improve household welfare in Kenya. Therefore, the Kenya government, through the National Treasury should consider increasing the allocation of funds to support entrepreneurship in the country.

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