IMPEDIMENTS TO YOUTH ENTERPRISE DEVELOPMENT FUND LOAN REPAYMENT AMONG YOUTH GROUPS IN THARAKA NORTH SUB-COUNTY, THARAKA NITHI COUNTY, KENYA

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DECLARATION AND RECOMMENDATION

Declaration

This proposal is my original work and has not been presented for award of a diploma or conferment of degree in any institution.

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Recommendations

This research proposal has been submitted for examination with my approval as a university Supervisor.

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DEDICATION

I donate this thesis to my spouse and children, whose unwavering support, love and inspiration have been my guiding light throughout the study.

To my siblings, for their endless cheer leading. To my mentors and friends for inspiring and challenging me to aim higher and to all those who dream of making a difference through education and hand work- this is for you.

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I humbly express my heartfelt appreciation to God for granting me strength and perseverance to complete this study. Through His grace, I have overcome challenges and found guidance in moments of uncertainty.

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ABSTRACT

This study examined the impediments to youth enterprise development fund loan repayment. Studies show that youths successfully repay loans consistently in the initial months after being awarded loans, but default there-after for reasons that are virtually unknown. Lack of steady repayment until the principal loan sum is fully cleared provides a breach that this study pursued to explore. This study set out to examine how entrepreneurship training, socio-economic factors, and business performance influence loan repayment among youth group beneficiaries. It was grounded in Group Lending Theory and Social Traits Theory; frameworks that explore how shared accountability and individual characteristics shape financial behavior. A descriptive research design was used, drawing on primary data sources. The research targeted 16 registered youth groups, including YEDF beneficiaries and fund officers. From this population, a stratified random sample of 123 respondents was selected. Data were collected through structured questionnaires and interviews, then analyzed using the Statistical Package for Social Sciences (SPSS) 27.0. Both descriptive statistics and thematic analysis were applied to the quantitative data, while qualitative responses were examined through thematic analysis. The findings showed that most beneficiaries reported gains in financial literacy and business management skills following entrepreneurship training. However, several constraints such as limited startup capital, low-income levels, and weak market linkages posed significant barriers to consistent loan repayment. Broader socio-economic challenges also emerged, including high unemployment, a poor culture of saving, and dependence on unstable income streams. In addition, business performance factors like low profitability and inadequate record-keeping were found to have a strong influence on repayment behavior's study concludes that while the Youth Enterprise Development Fund (YEDF) has expanded access to credit for young people, the sustainability of these gains is undermined by fragile repayment structures and insufficient follow-up after loan disbursement. To address these gaps, the study recommends ongoing entrepreneurship training, increased loan amounts tailored to real business needs, stronger post-loan monitoring systems, and improved collaboration between YEDF and local actors to boost accountability and compliance. These findings offer valuable insights for policymakers, development practitioners, and researchers seeking to strengthen youth credit systems and advance inclusive economic empowerment strategies.

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LIST OF ABBREVIATIONS AND ACRONYMS

C-YES	Constituency Youth Enterprise Scheme
ED	Enterprise Development
E-YES	Easy Youth Enterprise Scheme
FI	Financial Institutions
GDP	Gross Development Product
GLD	Group Lending Theory
KNBS	Kenya Nation Bureau of Statistics
NACOSTI	National Commission for Science, Technology & Innovation
SD	Standard Deviation
SMEs	Small and Mid-size Enterprises
SPSS	Statistical Package for Social Sciences
STT	Social Traits Theory
YBE	Youth Business enterprises
YEDF	Youth Enterprise and Development Fund.
YEFLR	Youth Enterprise Fund Loan Repayment

CHAPTER ONE
INTRODUCTION

1.1 Background of Study

Youth unemployment and limited access to financial capital remain persistent socio-
Youth unemployment and limited access to financial capital remain persistent socio-
economic challenges in Kenya. According to the Kenya National Bureau of Statistics (KNBS, 2023), more than 75% of unemployed Kenyans are youth aged between 18 and 35 years. This situation constrains productivity, increases dependency ratios, and limits national development. To address these concerns, the Government of Kenya established the Youth Enterprise Development Fund (YEDF) in 2006 as a flagship intervention under Vision 2030 to promote youth self-employment, reduce poverty, and stimulate enterprise development through accessible and affordable credit (YEDF, 2022).

Globally, youth credit programs have been used to promote entrepreneurship. The Prince's Trust in the United Kingdom, and Grameen Bank's microcredit model in Bangladesh, have demonstrated that access to affordable financing can enhance youth enterprise growth when coupled with mentorship and financial literacy (World Bank,2020). However, experiences from Nigeria and Ghana reveal persistent challenges of loan default, weak repayment discipline, and inadequate post-loan support (Okeke & Abubakar, 2022). These findings suggest that credit access alone is insufficient; the success of youth enterprise programs depends equally on managerial skills, socio-economic stability, and effective institutional monitoring.

In Kenya, YEDF was designed to provide credit to youth who lack collateral or formal banking history. It operates through three key channels: the Constituency Youth Enterprise Scheme (C-YES) for groups, the Easy Youth Enterprise Scheme (E-YES) for individuals, and loans through accredited financial intermediaries (Ministry of Cooperatives & MSME Development, 2024). Despite these mechanisms, loan repayment performance remains low, threatening the revolving sustainability of the fund. National statistics show an average repayment rate below 80%, while Tharaka Nithi County records approximately 76%, indicating widespread delays and defaults (Kenya News Agency, 2024).

Scholars attribute poor repayment to multiple factors. Kariuki and Kiarie (2021) found that business management skills, income consistency, and borrower discipline significantly influence repayment behavior. Similarly, Kibe et al. (2022) identified education level, household income, and market access as critical socio-economic predictors of loan performance. In rural contexts, where business operations depend heavily on informal trade and seasonal agriculture, repayment challenges are often compounded by fluctuating incomes and environmental shocks (Mwangi & Ndiritu, 2021).

Two key theoretical perspectives underpin this study. The Group Lending Theory posits that joint liability and peer monitoring enhance repayment through collective accountability. However, recent studies show that when group cohesion weakens or leadership is ineffective, peer monitoring fails, resulting in widespread default (Mugo & Ireri, 2023). The Social Traits Theory argues that entrepreneurial performance is influenced by individual attributes such as self-efficacy, motivation, and risk tolerance (Baniassadi, 2021). These traits determine how youth perceive opportunities and manage credit obligations. Although YEDF beneficiaries often demonstrate enthusiasm after receiving loans, many struggle to maintain repayment beyond the initial months. Some divert funds to personal needs, while others face limited market access, inadequate training, and weak financial management practices (Mutua et al., 2023). Furthermore, in rural regions like Tharaka North Sub-County, cultural norms emphasizing communal loyalty sometimes hinder repayment enforcement, as defaulters are shielded by group solidarity (Kimathi & Muriuki, 2023). Poor infrastructure, low digital connectivity, and delayed fund disbursements exacerbate these barriers, restricting business growth and income flow.

While the YEDF Secretariat has intensified entrepreneurship training and financial literacy programs, studies reveal that most training courses are short, theoretical, and lack practical follow-up (Kihoro & Njeru, 2022). Consequently, youth often lack the capacity to translate learned concepts into sustainable business practices. The gap between training design and its application on the ground contributes to persistent defaults despite increased awareness.

Locally, Tharaka North Sub-County presents unique structural and economic constraints that make loan repayment particularly difficult. The area's semi-arid climate affects agricultural productivity, which is the main source of income for most youth groups. Limited employment opportunities and weak local markets further restrict cash inflows needed for timely repayment. Yet, limited empirical research has explored how entrepreneurship training, socio-economic conditions, and business performance interact to influence loan repayment behavior in this context.

Therefore, understanding the impediments to YEDF loan repayment among youth groups in Tharaka North Sub-County is crucial for improving fund sustainability. This study provides empirical evidence on the combined influence of entrepreneurship training, socio-economic factors, and business performance on loan repayment outcomes. The findings will inform YEDF managers, policymakers, and development partners on strategies to strengthen credit discipline, enhance financial inclusion, and promote sustainable youth entrepreneurship across Kenya.

1.1 Loan Repayment

A loan is a debt which involves the relocation of monetary resources gradually between financier and the debtor. Repayment is paying back the money borrowed. Most studies on group lending accept the assumption that peer pressure and group solidarity help groups to function properly and boost repayment rates in developing countries.

Gine, Karlan, and Jakiela (2020) investigated the repayment dynamics in group lending scenarios, considering factors like individual investment choices, shared losses among group members, and social sanctions for default. They proposed that groups can self-select members to mitigate free- rider issues, transferring the problem away from lenders. The study adapted Abreham (2022) proposed a repayment game to analyze these dynamics empirically, aiming to find major factors prompting loan repayment. They found that group lending often starts strong, it can suffer from widespread default over time, attributed to a "matching problem" leading to individual defaults and a domino effect. This aligns with the theory of contract joint liability.

1.1.2 Factors Influencing Loan Repayment

The ability of borrowers to refund their micro-credit loans is a key issue that needs attention. Borrowers can choose to either reimburse their loan or not. Defaulting a loan by the debtor may be by willingness or unwillingness According to Abreham (2022), unwillingness defaults of borrowed loans could be caused by unanticipated conditions such as lower business revenue generated, natural disasters and borrower's illness. In this case, limited management machinery used by the supporter make the borrower assume loan repayment. As stated by Hoque and Rahman(2023),the greatest common reasons loan defaults are the following: If YDEF staffs are not taking loan repayment being serious, the borrowers decision not to repay their loan; the YDEF staffs are not accountable to investors to make profit; borrower's lives often have unpredictable crises, like illness or death in the family; if loans supersedes cash needs of the enterprise, profits may go towards personal use; and if loans are issued with improper assessment of enterprises.

According to Alharbi and Drew (2022), those debtors who seek larger loan amounts and request to pay in longer periods could have a problem in settlement of their loan unlike those who get small amounts and be improved to cheer the one loaned the fund to pay back their credit. Either to fail to pay back the loan or delayed repayment are two ways of loans disappointment. Kihoro and Njeru (2022) suggests that financiers should consider the borrower's history and financial predictions to check the repayment ability of the borrower. Besides borrower's characteristics, security requirements, capacity to repay and market conditions should be considered before loans are given to the borrowers. Individual/borrowers' factors, firm factors, loan factors and institutional/lender factors are some of the factors affecting refund performance of YDEFs.

1.1.3 Youth Enterprise Fund

Youth Enterprise Development Fund (YEDF) was recognized in the year 2006 by the rule being included in the top plans of visualization 2030, grouped in the community support. This was seen as a planned move towards minimizing unemployment, which is practically a youth problem. YEDF came officially into action on 8th day of December 2006. It was rendered to a state firm on 11th May 2007 over lawful Announcement

No.63 (YEDF,2022). The fund emphases on enterprise development as a plan that aims to increase economic chances for and involvement by Kenyan youths in nation building. The loan aims all forms of youth owned enterprises.

The purpose of YEDF include; Loaning to youth enterprises; entice and enable investment in Micro, Small and Medium enterprises concerned with commercial infrastructure such as business or industrial parks, markets or business incubators that will be beneficial to youth enterprises; support youth concerned with Micro, Small and Medium enterprises to develop connections with large enterprises; enable selling of products and services of youth enterprises in both national and global marketplaces; provide business expansion services to youth enterprises; and to enable youths jobs the worldwide labor market. (YEDF status report, 2007-2012). Lowest conditions for getting the Fund include an individual should be a Kenyan who falls in the age bracket of 18 to 35 years and has purposed to investing the Fund in a business project. This support by government is to ensure that all youth, particularly those living in rural parts who are not well served by Financial Intermediaries, are not disadvantaged in accessing the Fund (Mutua, Njoroge, & Wambui, 2023).

The structures and access measures include: The loan is available only to youth groups operating within the constituency, a group gets a maximum loan amount of Ksh. 50,000, the loan without interest but has a management fee of 5% deductible open from the agreed loan ,3-month grace period and full repayment of 12 months after the grace period, having a registered group which has been in existence for at least 3 months by the date of application, the group must have a bank account, 70% of the members must be youths and 112% of its leadership in the youth bracket.

Further the group prepares business proposals using the ordinary format provided and submits the written proposal to the Constituency Officers who eventually gives to the Youth Enterprise Development Fund Secretariat which in turn disburses the cheques of the approved groups (YEDF, 2022). The Fund secretariat disburses loans in three ways: First, the Constituency Youth Enterprise Scheme (C-YES) which is a component that funds projects of registered youth groups. The maximum amount loaned through this module is Kshs. 50,000. Second, the Easy Youth Enterprise Scheme (E-YES) which funds projects of individuals who belong to groups that have finished refund of the C-YES loan. Individuals start with loans of Kshs. 25,000 and goes upwards up to Kshs 112,000. There after they can be able to loans through financial intermediaries. Lastly, they also disburse funds though financial mediators that partner with the Fund.

In the 2006/07 the government had set aside one billion to support this financial plan to support this initiative of the fund. By 30th September 2011, YEDF had given loans worth Ksh.5.2 billion to 144,000 youth business. Out of this amount Ksh.545.3 million had been loaned to 12,407 youth groups while 54.2 million had been disbursed to 2,111 individual initiatives at the constituency level. According to the Kenya News Agency (2024), through financial intermediaries the fund had supported 129,385 group and individual businesses to a tune of Ksh.4.6 billion. The Fund has finally become a major source of credit to youths countrywide both in cities and countryside areas in Kenya. For Youth Enterprise Development Fund to sustain viable credit initiatives, then it is a necessity upon the borrowers to make consistent payments as fixed in time

1.2 Statement of the Problem

Access to adequate financial resources remains essential for the growth and sustainability of youth enterprises. The Youth Enterprise Development Fund (YEDF) was established to provide affordable credit to young entrepreneurs and promote their participation in economic development (YEDF, 2022; Government of Kenya, 2021). The Fund offers loans and business support programs aimed at reducing youth unemployment and encouraging entrepreneurship, particularly among disadvantaged groups. However, the initial loan amounts, often averaging Ksh. 50,000, are considered insufficient to sustain viable enterprises capable of generating stable income and ensuring loan repayment. Reports by the Kenya News Agency (2024) indicate that loan repayment rates in Tharaka-Nithi County stand at approximately 76%, reflecting persistent repayment challenges despite continued funding. The present study, therefore, seeks to examine key factors influencing YEDF loan repayment specifically entrepreneurship training, socio-economic conditions, and business performance in Tharaka North Sub-County, Tharaka Nithi County, where limited empirical research has been conducted on this subject.

1.3 Objective of the Study

1.3.1 General Objective

This study primarily sought to investigate impediments facing youth enterprise fund loan repayment in Tharaka North Sub- County, Tharaka Nithi County, Kenya.

1.3.2 Specific Objectives

To realize its aim, the study was guided by clearly defined research objectives as follows:

i. To evaluate the influence of entrepreneurship training on loan repayment among Youth Enterprise Development Fund beneficiaries in Tharaka North Sub-County.
ii. To assess how socio-economic factors affect the ability of youth entrepreneurs to repay Youth Enterprise Development Fund loans in Tharaka North Sub-County.
iii. To assess the effect of business performance factors on loan repayment behavior among youth group beneficiaries of the Youth Enterprise Development Fund in Tharaka North Sub-County

1.4 Research Questions

i. How does youth entrepreneurship training influence recipients of Youth Enterprise Development Fund in Tharaka North Sub-County in loan repayment.
ii. In which way do social-economic factors influence the ability of youth entrepreneurs in Tharaka North Sub-County in repayment of YEDF loans?
iii. How do business performance factors influence Youth Enterprise Development Fund loan refund in Tharaka North Sub-County?

1.5 Significance of the Study

The findings of this study are significant to multiple stakeholders. For policymakers and YEDF administrators, the study provides evidence-based insights to enhance loan management, review training content, and strengthen post-loan monitoring systems. To youth beneficiaries, the results highlight the importance of financial literacy and business performance in sustaining loan repayment. The study also contributes to academic literature on youth credit behavior and microfinance performance in Kenya, providing a basis for future comparative research on loan sustainability across counties.

1.6 Scope of the Study

The study focused on youth groups funded by the Youth Enterprise Development Fund within Tharaka North Sub-County of Tharaka Nithi County. It examined three primary variables influencing repayment: entrepreneurship training, socio-economic factors, and business performance. The research was conducted between April and July 2024, targeting both active and inactive youth groups that had benefited from YEDF loans within the last five years.

1.7 The Study Limitations

Time and financial constraints limited the breadth of fieldwork, making it impractical to cover all YEDF beneficiaries. Some respondents were initially reluctant to disclose information related to finances and default status. To overcome this, the researcher assured confidentiality, used multiple data sources for triangulation, and obtained official authorization from Tharaka University Institutional Scientific Ethics Committee (ISERC) and National Commission for Science, Technology & Innovation (NACOSTI) to facilitate access to YEDF offices and records.

1.8 Assumptions of the Study

It was assumed that all respondents and key informants would provide truthful and reliable information and that the YEDF database contained accurate records of funded youth groups. The study further assumed that respondents understood the purpose of the research and that the resources and time available were adequate for successful completion.

1.9 Operationalization of Key Terms

Business Performance: This aspect was classical in both revenue growth and competition analysis. The widening of profits is a percentage gain in business income over the same time. This involved analyzing the rivals as well as assessing their market awareness.

Entrepreneurial Training: These not only entail opportunities to network but also gather from experts and contact mentors. That may also look at how often the young business owners are meeting new people and with what amount of variance. Evaluation of the value of mentorship was based on rate with which they meet to solve issues and learn how the business works, as well as abilities. The usability of mentoring programs largely determined their success and this, in turn, would be measured by the response from those who were part of the meeting besides assessing how effectively they upgraded themselves on business insight.

Government Policy The government policy encompasses the structure, implementation, and monitoring of YEDF programs, including loan guidelines, disbursement procedures, and repayment enforcement mechanisms

Socio-economic Factors: Operationalizing access to essential services by assessing availability & utilization of basic social services e.g. health, education and infrastructure Capital access was rated on the availability of financial resources, especially start-up capital (seed fund) and operating funds to youth entrepreneurs. We evaluated this by asking for sources and amount of funding, if there were any problems with capital raising.

Success of YEDF (Loan Repayment): The dependent variable (YEDF Success) was measured by the success of loan repayment among youth entrepreneurs. This is best tracked by repaying the value of loan within a certain period, if there are any defaults and other repayments made alongside.

Youth Enterprise Development Fund (YEDF) The Youth Enterprise Development Fund (YEDF) is a government initiative that provides credit and business support to Kenyan youth aged 18–35 to promote entrepreneurship and reduce unemployment. In this study, YEDF refers to the loans and enterprise development programs accessed by youth groups in Tharaka North Sub-County

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This is a section presenting scholarly secondary materials published and unpublished that relate to the study area. Theoretical framework, literature, empirical studies and conceptual framework based on the research objectives, gaps that exist were analyzed and then a summary of the chapter.

2.2 Theoretical Framework

This scholarly work was steered by two main theories: Group lending theory and Social Traits Theory. Theoretical literature on group lending addressed the core problem of scheming mechanisms in a way that borrowers have a motivation to repay their loans along with an implementation mechanism (Laffont & Rey, 2023). The traits theory centers on business characters which lead people to make decisions about chances better than ordinary people with similar knowledge, information and skill sets. In relation to Margaret and Damary (2020). These theories were used to guide, provide a basis and guide of this study as discussed below.

2.2.1 Group Lending Theory

The Group Lending Theory was developed by Besley and Coate (1995**)** to explain how collective responsibility and peer monitoring enhance loan repayment within microfinance systems. The theory argues that when loans are issued to groups rather than individuals, members act as guarantors for each other. This social interdependence creates a self-enforcing mechanism in which peer pressure, trust, and shared accountability minimize the lender's monitoring costs and encourage timely repayment. Borrowers, motivated by social reputation and fear of group exclusion, are less likely to default (Mugo & Ireri, 2023).

In the context of the Youth Enterprise Development Fund (YEDF), this theory directly applies through the Constituency Youth Enterprise Scheme (C-YES), which provides loans to registered youth groups. Each member's repayment behavior determines the group's future eligibility for funding. This reinforces collective vigilance and peer enforcement mechanisms, ensuring that individual borrowers remain compliant to avoid jeopardizing group access to subsequent loans. However, the theory also highlights a critical limitation where group cohesion is weak or dominated by kinship and friendship ties, peer enforcement becomes ineffective. In such cases, Kariuki and Kiarie (2021) states that group members may avoid confronting defaulters to preserve social harmony, leading to delayed or non-repayment.

This study adopts the Group Lending Theory to explain how entrepreneurship training, group dynamics, and peer accountability interact to influence repayment consistency among youth borrowers. It provides a framework for analyzing how social relationships within youth groups such as trust, discipline, and leadership affect loan performance. The theory also underpins the study's second objective on socio-economic factors by recognizing that community norms and group solidarity influence borrowers' ability and willingness to repay. Therefore, GLT is instrumental in understanding both the success and challenges of group-based loan models under YEDF in Tharaka North Sub-County

2.2.2 Social Traits Theory

The Social Traits Theory (STT), originally advanced by Corcoran and Woody (2008) and refined by Baniassadi (2021), attributes entrepreneurial outcomes and financial behavior to individual psychological traits and behavioral dispositions. The theory posits that characteristics such as self-efficacy, motivation, risk tolerance, and locus of control significantly influence how entrepreneurs make financial decisions, manage risk, and sustain business operations. Individuals with strong internal control, confidence, and persistence are more likely to make rational investment choices, use credit productively, and adhere to repayment schedules (Mutua et al., 2023). Conversely, low self-efficacy and external control orientations contribute to poor financial management and default behavior.

In relation to this study, the Social Traits Theory explained how personal attributes among YEDF beneficiaries affect business performance and loan repayment. Youths who possess entrepreneurial traits such as discipline, goal orientation, and resilience are more likely to manage borrowed funds efficiently and generate consistent income for repayment. On the other hand, beneficiaries who lack motivation or risk-management skills are prone to divert funds for personal use, resulting in default. The theory further supports the study's third objective on business performance factors, demonstrating how psychological readiness and self-drive determine enterprise growth, profitability, and repayment sustainability

Rahman (2021) also provides that Social Traits Theory provides insights into the effectiveness of entrepreneurship training, the study's first objective. Training interventions may strengthen desirable entrepreneurial traits, such as self-confidence and financial discipline, thereby improving repayment behavior. However, without adequate mentorship and reinforcement, training alone may not transform personal attitudes or repayment ethics.

Together, the Group Lending Theory and Social Traits Theory offer a comprehensive understanding of YEDF loan repayment behavior. The former explains external, collective mechanisms that enforce compliance through peer accountability, while the latter explores internal, psychological motivators that drive responsible financial behavior. Integrating the two enables a balanced analysis of how social structures and individual traits jointly influence repayment performance among youth enterprises. These theories thus form the conceptual foundation for examining how entrepreneurship training, socio-economic conditions, and business performance affect YEDF loan repayment in Tharaka North Sub-County.

2.3 Empirical Literature Review

This study utilized both empirical data and literature review to thoroughly elucidate various aspects crucial to the ongoing empirical investigation. It involved the evaluation of previous empirical studies to bring to rest a specific research issue as shown in the following discussion:

2.3.1 Socio-economic factors and success of YEDF loan repayment

Socio-economic factors such as education level, income stability, access to credit, and infrastructure profoundly affect a borrower's ability to repay loans. These variables influence both the capacity to generate income and the borrower's financial behavior. Kibe et al. (2022) found that youth with higher education levels and regular income sources were more likely to meet repayment obligations consistently. Similarly, Mwangi and Ndiritu (2021) demonstrated that infrastructural challenges such as poor road networks and limited access to markets restrict business performance and weaken repayment capacity. In Tharaka North Sub-County, where the economy largely depends on small-scale agriculture and informal trade, seasonal fluctuations in income often make consistent loan repayment difficult. The cyclical nature of agricultural earnings means that beneficiaries may experience liquidity shortages during off seasons, leading to arrears. This pattern echoes findings by Okeke and Abubakar (2022) in Nigeria, who observed that agricultural borrowers faced higher default rates during drought periods due to unstable cash flows.

Income diversification also influences repayment capacity. Youths engaged in multiple income-generating activities demonstrate better repayment behavior than those dependent on a single venture (Kariuki & Kiarie, 2021). Socio-economic constraints such as unemployment, poverty, and dependence on family remittances exacerbate repayment delays, especially where alternative livelihood options are scarce. These findings underscore the importance of understanding borrowers' broader economic contexts rather than treating repayment purely as a financial issue.

Gender and social roles also affect loan performance. Kimathi and Muriuki (2023) revealed that female borrowers tend to exhibit higher repayment discipline compared to their male counterparts, often due to stronger household budgeting roles and social accountability. However, cultural norms in rural Kenya sometimes limit women's decision-making power within groups, constraining their entrepreneurial autonomy. The intersection between gender, income inequality, and group decision-making dynamics remains understudied within YEDF literature, particularly in semi-arid areas where patriarchal norms are prevalent.

Education and financial literacy play an equally vital role. Mutua et al. (2023) demonstrated that beneficiaries with at least secondary-level education showed greater awareness of repayment obligations, better record keeping, and improved risk assessment. In contrast, limited education correlated with higher misuse of funds and weak financial planning. Moreover, access to market infrastructure and digital platforms directly enhances sales and repayment efficiency (Ngugi et al., 2021).

Collectively, these studies reveal that socio-economic factors shape repayment both directly by determining income generation and indirectly through influencing decision-making and financial behavior. Yet, most existing literature treats these factors in isolation. Few studies adopt a multidimensional approach integrating education, income, and infrastructural context to explain repayment variation among YEDF beneficiaries. The current study addressed this by examining how socio-economic characteristics interact with group lending structures and government support to affect repayment in Tharaka North Sub-County.

2.3.2 Influence of Training on Small Business Development

Entrepreneurship training plays a crucial role in shaping repayment behavior by equipping beneficiaries with managerial, financial, and operational skills. The Youth Enterprise Development Fund (YEDF) emphasizes capacity building as a prerequisite for loan disbursement, aiming to strengthen financial discipline and enhance enterprise sustainability. Studies have consistently shown that well-designed entrepreneurship programs positively influence both business performance and loan repayment (Kihoro & Njeru, 2022). However, the degree of success largely depends on the quality, frequency, and practical orientation of the training provided.

Kihoro and Njeru (2022) observed that continuous business mentorship after initial training significantly improved repayment compliance among youth entrepreneurs in central Kenya. The study revealed that beneficiaries who received follow-up sessions on bookkeeping, marketing, and budgeting developed better repayment habits than those who attended only one-time workshops. This finding aligns with the Social Traits Theory, which suggests that training can nurture self-efficacy, motivation, and accountability traits essential for financial discipline. Similarly, Mutua et al. (2023) established that beneficiaries who underwent comprehensive training demonstrated higher credit utilization efficiency and lower default rates.

Despite this, many YEDF training programs remain short, theoretical, and disconnected from local business realities. Existing studies indicate that the effectiveness of entrepreneurship training is limited when the content is generic and fails to address sector-specific challenges faced by youth enterprises in rural and semi-arid regions such as Tharaka North Sub-County (Mugo & Ireri, 2023). Furthermore, Kariuki and Kiarie (2021) found that while most beneficiaries acknowledge the importance of training, only a small proportion implement learned financial management skills in practice. This implementation gap often stems from limited post-training monitoring and inadequate mentorship structures, leading to continued misuse of funds and repayment defaults.

Training also affects record-keeping and budgeting practices, which are fundamental in tracking cash flow and ensuring repayment consistency. Mwangi and Ndiritu (2021) argued that entrepreneurs who maintained systematic financial records were more likely to plan repayments effectively. On the contrary, poor documentation of sales and expenditures results in disorganized repayment schedules, frequent arrears, and eventual defaults. This underscores the importance of embedding practical bookkeeping modules within YEDF training programs, particularly for groups in rural counties where literacy levels vary widely.

A comparative study by Okeke and Abubakar (2022) in Nigeria found that when youth loans were tied to mandatory post-training evaluations, repayment rates improved by up to 20%. The findings confirm that entrepreneurship training not only enhances knowledge but also strengthens borrowers' accountability when closely monitored. Similar outcomes were observed in Bangladesh's microcredit sector, where continuous capacity building reduced default rates and improved borrower retention (Rahman, 2021).

However, few studies have examined how training outcomes differ by delivery mode, gender, or group structure under YEDF. Most empirical work treats training as a uniform variable without assessing variations in training depth, content relevance, or mentoring intensity. This leaves a research gap on how contextualized entrepreneurship training influences repayment among youth groups in semi-arid economies.

In summary, evidence indicates that entrepreneurship training positively influences loan repayment through improved business management, financial literacy, and record keeping. Yet, the absence of continuous mentorship and localized content reduces its long-term effectiveness. This study, therefore, investigates how the nature, frequency, and practicality of entrepreneurship training affect repayment performance among YEDF beneficiaries in Tharaka North Sub-County.

2.3.3 Business Performance Factors and Loan Repayment

Youth Business performance is one of the most decisive predictors of loan repayment success. Enterprises that achieve profitability, market growth, and stable cash flows are better positioned to meet repayment schedules. Mutua et al. (2023) found that improved business performance measured by sales volume and profit margins—significantly correlates with higher repayment rates among youth enterprises in Kenya. Similarly, Kihoro and Njeru (2022) established that beneficiaries with effective business management systems recorded lower default rates. However, the relationship between business performance and repayment is not always linear; it is mediated by factors such as market access, competition, and pricing strategies. For instance, Mwangi and Ndiritu (2021) showed that youth businesses operating in remote areas often face transport barriers that reduce competitiveness and sales turnover, affecting repayment. In Tharaka North, limited local markets and fluctuating consumer demand further constrain cash flow and loan servicing ability.

Good record keeping and inventory management are essential components of business performance. Entrepreneurs who maintain accurate financial records can forecast repayment obligations and adjust their budgets accordingly (Kariuki & Kiarie, 2021). Conversely, poor bookkeeping leads to financial mismanagement, making borrowers unaware of outstanding balances until defaults accumulate. YEDF-funded enterprises often exhibit weak administrative capacity due to inadequate training, resulting in misallocation of funds and stagnation in business growth.

Marketing and customer relations also influence repayment indirectly. Enterprises that maintain high customer satisfaction enjoy consistent sales, which translate into reliable income streams. Baniassadi (2021) observed that youth entrepreneurs with well-developed customer networks are less likely to default because satisfied clients ensure repeat business. On the other hand, product quality issues, poor branding, or weak marketing strategies erode customer trust and profitability, leading to repayment difficulties.

While several studies establish the connection between business performance and repayment, most focus on urban contexts. Empirical evidence on rural and semi-arid enterprises particularly YEDF-funded youth groups remains scarce, leaving a contextual gap in understanding how small informal businesses maintain repayment viability under economic constraints. For these reasons, this study examined how indicators such as profitability, market share, and record keeping determine repayment performance among YEDF beneficiaries in Tharaka North Sub-County. It further explores how group dynamics, entrepreneurship training, and socio-economic conditions interact to shape enterprise performance.

In conclusion, literature demonstrates that entrepreneurship training, socio-economic characteristics, and business performance are interrelated determinants of loan repayment. However, gaps remain in contextualized empirical evidence explaining these relationships in rural youth financing programs. By addressing these gaps, this study contributes to the development of tailored strategies for improving YEDF repayment sustainability in Tharaka North Sub-County

2.4 Conceptual Framework

Theoretical framework is a connection among the independent and dependent variables under investigation. Figure 1 presents an illustration of how independent variables work through the intervening variables to influence dependent variables

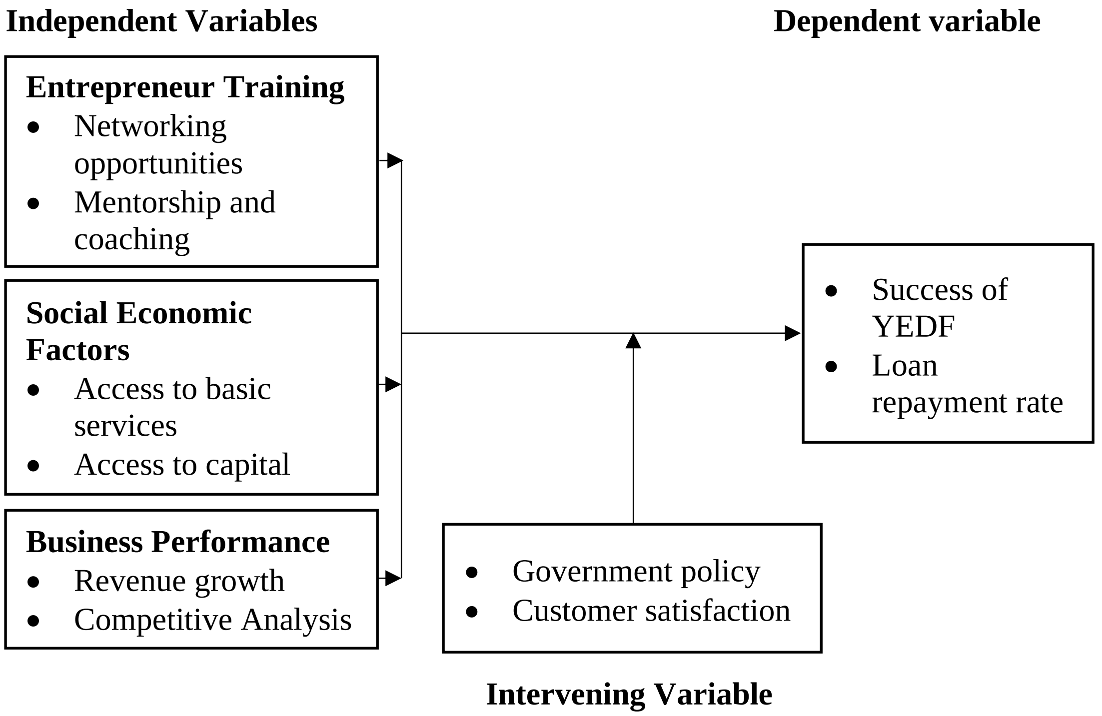

Figure 1: Conceptual Framework

Source: Researcher 2024

The conceptual framework outlines the relationships between the independent variables (entrepreneur training, socioeconomic factors, and business performance), the intermediary variables (government policy and customer satisfaction), and the dependent variables (loan repayment rate). Entrepreneur training and socio-economic factors affect the performance of businesses, while government policies and customer satisfaction act as middle factors that facilitate the effect of the independent variables on the success of YEDF. The success of YEDF is vital for nurturing youth entrepreneurship. This framework provides a structured style to understanding the complex interaction of issues influencing the progress of youth entrepreneurship initiatives, featuring legislators, business trainers, and entrepreneurs themselves. These components are explained below at length:

Entrepreneur Training: This variable denotes the scope and value of training programs that entrepreneurs receive. Well-designed and comprehensive training can equip businesspersons with the skills and information needed to manage difficulties of running a successful business.

Social-Economic Factors: This variable includes various social and economic surroundings like access to basic services and capital that may influence entrepreneurial success. Knowing how these features relate with entrepreneurial activities is key in determining the broader framework in which the YEDF operates.

Business Performance: The performance of businesses supported by the YEDF is a key independent variable. It includes pointers like income growth and Competitive analysis. Good business performance does not indicate only individual success but also contributes to the overall success and sustainability of the YEDF.

As part of the conceptual framework, the investigator also recognizes the role of intermediary variables that may enable good rapport among the independent variables and dependent variables. Two such intermediary variables are:

Government Policy: Government policy and customer satisfaction act as intervening variables that mediate the relationship between independent and dependent variables. The government policy encompasses the structure, implementation, and monitoring of YEDF programs, including loan guidelines, disbursement procedures, and repayment enforcement mechanisms. Policies that promote regular supervision, transparency, and accountability enhance repayment performance (Ministry of Cooperatives and MSME Development, 2024). In this study, government policy was operationalized as beneficiaries' awareness of YEDF rules, perceived effectiveness of fund monitoring, and accessibility of government support services

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This current chapter outlined the procedure used to govern this study. Attention was drawn to the explanation of research design, the target population, sample size and sampling procedures, data collection approaches a long with ethical issues in this study. Below, the following areas were hereby discussed.

3.2 Location of the Study

The study was conducted in Tharaka North Sub-County, Tharaka Nithi County, Kenya. The area is semi-arid with limited formal employment opportunities and a high dependence on small-scale enterprises. It was purposively selected because of persistent Youth Enterprise Development Fund (YEDF) underperformance, reflected in low repayment rates and weak follow-up mechanisms (Ministry of Cooperatives & MSME Development, 2024). Ethical risks, including financial distress among respondents, were mitigated through confidentiality assurances and access to local psychological support referrals.

3.3 Research Design

The study adopted a descriptive research design to examine factors influencing YEDF loan repayment among youth groups in Tharaka North Sub-County. This design was appropriate because it allows systematic description and analysis of relationships between variables without manipulating them (Mugenda & Mugenda, 2020). It enabled the researcher to gather both quantitative and qualitative data through questionnaires, focus group discussions, and key informant interviews for triangulation.

The approach provided a clear understanding of how entrepreneurship training, socio-economic factors, and business performance influence loan repayment, while considering the mediating role of government policy and customer satisfaction. It also ensured that findings reflected actual field conditions, capturing behavioral, institutional, and contextual variations in repayment performance. The design's non-experimental nature made it suitable for developing practical recommendations to enhance YEDF sustainability and youth financial empowerment in rural Kenya.

3.4 Target Population

All beneficiaries of the Youth Enterprise Development Fund (YEDF) or those directly involved in its operations within Tharaka North Sub-County were considered as the target population for this study. It comprised all youth who are members of YEDF-funded groups, individual beneficiaries, and YEDF officers operating within the sub-county. According to records from the Tharaka North Sub-County Youth Development Office (2024), the population was estimated to be 560 individuals, consisting of 480 youth group members drawn from 16 registered groups, 50 individual loan beneficiaries, and 30 YEDF officers responsible for program implementation and loan monitoring across the five wards.

3.5 Sampling Procedure and Sample Sizes

A sample is a lesser number of the populace that is intended to make decisions of the total population. It estimates unfamiliar features of the populace. Therefore, sampling is an image of bigger group selected systematically several people for a study on behalf of the whole group. Sampling process considers issues like organization type, purpose, complexity, time constraints and previous research in the area. Based on this study, employed stratified sampling technique approach was employed.

3.5.1 Sampling Procedure

The study used stratified random sampling with three strata aligned to the target population: Youth group members (registered groups), Individual YEDF beneficiaries, and YEDF officers. Within each stratum, respondents were selected by simple random sampling from updated lists provided by the Sub-County YEDF office. For youth group members, a two-stage approach was applied: all 16 registered groups were included to preserve geographic spread; a proportional number of respondents per group was then sampled at random from current membership lists. For individual beneficiaries and officers, random numbers were used to draw the required counts from their respective frames.

3.5.2 Sample Size

With total target population $N = 560$(480 youth group members + 50 individual beneficiaries + 30 YEDF officers), the sample size n was computed using Yamane's formula:

$$n = \frac{N}{1 + N(e)^2}$$

Using a precision level $e = 0.08$ to balance statistical confidence with field feasibility:

$$n = \frac{560}{1 + 560(0.08)^2} = \frac{560}{1 + 560(0.0064)} \approx 123$$

Sampling bias was minimized in this study by ensuring that the selected respondents accurately represented the population of Youth Enterprise Development Fund (YEDF) beneficiaries in Tharaka North Sub-County. However, potential bias could occur as the sample disproportionately included active borrowers or excluded defaulters and inactive members, which might have led to overly positive assessments of loan access and repayment performance. Such bias limited the generalizability of the findings and affected the accuracy of conclusions regarding factors influencing loan repayment. To reduce this risk, stratified random sampling was employed to ensure fair representation of youth groups across all wards and funding categories, while both successful and non-performing beneficiaries were included to enhance data reliability and validity.

3.6 Data Collection Instruments

The study employed questionnaires, Focus Group Discussions (FGDs), and Key Informant Interviews (KIIs) for data collection. Questionnaires captured quantitative data from youth group members and individual beneficiaries on entrepreneurship training, socio-economic background, business performance, and loan repayment practices. FGDs were used to gather qualitative insights from group leaders on collective accountability, repayment culture, and challenges faced in managing YEDF loans. KIIs were conducted with YEDF officers to collect administrative data and policy perspectives on loan disbursement and recovery mechanisms.

3.7 Piloting of Research Instruments

The questionnaires were pilot-tested two weeks earlier data gathering began in Tharaka South Sub- County. This pilot testing involved administering the questionnaires to a comparable target group prior to commencing the study. It tested if the tools would aid in collecting quality data that hence help in solving the study problem.

3.7.1 Reliability of Research Instrument

Reliability refers to the consistency of responses produced by the research instrument across time and in different conditions. A pilot study was conducted on 13 youth beneficiaries (10% of the sample size) from Tharaka South Sub-County, who were excluded from the main study. The data obtained were analyzed to determine internal consistency using Cronbach's Alpha coefficient. For this study, the overall Cronbach's Alpha (α) of 0.70 was deemed acceptable as Alharbi and Drew (2022) provides. After testing, only social economic factors were slightly lower than 0.7 and therefore minor modifications were made after piloting to improve item clarity and ensure scale balance, including rewording ambiguous statements and aligning Likert-scale anchors for consistency.

3.7.2 Validity of Research Instrument

Validity determines the extent to which a research instrument accurately measures what it intends to measure. In this study, content validity was ensured through expert judgment and review. The questionnaire and interview guides were examined by one university professor specializing in research methodology and two YEDF officer's familiar with the fund's operations in Tharaka Nithi County. These experts evaluated the instruments for clarity, relevance, and alignment with study objectives, ensuring that all key variables entrepreneurship training, socio-economic factors, business performance, and loan repayment were adequately represented.

Construct validity was assessed using the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity after pilot data collection. According to Karagöz and Saraç, (2021), the KMO value must exceeds 0.60 to show that the data is suitable for factor analysis while Bartlett's Test of Sphericity should be statistically significant ($p < 0.001$ to confirm the sufficient correlations among items.

These results verified that the items within the instrument were coherent, logically structured, and capable of capturing the intended constructs effectively, hence establishing strong construct validity.

3.8 Data Collection Procedures

This research information was gathered using a precise and complicated strategy that included only primary data sources. The researcher formed a structured and unstructured questionnaire which was used to collect quantitative data from a sample of youth group members in different wards of Tharaka North Sub County, from young people on their own and YEDF officers. The questionnaire was used to assess the socio-economic situation, YEDF status, and demographic data from youth group members. To ensure the dependability and fluency of the questionnaire, a pilot test was carried out. This took twenty percent of the total sample. 123 participants received the final edition both in person and online.

All required authorizations and ethical guidelines were followed to get these documentations form YEDF offices. All data were gathered, then precisely set and examined. Statistical software was used to analyze measurable and qualitative information obtained from the questionnaires, which enabled descriptive statistics to be used to spot patterns. To get important themes and patterns, thematic analysis was applied to the transcribed qualitative information from interviews.

The proper requirements of the data collection procedure were vital. Prior to participation, the researcher sought approval from the authorities from NACOSTI Tharaka Constituency Offices, Ethics Committee of Tharaka University and participants. The respondents were informed about the study's goal and how their consent was to be sought. The researcher did not negotiate on secrecy or confidentiality, and data was safely preserved to avoid unwanted access.

3.9 Data Analysis Techniques

The data collected was first checked for completeness, consistency, and accuracy before analysis. Quantitative data from questionnaires were coded and analyzed using the Statistical Package for the Social Sciences (SPSS) Version 27. The analysis primarily involved descriptive statistics, including frequencies, percentages, means, and standard deviations, which were used to summarize and present the characteristics of respondents and key study variables. The findings were presented through tables, charts, and graphs to enhance clarity and comparison.

Qualitative data obtained from focus group discussions and key informant interviews were transcribed, organized thematically, and analyzed through content analysis. Emerging themes were categorized according to the study objectives, entrepreneurship training, socio-economic context, business performance, and loan repayment patterns. Narrative excerpts from participants were used to complement and validate the quantitative findings, providing deeper insight into the contextual challenges affecting YEDF repayment in Tharaka North Sub-County. The integration of descriptive and qualitative analyses allowed triangulation, ensuring that both numerical trends and contextual interpretations contributed to a comprehensive understanding of the research problem.

3.10 Ethical Consideration

Ethical approval was obtained from Tharaka University's Institutional Scientific and Ethics Review Committee (ISERC). Informed consent was obtained from all participants, emphasizing confidentiality, anonymity, and voluntary participation. Respondents were informed that no sensitive financial data would be disclosed publicly, and psychological support referrals were available for participants who exhibited distress during discussions on loan defaults or financial hardships.

CHAPTER FOUR
RESULTS AND DISCUSSION

4.1 Introduction

The chapter focused on data compilation, analysis and presentation; discussing results, interpretation, and providing explanations based on data collected and guided by stated objectives and research questions. Group focus guide and structured and unstructured questionnaires were formulated and administered to YEDF groups' members, youth individuals and YEDF officers and the results of the study were based on data gathered. The responses given from the two tools were supported on entrepreneurship training, economic factors, and business performance factors which were the research objectives.

During the focus group discussions, the participants shared their observations and experiences that were important because they baselined different opinions together for better decision making. They also aired their ideas about the study questions above and contributed their views at different lengths.

The researcher administered 123 questionnaires to: 58 youth leaders, 54 youth individuals. Additionally, one key informant interview (KII) was conducted with 1YEDF officer. Although the study intended to interview five of these, it was determined throughout the data collection process that officers serving the YEDF in the early years of 2007 had been redeployed from within the study location and that only one officer who was interviewed during the study was in office at that moment. A sample response rate 91.1% (112) was obtained making the final sample data eligible for analysis to be 112 respondents

The 112% questionnaire filling was achieved by the drop and pick strategy used by the researcher. The researcher did follow up by calling or sending emails to those who had not filled in. After coding and analyzing the collected data using the latest data analysis software (IBM SPSS version 27), it was thereafter presented using figures, tables and charts to ensure proper responsibility visibility. The study was based on the data collected and observation guide.

4.2 Reliability and Validity.

The reliability analysis yielded a Cronbach’s alpha value of 0.956, and 0.960 based on standardized items, indicating excellent internal consistency among the 37 measurement items (See Table 1). This surpassed the minimum recommended threshold of 0.70 suggested by lharbi and Drew, (2022), signifying that the items consistently measure the same underlying constructs with minimal random error. Such a high coefficient implies that the research instrument is highly dependable and suitable for further statistical analysis.

Table 1: Reliability Analysis

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.956	0.960	37

Additionally, the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy was 0.911, exceeding the acceptable level of 0.60, which confirms that the sample size and the intercorrelations among variables were adequate for Principal Component Analysis (PCA). The Bartlett’s Test of Sphericity was statistically significant ($\chi^2 = 2937.837$, df $= 666$, $p < 0.001$), rejecting the null hypothesis that the correlation matrix is an identity matrix (See Table 2. This outcome indicates that the variables are sufficiently correlated to justify factor extraction.

Overall, the results demonstrate that the dataset possesses both high internal reliability and strong sampling adequacy, affirming the appropriateness of proceeding with PCA for data reduction and underlying factor identification. These findings enhance the methodological robustness and credibility of the subsequent multivariate analysis.

Table 2: Validity Analysis

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.911
Bartlett's Test of Sphericity	Approx. Chi-Square	2937.837
	df	666
	Sig.	0.000

4.3 Demographic Characteristics of the Respondents

Table 3: Summary Demographic Statistics (N=112)

Variable	Category	N	Percentage (%)
Position held in youth group	Chairperson	9	8.0
	Assistant Chairperson	10	8.9
	Treasurer	11	9.8
	Secretary	10	8.9
	Others	72	64.3
Age Group	15–19 years	12	10.7
	20–24 years	29	25.9
	25–29 years	42	37.5
	30–34 years	26	23.2
	35 years and above	3	2.7
Education Level	Primary	16	28.6
	Secondary	45	40.2
	Tertiary	27	24.1
	University	6	5.40
	Other	1	0.9
	No response	1	0.9
Gender	Male	51	45.5
	Female	61	54.5
Holds position in group	Yes	40	35.7
	No	72	64.3

Table 3 shows a summary of five socio-demographic characteristics of 112 youths drawn from 16 youth groups that were established to be active in the research location during the data gathering period. Regarding the distribution positions and leadership roles, leadership roles are not evenly distributed. More than half (64.3%) of respondents didn't report holding any formal leadership position. Among those who did, the most common positions were Assistant Chairperson (8.0%) and Chairperson (8.9%), while treasurers and secretaries were 9.0% and 8.9%, respectively.

This suggests that leadership opportunities may be concentrated or not accessible to many. Notably, this is a common pattern in most youth groups in Kenya. It can be distinguished that many youths (64.3%) do not hold leadership positions. This advocates for more inclusive structures or capacity-building efforts to prepare and encourage more members to take up leadership roles.

In terms of their age distributions, the youths interviewed are predominantly in their mid to late twenties: Most participants are between 25–29 years (37.5%), followed by the 20–24 (25.9%) and 30–34 (23.2%) age groups. This age composition implies that the fund has effectively targeted its intended demographic group; young people capable of generating business income and repaying loans. Younger beneficiaries (18–25 years), however, may face challenges in business sustainability due to limited experience and exposure to market dynamics.

Considering their educational attainment, education levels vary, but most respondents had at least secondary education. A large portion (40.2%) had gone up to secondary level, whereas 24.1% reached tertiary level, and a smaller group (5.4%) had university-level education. This informs that many members are relatively well-educated, though there's still a significant number (28.6%) with only primary education. This relatively high level of education among the youth provides a favorable foundation for financial literacy and entrepreneurial competence. According to Kibe et al. (2022), higher education levels improve comprehension of credit terms, record keeping, and repayment scheduling. Therefore, education serves as an enabling factor that enhances accountability and repayment performance among YEDF beneficiaries.

The analysis showed that 49% of respondents operated in agribusiness, 31% in retail trade, 12% in service-based enterprises, and 8% in manufacturing and crafts. The dominance of agribusiness reflects the rural economic structure of Tharaka North Sub-County, where agriculture remains the main livelihood source. However, dependence on seasonal crops makes income irregular, thus affecting the ability to repay loans consistently. These findings align with Mwangi and Ndiritu (2021), who observed that agricultural entrepreneurs in semi-arid regions face cash-flow constraints that increase loan default risk.

Where respondents had secondary education or above, it could mean they felt enabled to this end, or at least more comfortable pursuing financial opportunities like loans for entrepreneurship. A college-level education could give them the know-how to understand the financial system, making it easy for them to take care of investments for self-employment. It also suggests that secondary education served as a tipping point for better money understanding and decision-making among young people. On the other hand, it was likely that the duty of opportunities diminished individuals who had just a number one schooling might not be as assured or knowledgeable about where to spend their cash in this way or prepared (or capable) to take part in such money-making undertakings. This points out the role education plays in economic participation, and self-sufficiency. Gender representation is balanced, with female (54.5%) and 45.50% being male. This finding suggests that despite ongoing efforts to promote gender inclusivity, female participation in entrepreneurship within Tharaka North Sub-County remains relatively low, possibly due to limited access to collateral, social norms, or family obligations that restrict women's engagement in enterprise activities. These results concur with Kimathi and Muriuki (2023), who noted that women often face more financial and social barriers to accessing youth credit facilities in rural Kenya.

4.4 Analysis Group Characteristics

Membership of the respondents who were involved in providing data for the study by answering the questionnaire was drawn from the following youth groups which were confirmed to be active in the research area during the data collection.

4.4.1 Group Participation

Table 4: List of Participating Youth Groups (N=112)

Name of Youth Group	Operational Locality
1. Nkumburu	Mukothima
2. Mukundi	Gatue chiefs camp
3. Bindii Kamwathu	Gacereni
4. Kabuabua	Kabuabua Market
5. Thiiti Youth Group	Thiiti Chief Camp
6. Kiamukurimba	Gatunga Market
7. Karambani Youth Group	Karambani Methodist
8. Irunduni Youth Group	Irunduni Market
9. Twanthanju Young Star	Kathangachini Market
10. Mukui Youth Group	Mukothima Chief Camp
11. Mibango	Mukothima Market
12. Kathangachini Umoja	Kathangachini Primary School
13. KYSA	Gatunga Market
14. Katheru	Mukothima Market
15. Victory	Iriani Methodist
16. Ebenezer	Mauthini

The study established that most of the groups that were in operation in the early years after the establishment of the YEDF had become redundant or disintegrated over the years, hence the existence of only 3 active groups after a period of 16-20 years as reported in figure 2

4.4.2 Groups Operation

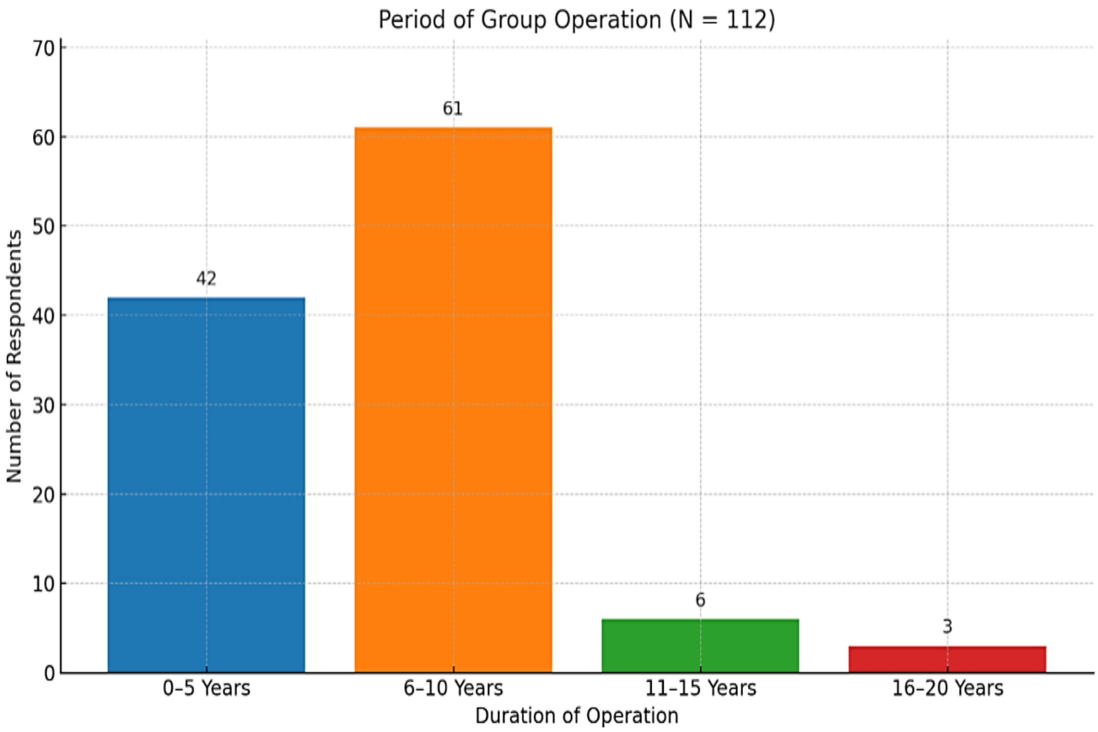

Figure 2: Period of Group Operation

Figure 2 shows duration of operation for various respondents. The youth groups surveyed have a diverse range of operational histories, with most falling within the 6–10-year range (54.5%). This suggests that many of these groups are relatively well-established but still within their formative or growth phases. 37.5% of groups have run for 0–5 years, indicating recent formation, likely inspired by emerging community needs, youth empowerment programs, or environmental and economic challenges. Only 5.4% operating for 11–15 years and 2.7% for 16–20 years. These older groups may hold institutional knowledge and serve as mentors or role models to newer groups. This distribution highlights both vibrancy and turnover in youth organizing offering opportunities for peer learning, experience-sharing, and sustainability planning.

Borrowing from a work done by Kenya News Agency (2024), focusing on the activities of the Ministry of Culture and Social Services in registration of youth groups, YEDF officers and Financial Institutions (FIs) in the management and disbursement of the Fund to the youth entrepreneurs shows that the youth need to be sensitized on youth group formation and registration to benefit from the Fund.

4.4.3 Considerations for YEDF Funding

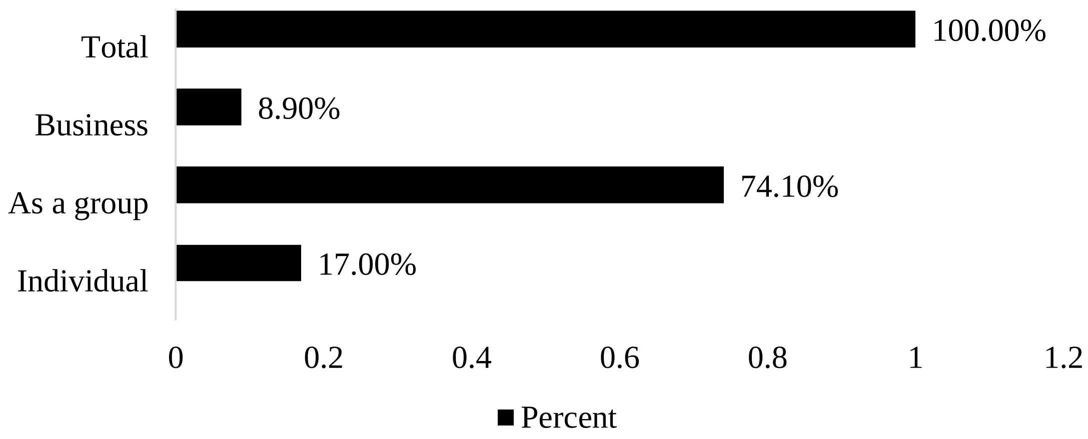

Figure 3: Forms of YEDF Consideration for Funding (N=112)

As shown in Figure 3, most respondents (74.1%) indicated that they prefer to be considered for YEDF funding as a group. This suggests a strong inclination toward group-based funding mechanisms, possibly because of easier access, shared responsibility, or eligibility advantages. This also informed that the group-based model is the most widely used approach for accessing YEDF funds, possibly reflecting a preference for collective accountability or support mechanisms among the youth.

For Individual Consideration, only 17% of the respondents preferred to be considered as individuals, which may reflect perceived difficulties in meeting eligibility or collateral requirements individually. A small portion (8.9%) prefer to be considered as business entities, which could indicate either lack of formalized businesses among the youth or awareness/support for business registration processes. Owing to this, programs promoting YEDF should emphasize group formation and training, as this aligns with the dominant preference. On the other hand, there may be a need to build capacity for individual and business-based applications, more so for youth who are unable or unwilling to join groups.

4.4.4 Group Funding and Amount of Funding by the YEDF

Table 5: Group Funding and amount of Funding by the YEDF (N=112

Variable	Response	Frequency	Percent
Funding by YEDF	Yes	84	75.0
	No	14	12.5
	No response	14	12.5
Amount of YEDF Funding	Less than Kshs 20,000	13	11.6
	Kshs 20,001 - 40,000	40	35.7
	Kshs 40,001 - 50,000	28	25.0
	Above Kshs 50,000	8	7.1
	No response	23	20.5

As shown in Table 5,75.0% of respondents indicated to have had received funding from the Youth Enterprise Development Fund (YEDF), which suggests a high level of participation in the funding program. On the other hand, 12.5% of respondents did not receive funding, and the same proportion (12.5%) did not provide a response, which could indicate either a lack of awareness, insufficient funding, or non-eligibility for the funds.

Considering the amount of YEDF Funding received by the groups surveyed,35.7% of respondents received between Kshs 20,001 and 40,000, which is the most common funding range, showing that most recipients received a moderate amount. On the other hand, 25.0% of respondents received between Kshs 40,001 and 50,000, while 11.6% received less than Kshs 20,000. Only 7.1% of respondents received more than Kshs 50,000, indicating that larger amounts of funding are less common. Finally, 20.5% of respondents did not provide a response regarding the amount of funding they received, which may indicate non-disclosure or unable to recall the exact amount. It is evident that many of the beneficiaries received less money that was not much help for them to carry out most of the mandate within the groups. Investment would have been a bit challenging as the amount was minimal. While only 8(7.1%) individuals that received totals above Ksh 50,000, this amount again was small to carry out an effective activity.

The report by the Ministry of Cooperatives and MSME Development (2024) pointed out that the main determinants of repayment obligations are the interest charged and the amount of loan an individual gets thus the higher loans granted there is a high chance of default hence repayment problems.

4.4.5 Entrepreneurship Training and Frequency of Trainings by Youth Enterprise Fund on Loan Repayment

Table 6: Trainings and Frequency of Trainings by YEDF on Loan Repayment

Variable	Response	Frequency
Attended Entrepreneurship Training on Loan Repayment	Yes	92
	No	20
Frequency of Trainings	Monthly	14
	Quarterly	27
	Semi-Quarterly	23
	Annually	31
	No response	17

Table 6 shows 92% of respondents attended the entrepreneurship training on loan repayment by the YEDF, indicating a high level of engagement with the Youth Enterprise Fund's training programs, likely leading to better preparedness for loan repayment.17% of respondents did not attend the training, which recommended that there is a portion of individuals either unaware of the training or unable to attend for other reasons. Frequency of training attendance is diverse, with the largest group, 27.7%, attending annually, suggesting that many may prefer periodic, less frequent training sessions. On the other hand,24.1% attend quarterly, and 20.5% attend semi-quarterly, pointing to different preferences regarding how often they engage in training.

About 12.5% indicated having attended the training monthly, indicating a smaller group that is likely very engaged and receives regular training, whereas 15.2% did not respond to this inquiry, which could advocate either a lack of clarity about the frequency or no involvement with training at all. Low participation like this study may mean that barriers to attending training, such as awareness, accessibility or motivation, may be constraining the program's appeal. These findings recommend that increased provision of training is needed but may not be sufficient to address some forms of occupation segregation. Addressing problems like semi-illiteracy found by other research might also help to improve the efficacy of training programs and the creditworthiness and business insight of trainees. This gap indicates an area for potential policy intervention or outreach to encourage involvement in entrepreneurial training.

4.4.6 Thematic Analysis of Training Content Provided to Youth Groups by the YEDF

A Focus Group Discussion and a Key Informant Interview on the content covered during training organized by the YEDF brought out varied responses. These responses were evaluated with thematic focus following the Braun and Clarke procedure as discussed by Byrne (2021). The QDA Miner Lite software program was then used to make a thematic map indicating the main themes and subthemes identified through thematic analysis. Based on the qualitative responses provided, the key themes that emerge pertain to critical aspects of the Youth Enterprise Development Fund (YEDF), including awareness, business management skills, marketing strategies, financial literacy, leadership, challenges, and barriers. Figure 4 shows a thematic map with the main themes bearing a color-coded scheme for identification in the map.

Figure 4: Thematic Map of Content Covered in YEDF Trainings

4.4.6.1 Theme One: Awareness and Understanding of YEDF

Awareness of the YEDF and its functionalities stands out as a central theme in the training content covered in group training. Without adequate knowledge of the fund, many youth entrepreneurs cannot take full advantage of the available resources. This was seen by several respondents expressing the worth of understanding on how the fund works, how to apply and requirement for loan entitlement.

One respondent highlighted, "*I was taught about the application process and how to use the YEDF funds effectively,"* signifying that learning about the fund's application procedures and its proper usage helped in business success. Moreover, some individuals highlighted understanding between a loan and a grant. As one trained person put it, *"I became aware of the difference between a loan and a grant, which helped me understand how to manage business resources better."*

However, despite this understanding among some, there seems to be a gap in widespread awareness. "*I had no clue about how to access the funds before I attended the training. Now I know how to apply and what is required,"* reflects the realization that awareness-building campaigns are crucial for reaching more youth who seem uninformed about such opportunities.

4.4.6.2 Two: Business Management Skills

The second dominant theme was business management skills, which encompass business start-up, planning, budgeting, financial management, and record-keeping. These skills are basics; they guide entrepreneurs to manage the funds they receive from YEDF successfully.

One participant shared, "*We were taught the basics of business start-up, like how to create a business plan and manage the funds we receive.*" This shows the importance of acquiring the basics features of business management, not just to start a business but to guarantee its sustainability. Another respondent noted, *"Learning about budgeting and financial management is crusual. I learned how to track my business expenses and ensure I don't overspend,"* indicating the value of financial knowledge in business management.

Record-keeping was also emphasized, as one person mentioned, *"The ability to keep accurate records of income and expenditure has helped me track my profits and losses more effectively."* This validates how understanding financial records confirms transparency and accountability in the use of YEDF funds, finally contributing to business growth.

4.4.6.3 Theme three: Marketing Strategies

Another crucial focus area was Selling tactics, with several respondents discussing how important it is to reach potential customers and ensure that products are valued in the market. One respondent mentioned, "*I was trained on how to use social media for business marketing. This has helped me attract more customers and grow my business."* This speaks how today's businesses use digital marketing channels to market their products especially to youth businesspersons who may have little resources.

Another participant highlighted, "*I learned how to improve the value of my product through value addition and creating a unique selling proposition*," showcasing in today's competitive market product value addition and market access strategies are essential to stand out. Additionally, "*Customer relations play a big role in maintaining business growth*," reflects the crucial link between marketing strategies and customer engagement.

4.4.6.4 Theme four: Financial Literacy and Saving

Financial literacy, especially budgeting and savings, was a recurring theme among the responses. Many respondents emphasized the importance of managing personal and business finances to ensure the sustainability of their ventures. One individual stated, "*Saving as a group has been beneficial for us. We pool our resources and invest in our business together*," highlighting the value of collective financial management.

Others noted, *"Financial literacy training has taught me how to balance income and expenditure,*" signaling that mastering financial management is key to maintaining long- term profitability. Additionally, respondents indicated that understanding investment opportunities is a necessary part of financial growth, as one remarked, "*We were introduced to various investment opportunities that I didn't know existed before*."

4.4.6.5 Theme five: Leadership and Entrepreneurial Skills

Leadership and business aids are crucial for young business owners to guide their ventures and inspire others. Several responses focused on the significance of leadership training for youth groups, with one participant stating, "*Learning about leadership has helped me become more confident in managing my business and leading a team."* Time management and goal setting were also mentioned as important skills: *"Time management has allowed me to prioritize tasks and grow my business without feeling overwhelmed."*

Customer service was highlighted as an essential component of leadership. *"Customer service and business ethics have been crucial for me. It has made me realize that maintaining good relationships with customers is vital to the success of the business,"* noted another respondent, reflecting how good leadership practices translate into better business practices.

4.4.6.6 Theme six: Challenges and Barriers

While there is much to celebrate in terms of the positive impacts of YEDF training, challenges and barriers were also evident in the responses. A common concern was the difficulty in accessing the funds. One respondent noted, "*Accessing the YEDF loan is not as easy as it sounds. There are many hurdles in the application process that need to be addressed."*

Another participant stated, "*Some youth entrepreneurs face barriers to loan access due to limited knowledge or misunderstandings about the eligibility criteria."* These barriers can create frustration among young people who are eager to start or expand their businesses but lack the necessary information to navigate the loan application process.

Additionally, factors that hinder business growth were frequently mentioned, such as market competition, inadequate infrastructure, and limited access to resources. *"Market access remains a challenge for many youths. We need better infrastructure and support to grow our businesses,"* one respondent emphasized.

4.5 Perceived Impacts of Entrepreneurship Training

The first research objective sought to understand how entrepreneurship training influences beneficiaries of the YEDF in Tharaka North Subcounty in loan repayment.

Table 7: Perceived Impacts of Entrepreneurship Training on Groups

Item	N	Min	Max	M	SD
Entrepreneurship training has increased my skills in financial literacy	112	1	6	2.61	1.46
I have started my own business after undergoing entrepreneurship training	112	1	6	3.1	1.25
Business has expanded after entrepreneurship training	112	1	6	3.71	1.38
Entrepreneurship training has improved my marketing skills	112	1	6	3.44	1.19
There is availability and effectiveness of coaching programs	112	1	6	3.59	1.47
High-quality mentorship has helped youths improve their business skills	112	1	6	3.16	1.37
Entrepreneurship training helped me identify business opportunities in my environment	112	1	6	3.37	1.23
Group income levels have increased due to entrepreneurship training	112	1	6	3.66	1.26
Valid N (Listwise)	112				

Scale: Rate where 1=strongly disagree, 2 = disagree, 3=Neutral, 4 = agree, 5 =strongly agree.

Table 7 provides a summary of the perceived impacts of entrepreneurship training on groups using descriptive statistics. The feedback gathered from participants on various aspects of the training program by the YEDF paints a diverse picture of its impact on youth entrepreneurship and business development. When it came to financial literacy, the response raised a mixed reaction. On average, participants rated this area as neutral to slightly positive (Mean = 2.61), suggesting that while some found value in the content, many did not feel it significantly improved their financial skills. The wide range in responses (SD = 1.46) indicates that the effect was different from an individual to the other. Some may have gained a solid understanding of budgeting and saving, while others were left wanting more.In contrast, the training seemed to perform better in supporting business start-ups, with a moderate level of agreement that it led to the creation of new ventures (Mean = 3.10). However, the mixed success stories reflected in the variability (SD = 1.25) show at underlying challenges, like differences in access to capital or market conditions.

Business expansion gives the best results, whereas interviewees commonly agreed that the training helped them grow their existing business ventures (Mean = 3.71). This was the highest rated outcome, although some participants gained growth than others (SD = 1.38). Similarly, improvements in income levels (Mean = 3.66) ranked highly, suggesting that the training translated into tangible financial benefits for many, though again, not uniformly.

Participants also reported moderate to positive changes in marketing skills (Mean = 3.44), with consistent responses (SD = 1.19). This suggests that the marketing content was well received and broadly applicable. On the other hand, perceptions of coaching programs were more mixed. While the average score leaned positive (Mean = 3.59), the high standard deviation (SD = 1.47) indicates that the quality or relevance of coaching varied significantly—some may have had highly effective coaches, while others did not benefit as much. Mentorship was another area where opinions varied. Participants expressed mild agreement that mentoring improved their business skills (Mean = 3.16), but again, experiences differed widely (SD = 1.37), pointing to inconsistency in delivery or mentor engagement.

In identifying local business opportunities, the training seemed moderately effective (Mean = 3.37), and responses here were more stable (SD = 1.23). This suggests that the program succeeded in helping many youths see and act on potential avenues for entrepreneurship in their communities. The findings align with the Social Traits Theory (STT), which posits that training enhances internal attributes such as self-efficacy, goal orientation, and risk-taking capacity traits that positively influence loan repayment behavior (Baniassadi, 2021).

Respondents who demonstrated stronger confidence and business awareness after training also reported improved ability to manage their loans effectively. This suggests that the development of personal traits through training can have a direct behavioral impact on repayment performance among YEDF beneficiaries. The observed variation in mentorship quality further connects to the Group Lending Theory (GLT), which highlights the importance of shared responsibility and continuous peer support. Where mentorship was active, peer monitoring and accountability increased, thereby strengthening repayment culture within youth groups.

This study was also in agreement with the work done by Gachugia, Mutuku & Wanga, 2024 in a study done in Naivasha on the significance of enterprise loan funds for youth by different financial institutions using the chi-square test showed that there was high increase in the number of youths employed in youth enterprises because of YEDF funding. It also indicated that group owned enterprises had employed more youth compared to the individually owned enterprises.

Lastly, the work of Maisiba and George (2014) which looked at the role of YEDF in job creation emphasized training and coaching as necessary skills for youth which will further enhance accessibility to capital to expand their own business enterprises and change from being job seekers to job creators and that the fund did not have adequate structures. However, recent studies such as Kihoro and Njeru (2022) and Mutua et al., (2023) emphasize that without consistent post-training mentorship and monitoring, such knowledge gains rarely translate into sustained financial discipline or improved repayment behavior. In summary, while entrepreneurship training under YEDF has significantly contributed to skill development and enterprise growth, its long-term effectiveness on loan repayment depends on the depth, relevance, and follow-up of training interventions. Integrating continuous coaching, mentorship, and peer accountability mechanisms would further strengthen youth repayment culture in Tharaka North Sub-County.

4.6 Social Economic Factors Influencing Repayment of YEDF Loans

4.6.1 Groups Access to YEDF Loans

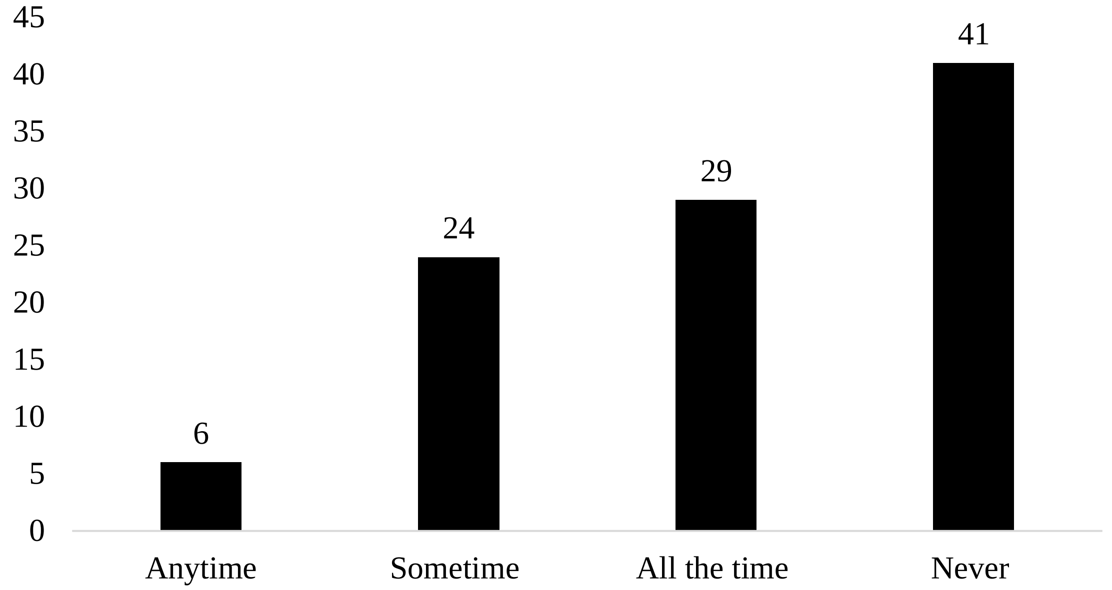

Figure 5:Percentage of Groups Accessing YEDF Loans

As shown in Figure 5, youth groups differed in their frequency to access YEDF loans. The findings showed that most of the youth 41(41%) never accessed the loan, 29 (29%) accessed the loan all the time, while 24(24%) accessed the loans sometimes and 6(6%) accessed the loans anytime. This suggests that over 65% of the respondents had difficulties accessing YEDF loans, indicating a need for further investigation into the project reach and impact.

This potentially implies several basic difficulties, which could vary from loan access to awareness of the program to eligibility restrictions being too tight. It may also reveal a manifest gulf in at least some cases between what the youth require financially and what even an emergency fund can afford. Then, it is time to investigate the operation of the program and determine if it reaches its target population. This aligns with Mwangi and Ndiritu (2021), who found that structural and administrative barriers often restrict access to credit for rural youth despite policy-level funding availability. According to the Group Lending Theory (GLT), limited access weakens group trust and peer accountability, as members lose motivation when collective credit goals are not met. Therefore, inconsistent access to YEDF loans may negatively influence repayment behavior and group solidarity.

4.6.2 Group Monthly Income Before Receiving YEDF Fund

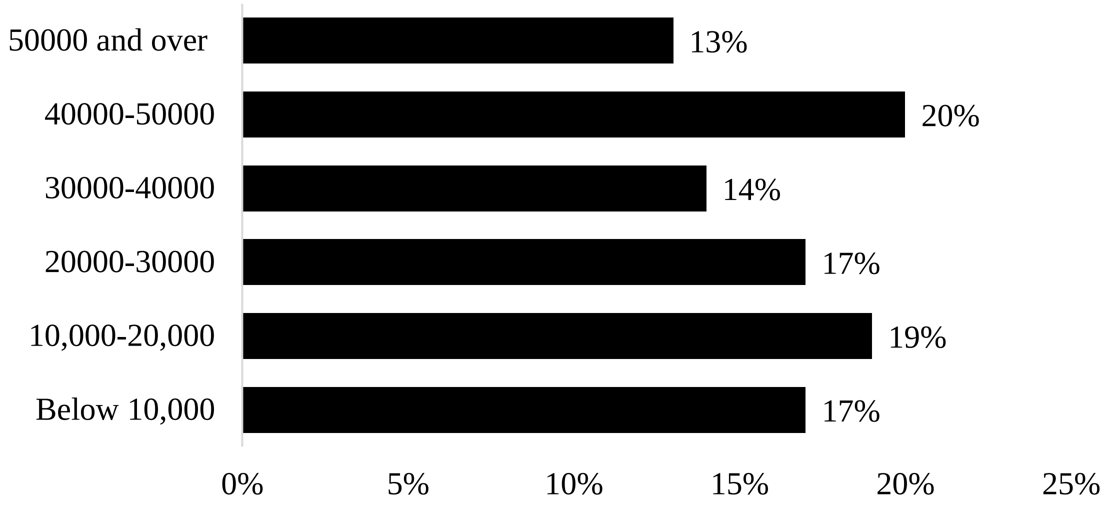

Figure 6: Group Monthly Income Before Receiving YEDF Fund

Figure 6 above represents findings from a question of group income before receiving support from YEDF, those who had below Ksh 10,000 and between Ksh 10,000-20,000 were represented by 17(17%) and 19(19%) respectively. Those who had a credit between Ksh 20,000-30,000 were represented by 17(17%) whereas those that had between Ksh 30,000-40,000 were represented 14(14%). Lastly, groups who had between Ksh 40,000-50,000 and above Ksh 50,000 were represented by 20(20%) and 13(13%) respectively.

Distribution between other income brackets is somewhat more evenly spread with a slight clustering at the lower ranges (less than and Ksh 10,000–20,000), while the midrange group earned significantly less. This indicates that many establishments may have been surviving on the edge, scratching what to keep them going but no something that can make them scale up. Generally, this indicates that many sets may have been in economic difficulty and turned to YEDF for income-related help.

This finding agreed with Sigei (2019) who asserts that the class of business income and the magnitude of the business are the most important factors that determine the credit worthiness of a borrower. At a higher performance level of business there is more money to save and in future used to purchase collateral which can be used as loan guarantee as opposed to low level of business income which has little money to be saved. Hence the larger the business the greater the chances of accessing the loan and hence the better repayment rate. These findings are consistent with the Government of Kenya (2021) report that showed that business income and enterprise size are major determinants of creditworthiness among youth borrowers.

Enterprises with higher pre-loan income tend to have better saving capacity and are more likely to qualify for loans, which in turn improves repayment performance. Conversely, lower-income enterprises face liquidity constraints, increasing their risk of default. From the perspective of the Social Traits Theory (STT), the low initial income levels may also reflect limited entrepreneurial initiative or self-efficacy prior to training. Beneficiaries who lacked confidence or risk-taking ability were less likely to scale up operations or qualify for larger loans.

4.6.3 Group Monthly Income After Receiving YEDF Fund Loans

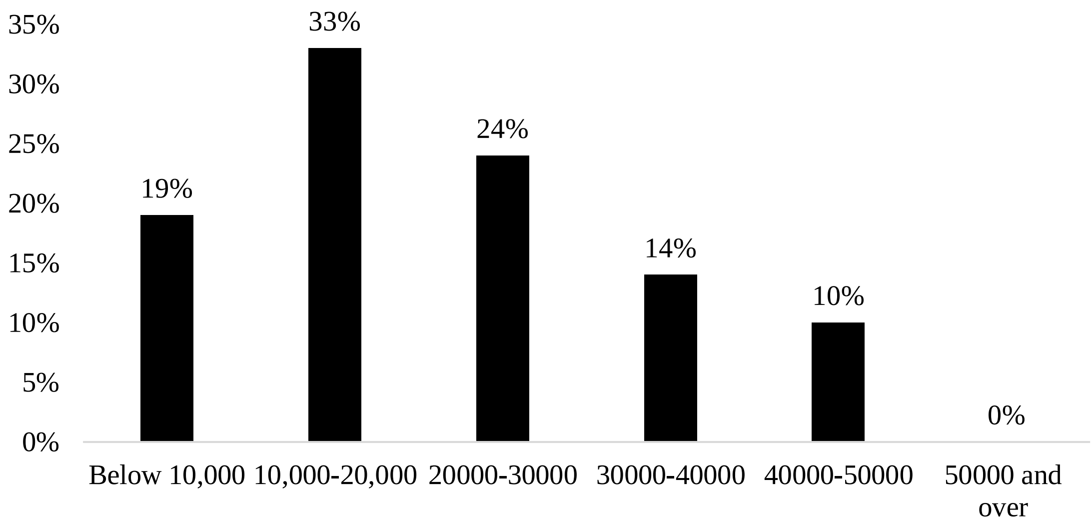

Figure 7: Group Monthly Income After Receiving Support from YEDF Loans

Figure 7 analyzed the monthly income after respondents received loans from YEDF. Those who earned below 10,000ksh, their number drastically increased to 19 (19%), Ksh 10,000-20,000 number increased to 33(33%). Between Ksh 20,000 to 30,000 the members were represented by 24(24%), those who received between Ksh 30,000-40,000 remained constant 14(14%). Lastly, people who got between Ksh 40,000-50,000 decreased slightly to 10(10%). The mixed outcome suggests that access to YEDF loans alone is not sufficient to guarantee income improvement or repayment success. The variation can be attributed to differences in business type, managerial capacity, and market access as observed by Kibe et al. (2022), who noted that income stability significantly affects loan repayment consistency among youth enterprises. These findings also resonate with the GLT, which posits that peer accountability enhances performance when groups share economic success; however, disparities in earnings can strain solidarity and repayment morale within borrowing groups.

4.7 Effect of the Loan on Youth Groups

Table 8: Effects of YEDF Loans on Youth Groups

Item	N	Min	Max	M	SD
There is no difficulty in getting loans for our business	112	1	6	2.24	1.61
Income generated from the business has been used to expand the group business	112	1	33	3.29	3.16
Education levels of the group leadership have enhanced success and use of YEDF	112	1	6	3.54	1.16
Loan borrowed was utilized effectively in running the group business	112	1	6	3.23	1.41
The loan received from YEDF has strengthened the business and formed jobs for youths	112	1	6	3.62	1.42
Accessibility of credit for our group is easy and not hindered by lengthy procedures	112	1	6	3.16	1.45
YEDF has improved youth group operations and community livelihoods	112	1	6	3.59	1.35

Note. N = 112. Responses rated on a 6-point Likert scale (1 = Strongly Disagree, 6 = Strongly Agree).

The descriptive statistics shown in Table 8 summarize participants' perceptions regarding loan access, usage, and the impact of YEDF on their businesses. The feedback from participants revealed mixed experiences with access to loans and the broader impact of the YEDF. A key concern emerged around loan accessibility**,** with respondents generally disagreeing that it was easy to secure loans (Mean = 2.24). This low score, paired with a high level of variability (SD = 1.61), suggests that many still face significant challenges in accessing financial support through the program. This finding is consistent with Mwangi and Ndiritu (2021), who reported that bureaucratic bottlenecks and insufficient follow-up limit the accessibility and impact of youth development funds in rural Kenya.

On a brighter note, participants moderately agreed that income made from their businesses ventures was reinvested into expanding group ventures (Mean = 3.29). However, the unusually large standard deviation (SD = 3.16) points to variations on how this inquiry was interpreted or answered. Groups with higher business literacy likely reinvested profits, while those with weaker management skills may have diverted funds, contributing to irregular repayments.

Another encouraging insight was the perception of group leadership education levels as a key success factor. With an average rating of 3.54 (SD = 1.16), many respondents sensed that having educated leaders helped guide their groups toward better use of YEDF resources and improved outcomes. Participants also showed moderate agreement that loans were used effectively (Mean = 3.23, SD = 1.41). This was reinforced by the belief that loans contributed positively to business strengthening and job creation (Mean = 3.62, SD = 1.42), indicating that, once accessed, the funds were often put to good use. Satisfaction with the ease of credit access was slightly above neutral (Mean = 3.16), and respondents generally felt that group operations and community livelihoods had improved thanks to YEDF support (Mean = 3.59, SD = 1.35).

Further, respondents noted that diversion of loans to non-productive activities was a common cause of default. This behavioral pattern supports the STT's assertion that self-regulation and goal orientation are essential for financial responsibility. The results also correspond with Mutua et.al (2023) who found that inadequate training and poor strategic management limited the growth of small enterprises beyond initial stages. Overall, these findings demonstrate that YEDF loans positively influenced youth enterprises, especially where leadership education, reinvestment, and accountability mechanisms were strong. However, the persistence of access barriers and diversion of funds underscores the need for improved policy enforcement, continuous mentorship, and behavior-based borrower screening. These results reaffirm the Group Lending Theory's perspective that collective accountability and structured group oversight are critical to maintaining repayment discipline.

4.8 Business Performance Factors and YEDF Loan Repayments

4.8.1 Challenges Borrowing from the Youth Enterprise Fund and Loan Accessibility

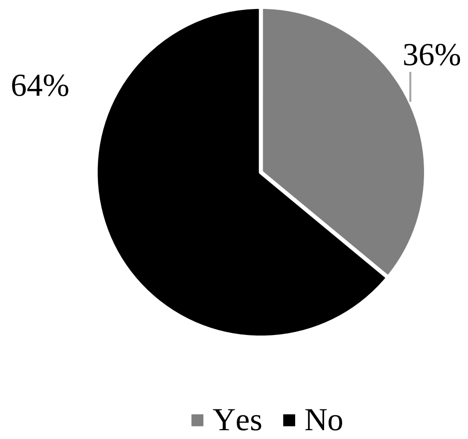

Figure 8: Challenges Facing Youth in Borrowing YEDF Loans

As shown in Figure 8, 64 (64%) of respondents reported no problems, while 36(36%) reported to have faced challenges. Additionally, respondents were interviewed on their opinion on YEDF loan accessibility. This finding implies that although most youth reported minimal challenges, a substantial minority still encounter obstacles such as bureaucratic delays, strict eligibility criteria, or lack of adequate information about the application process. These constraints align with Mwangi and Ndiritu (2021), who found that procedural complexity and poor follow-up mechanisms limit access to youth financial programs in rural areas. From a Group Lending Theory (GLT) perspective, such barriers may discourage collective loan participation, weaken trust within borrowing groups, and indirectly affect repayment behavior. When access is inconsistent, group members lose motivation to maintain collective repayment discipline.

4.8.2 Extent of Business Performance Affected by Access to YEDF Loans

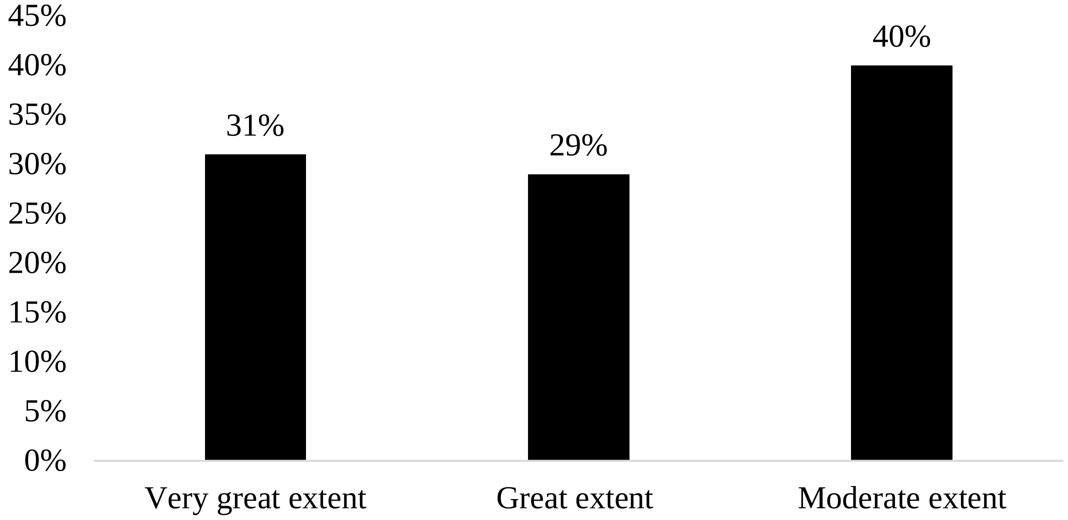

Figure 9: Extent of Business Performance Affected by Access to YEDF Loans

As shown in Figure 9, regarding the extent to which YEDF loans affect performance of individual business, it was evident that the 40% were of the view that accessibility affected their enterprise to a moderate extent. Those who felt accessibility of the loan affected performance to a very great extent were 31% while those with views of great extent had a representation of 29%. This distribution suggests that YEDF loans have a meaningful but varied influence on business performance. While some youth enterprises realized considerable growth, others experienced minimal changes due to uneven capital utilization or market challenges.

The variability reflects differences in entrepreneurial experience, financial literacy, and mentorship support, as highlighted by Kihoro and Njeru (2022). The Social Traits Theory (STT) helps interpret this pattern by suggesting that individual attributes such as motivation, perseverance, and self-efficacy determine how effectively borrowers utilize credit. Youth with stronger entrepreneurial drive and confidence are more likely to convert loans into productive outcomes, thus improving repayment performance

4.8.3 Source of Capital for Business

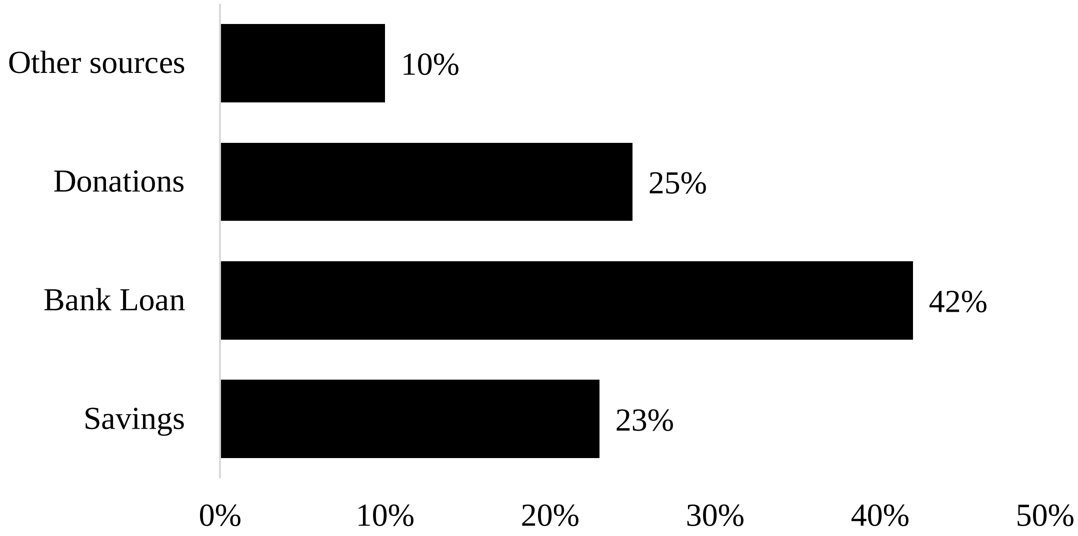

Figure 10: Sources of Capital for Business

Figure 10 shows the sources of resources for starting their businesses. 42% the youth mentioned bank loans as the popular source. followed closely by donations from family and friends with a representation of 25%. Those who used their own funds to start their business had a representation of 23%, with an additional 10% representing other sources.

Kihoro and Njeru (2022) stated that the young entrepreneurs had other sources of income apart from the business to cushion them against uncertainties encountered in the informal sector. However, YEDF and C-yes were also found to popular source of income for the youth. The findings imply that most youth still rely on external financing, particularly formal and informal loans, to initiate and sustain their enterprises. However, dependence on bank loans may expose them to high interest rates and stricter repayment terms, which could strain repayment of YEDF loans. According to Kibe et al. (2022), youth who diversify their income sources and maintain stable earnings are more likely to meet repayment obligations consistently. This highlights the importance of financial diversification and mentorship programs that help youth balance multiple funding sources responsibly.

4.8.4 Business Performance Factors

Table 9: Factors Affecting Business Performance

Factor	N	Min	Max	M	SD
Cultural factors (consumer preference behavior)	112	1	6	2	1.34
Psychological characteristics (awareness of the market)	112	1	6	2.4	1.21
Human capital	112	1	6	2.79	1.23
Social capital	112	1	6	2.78	1.28
Unemployment	112	1	6	2.89	1.28
Business environment	112	1	6	2.9	1.28
Security	112	1	6	3.03	1.35

Note. N = 112. Responses rated on a 6-point Likert scale (1 = Strongly Disagree, 6 = Strongly Agree)

Table 9 summarizes perceptions (N = 112) on how various external and internal factors influenced the performance of business owned by the youth. The responses from participants offer a glimpse into how several features are thought to influence entrepreneurship within their communities. At the forefront of concern are cultural factors, particularly consumer preferences and behaviors, which received the lowest average score (Mean = 2.00). This suggests that most respondents disagreed or showed minimal agreement that cultural dynamics positively shape or support entrepreneurial activity. In other words, local traditions or consumption patterns may be more of a barrier than a boost to business innovation. This finding agrees with observation made by Baniassadi (2021) on STT's assertion that psychological and personality traits such as self-efficacy, adaptability, and confidence are crucial for effective enterprise performance and financial responsibility

Similarly, psychological characteristics, especially market awareness, were rated poorly (Mean = 2.40). This poor groove indicates that many young entrepreneurs feel underprepared or lack confidence when it comes to understanding and responding to market trends. This points to a gap in the mindset or skills needed to successfully navigate the business landscape. On the other hand, there was moderate recognition of the parts done by human capital (Mean = 2.79), social capital (Mean = 2.78), and unemployment (Mean = 2.89). These scores indicate that though not awesomely encouraging, informants do see some linking between these factors and entrepreneurial outcomes. Human capital, which includes education and skills, and social networks appear to be somewhat useful, even if not strongly empowering. These results are consistent with Mutua et al. (2023), who emphasized that well-developed human capital and peer collaboration enhance productivity, profitability, and ultimately loan repayment capacity.

The business environment (Mean = 2.90) and security (Mean = 3.03) received the highest ratings among the factors assessed. However, they were a little above neutral on a six-point scale, indicating that respondents recognize their importance but do not view them as strong enablers of entrepreneurship. Security seems to be one area where conditions may be seen as somewhat more supportive compared to others, which agrees with Mwangi and Ndiritu (2021), that stable business environments encourage investment confidence and consistency in repayment behavior.

Moreover, when interviewees were questioned whether people defaulted loans because of lack of guarantee, great number of the informants were supporting while a small number did not. Those who supported the statement felt individuals’ borrowers lacked security and therefore some disappeared after borrowing. On whether YEDF produced any significant impact to the target group, 42% of the respondents felt it did not while a sizable number said they did. Those who said the fund had impact focused on training and loan, while those who did not notice any help form the fund focused on criteria for funding and corruption. These findings relate to the quantitative data above.

The results further validate the Group Lending Theory, which posits that loan performance improves when borrowers share social ties and accountability. Weak enforcement, corruption, and lack of transparency undermine this group dynamic and contribute to default risk.Overall, the findings imply that business performance factors—particularly human and social capital—play a moderate yet vital role in influencing repayment behavior among YEDF beneficiaries in Tharaka North Sub-County.

4.8.5 Success of YEDF

Table 10: Success of Youth Enterprise Development Fund

Item	N	Min	Max	M	SD
There is good loan repayment rate among the youth	112	1	6	2.36	1.62
Youth have a positive attitude toward YEDF lending culture, which has improved business	112	1	6	2.89	1.45
I am actively involved in the decision-making process	112	1	6	3.46	1.42
Internal dealings within the cohort are conducted with honesty	112	1	6	3.29	1.42
The organization encourages us to always come up with innovative ideas	112	1	6	3.83	1.43

Table 11 evaluates participants' perceptions (N = 112) of financial practices and organizational culture among youth involved in YEDF-supported initiatives and especially those perceived as contributing to the prevailing of the Youth Enterprise Development Fund. On this, most respondents generally disagreed or showed low agreement with the statement that there is a good loan repayment rate among the youth (M = 2.36, SD = 1.62), highlighting a concern about financial discipline or repayment capacity. Weak peer monitoring and inconsistent follow-up mechanisms may have contributed to this pattern. According to the Group Lending Theory (GLT), loan repayment performance often declines when collective accountability and social pressure within borrowing groups are weak.

Similarly, the perception that youths have a positive attitude toward YEDF lending culture was slightly better (M = 2.89, SD = 1.45), showing a moderate agreement, suggesting that attitudes are evolving but not yet strongly favorable. A more positive outlook was expressed about youth participation in decision-making (M = 3.46, SD = 1.42) and the belief that internal dealings are done with integrity (M = 3.29, SD = 1.42), reflecting trust and involvement within the group structure. From the Social Traits Theory (STT) perspective, personal motivation and financial self-efficacy play a crucial role in shaping such attitudes. Targeted mentorship and behavioral reinforcement programs could strengthen the sense of responsibility required for consistent repayment. Participatory governance promotes a sense of ownership among members, enhancing transparency and accountability in fund utilization. As highlighted in GLT, when group members share decision-making roles, repayment culture improves because every individual feels responsible for collective outcomes.

The most positively rated item was about the organization encouraging innovation (M = 3.83, SD = 1.43), suggesting that fostering creative thinking is a key strength of the youth groups. Although respondents were generally satisfied with participation, integrity, and innovation within their groups, the low ratings on repayment reveal a major weakness. Strong organizational culture alone cannot guarantee repayment success without consistent external supervision, adequate financial education, and ongoing mentorship support. Bridging the gap between good governance practices and repayment behavior requires integrating both institutional monitoring and personal development interventions.

The findings are consistent with those of Mutua et.al (2023), who concluded that repayment uncertainty remains a persistent challenge among youth and women enterprise funds. Kihoro and Njeru (2022) similarly observed that continuous follow-up and structured mentorship programs are essential for translating positive attitudes into sustainable repayment performance. Overall, the level of success achieved by YEDF in Tharaka North Sub-County appears moderate. While the program has enhanced innovation, participation, and transparency, repayment inconsistencies continue to threaten fund sustainability. Establishing stronger behavioral training, regular mentorship, and reinforced peer accountability structures could significantly improve long-term repayment outcomes.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

Referring to the information analyzed and presentation in the previous chapter, this Chapter focused on the research summary, provided in-depth conclusions, recommendations and made proposals for more investigation. It further focused on answering the research questions that have been formulated which will enhance achievement of the objectives developed.

5.2 Research Results Summary

5.2.1 Research Objective One: Entrepreneurship Training

The research pointed out the critical importance of entrepreneurship training with emphasis that such training was pivotal in enhancing skills that significantly impact business performance. The research detected that adequate training before issuing funds was essential which really aligns with the goals of YEDF which was to empower youths to be self-reliant and be jobs creators. Improved financial literacy of the groups and start of businesses by 4% of the groups after the training, improved marketing skills and to a little extent, with business expansion was seen after training offered by the YEDF while 10% of respondents identified showed over ksh 40,000 and above revenue after funding.

The data showed a distribution of opinions, with a noticeable tilt towards disagreement or neutrality, suggesting that respondents held mixed of viewpoints. Confirming the achievement of reacting to the first study objectives and achievement of objective one. These studies affirm past research undertaken by Maisiba & George (2024) which underscore the importance of entrepreneurship training and the YEDF in supporting and enhancing entrepreneurial activities among the youth.

5.2.2 Research Objective Two: Social Economic Factors

Loan access by youth remains to be an important issue to be settled as the study established that 64%(N=72) of the respondents faced significant challenges in access loans from the YEDF. Hence, there could be a need for an investigation on the YEDF's project reach and impacts.

Group lending seems to be the most popular considering the disbursement of the YEDF loans among the youth groups studied. This supports the idea that registered groups can serve as a collateral for loans security. However, many youths missed out on this opportunity due to not being in groups. The study also found that most of the youth received a loan less than Ksh 50,000, mirroring findings by Mwangi and Ndiritu (2021), who established that most youth groups often received less than kshs 50,000 as borrowing from the YEDF. To evaluate the youth's attitudes toward loans accessed through the Youth Enterprise Development Fund (YEDF), most respondents disagreed about the ease of accessing loans and they mostly disagreed with statements about using business income to expand their groups, and the effect of education levels on successful utilization of the Youth Enterprise Fund.

Additionally, when informants were questioned to rate Loan borrowed and utilization in running the group business, they disagreed with the statement as they also disagreed with the statement that loans had strengthened their businesses, and with the statement on accessibility of credit. Lastly, statements on whether the loan had enhanced running of youth group and livelihoods received a neutral ratio. Overall, the data indicated that opinions are spread out with a tendency towards disagreement or neutrality, reflecting diverse perspectives among the respondents. Similar patterns have been observed in more recent studies such as Mwangi and Ndiritu (2021), which linked limited access to institutional bottlenecks and bureaucratic hurdles that constrain youth inclusion in development financing. According to the Group Lending Theory, strong peer accountability and group trust enhance repayment behavior, whereas administrative inefficiencies and small loan amounts weaken motivation and increase default risk.

5.2.3 Research Objective Three: Business Performance Factors

There were no challenges regarding borrowing grants from YEDF, as testified by 75% (N=84) of the contributors, who were able to access the funding. This indicates that most of the study cohort populace did not face difficulties in borrowing loans from YEDF. In addition, 36.6%(N=41) were of the view that accessibility affected their enterprise to a moderate extent. Moreover, when questioned about sources of capital for their businesses, most of the youth mentioned bank loans as the main source.

As seen in the study, it was disagreed by many about the ease of accessing loans. They did not agree with statements about using business income to expand their groups and the effect of education levels on successful utilization of the youth enterprise fund. On the statements on rating loans the impact of loans in strengthening business performance as well as utilization of the loans acquired from the YEDF in running their businesses, there was a tendency towards disagreement or neutrality, reflecting diverse perspectives among the respondents.

In the assessment of the participants' perceptions (N = 112) of financial performs and organizational culture among the youths involved in YEDF-supported initiatives and especially those perceived as contributing to the growth of the Youth Enterprise Development Fund, most respondents generally disagreed or showed low agreement with the statement that there is a good loan repayment rate among the youth (M = 2.36, SD = 1.62), highlighting a concern about financial discipline or repayment capacity.

Similarly, the perception that youths have a positive attitude toward YEDF lending culture was slightly better (M = 2.89, SD = 1.45), showing a moderate agreement, suggesting that attitudes are evolving but not yet strongly favorable. A more positive outlook was expressed about youth participation in decision-making (M = 3.46, SD = 1.42) and the belief that internal dealings are done with integrity (M = 3.29, SD = 1.42), reflecting trust and involvement within the group structure. The most positively rated item was about the organization encouraging innovation (M = 3.83, SD = 1.43), suggesting that fostering creative thinking is a key strength of the youth groups. In conclusion, while financial behavior (especially repayment) appears to be an area of concern, respondents are collectively contented with participatory governance, integrity, and innovation culture within their groups.

5.3 Conclusion

The study concludes that youth entrepreneurship training has a substantial yet multifaceted influence on loan repayment under the Youth Enterprise Development Fund (YEDF). Training initiatives have contributed to improved managerial capacity, marketing proficiency, and modest business expansion among beneficiaries. However, the findings demonstrate that while such training promotes enterprise growth and income generation, it does not consistently strengthen financial discipline or repayment commitment. This indicates that the success of entrepreneurship training depends largely on the quality, continuity, and practical relevance of the coaching and mentorship offered. Effective financial literacy programs must therefore extend beyond pre-loan workshops to include sustained post-loan supervision and mentorship that reinforce responsible financial behavior and record-keeping practices.

Socio-economic conditions were found to exert a more direct and persistent effect on loan repayment behavior. A significant proportion of youth beneficiaries experienced difficulty accessing YEDF funds, and the loan amounts received often below Ksh 50,000—were inadequate to establish profitable ventures capable of generating reliable income for repayment. Limited access to capital, coupled with procedural bottlenecks, continues to constrain youth enterprise growth despite government support. Nevertheless, the study confirmed that leadership education and moderate reinvestment of business income enhance repayment capacity where effective management practices are in place. These findings align with the Group Lending Theory, which underscores that social cohesion, trust, and mutual accountability within borrowing groups are vital for maintaining repayment discipline.

Business performance factors also play a critical role in determining repayment consistency. Access to YEDF credit moderately influences enterprise performance, yet limited market awareness, inadequate consumer understanding, and insufficient capital remain major obstacles to profitability. Despite these constraints, youth groups exhibited strong internal governance, integrity, and innovation, which formed a promising foundation for sustainable enterprise development. The Social Traits Theory helps explain that such positive organizational traits when coupled with personal motivation and entrepreneurial discipline can significantly enhance repayment performance.

Overall, the study establishes that loan repayment among YEDF beneficiaries in Tharaka North Sub-County is shaped by the interaction between institutional structures and individual behavioral traits. Strengthening entrepreneurship training, improving access and adequacy of funding, and fostering innovation-driven enterprise management are essential to improving repayment outcomes. A coordinated approach that combines financial inclusion, mentorship, and accountability mechanisms will not only enhance repayment rates but also ensure that YEDF fulfills its broader mandate of empowering youth through sustainable economic participation.

5.4 Study Recommendations

Based on the evidence presented in Chapter Four, the following recommendations are put forth:

i. Enhance Entrepreneurship Training Quality and Specificity-The YEDF should refine its entrepreneurship training programs to provide more targeted and consistent instruction in financial literacy, including practical budgeting, record-keeping, and advanced financial management skills. Given the varied impact and inconsistent perceptions of mentorship and coaching, the YEDF should implement a standardized, high-quality mentorship program that ensures all participants receive effective guidance tailored to their business needs. This focus would better equip youth to manage their funds effectively and improve loan repayment consistency.

ii. Address Loan Accessibility and Adequacy-The YEDF needs to conduct thorough awareness campaigns to ensure that all target youth have knowledge on how to access loans, clarifying eligibility criteria and simplifying application procedures to mitigate perceived difficulties. Additionally, the fund should re-evaluate the maximum loan amounts disbursed, as current amounts (mostly less than Ksh 50,000) may be insufficient to start and sustain profitable ventures capable of supporting consistent loan repayment. Providing adequate capital aligned with business needs could significantly improve repayment capacity.

iii. Strengthen Business Performance Support: -To improve business performance and, consequently, loan repayment, the YEDF should offer specialized training and support in market analysis, understanding consumer behavior, and identifying local business opportunities more effectively. Leveraging the existing strengths of youth groups in decision-making, integrity, and innovation, the YEDF can foster stronger business models that are resilient to market challenges, ultimately enhancing the overall success of the enterprises and their ability to honor repayment obligations.

5.5 Areas for Further Research

Grounded on the research findings in Chapter Four, many areas permit further study as briefly highlighted below;

i. The study noted a significant gap in widespread awareness about how to access YEDF funds among youth. Now, further study could *find out the usefulness of various YEDF awareness campaigns and outreach strategies* in reaching and informing potential youth beneficiaries, particularly those in remote areas. This would build on the study's findings that "75% of the youth... never accessed the loan"

ii. While the study assessed the perceived impacts of entrepreneurship training, it highlighted varying levels of impact on financial literacy and inconsistency in coaching/mentorship quality. Future research could *conduct a longitudinal study to track the long-term financial literacy and business performance outcomes of YEDF training participants* compared to non-participants, providing a clearer causal link between specific training components and loan repayment success.

iii. The study revealed conflicting data regarding loan accessibility, with some respondents reporting no challenges while others indicated significant difficulties. Again, research is necessary to *explore the specific bureaucratic processes, eligibility criteria, and perceived hurdles that contribute to the challenges in accessing YEDF loans*, especially for individual applicants and formal business entities. This would help to reconcile the conflicting perceptions and identify precise bottlenecks in the loan disbursement process.

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APPENDICES

Appendix I: Consent Form

Judith Karimi Mutegi
Postgraduate student,
Department of social sciences,
Tharaka University,
P.O. Box 193-60215,
Marimanti

Dear Respondent,

I am a postgraduate student at Tharaka University, currently conducting a study on impediments to Youth Enterprise Fund loan repayment in Tharaka North Sub-County, Tharaka-Nithi County, Kenya. I am writing to request your consent to participate in this study.

Your participation would not only contribute to the completion of my postgraduate degree but also support the overarching goal of providing insights into the challenges affecting youth in loan repayment through the Enterprise Fund. This knowledge will be instrumental in helping government entities develop more effective strategies to address these challenges and improve fund disbursement approaches.

Your valuable input would greatly enhance the comprehensiveness and relevance of this research. I assure you that all information provided will be treated with the utmost confidentiality and used solely for academic purposes.

Thank you in advance for considering my request. I look forward to your positive response.

Date………………………………...........Sign…………….…………(I agree to participate)

Appendix II: Questionnaire for Youth Group Members

This study intends to determine the impediments facing youth enterprise fund loan repayment in Tharaka North sub-county, Tharaka -Nithi County, Kenya. The purpose of this research is to assist me to complete my Post -graduate Degree. I am requesting for your consent in helping me fill this questionnaire. You will not be required to write your name and the information you give will be used purposely for this study. Your acceptance to participate is completely voluntary. Thanking you in advance.

SECTION A: Background Information

1. Education level?

Primary [ ] Secondary [ ] Tertiary [ ] University [ ] Other [ ]

2. Age-Group

15 – 19 [ ] 20 – 24 [ ] 25 – 29 [ ] 30 – 34 [ ] 35 above [ ]

3. Gender

Male [ ] Female [ ]

4. State your marital status

Single [ ] Married [ ] Divorced [ ] widow [ ] widower [ ]

5. Do you belong to any youth group?

Yes [ ] No [ ]

6. Do you hold any position in your group?

Yes [ ] No [ ]

If yes, state the position:

i. Chairperson [ ]
ii. Assistant chairperson [ ]
iii. Treasurer [ ]
iv. Secretary [ ]
v. Other [ ]

7. How long has your youth group operated?

0-5 [ ] 6-10 [ ] 11-15 [ ] 16-20 [ ] 20 and above [ ]

8. Have you ever been funded by the Youth Enterprise Development Fund?

Yes [ ] No [ ]

9. If yes, how much was your group funded?

i. Less than ksh.20,000 [ ]
ii. ksh.20,001- ksh.40,000 [ ]
iii. Ksh.40,001-ksh.50,000 [ ]
iv. Above ksh.50,000 [ ]

SECTION B: To Examine How Youth Entrepreneurship Training Affects the Success of Youth Enterprise Fund Loan Repayment

1. Have you ever attended any entrepreneurship training by Youth Enterprise Fund Loan Repayment?

Yes [ ] No [ ]

2. If yes, how frequent have you received similar training?
   Monthly [ ] Quarterly [ ] Semi-quarterly [ ] Annually [ ]
   Tell me more about the training contents…………………………………
3. In your own understanding, rate the following statements regarding entrepreneurship training. Note: Rate where 1=strongly disagree, 2 = disagree, 3=Neutral, 4 = agree, 5=strongly agree.

Entrepreneurship training	**1**	**2**	**3**	**4**	**5**
Entrepreneurship training has increased my skills on financial literacy					
I have started my own business after undergoing Entrepreneurship training					
Business has expanded after training on Entrepreneurship					
Entrepreneurship training has assisted in improving my marketing skills					
There is availability and effectiveness of coaching programs					
High quality mentorship has helped youth in their business skills					
Entrepreneurship training has helped me in identifying business opportunities within my environment					
Group income level has increased because of the entrepreneurship training					

SECTION C: To Find Out Ways Through Which Social Economic Factors Affects Success of Youth Enterprise Fund Loan Repayment

1. How frequent do you access the Youth enterprise development fund loan?
   a) Anytime [ ] b) Sometime [ ] c) All the time [ ] d) Never [ ]
2. What is the consideration for youth Development Fund to consider funding?
   a) As an individual [] b) As a youth group [ ] c) Business [ ]
3. Amount of loan normally disbursed to youth groups
   a) Below 50,000 [ ] b) 50,001-112,000 [ ] c) 101,000-200,000 [ ] d) 200,000- 500,000 [ ]
4. What was your group monthly income before receiving support from Youth enterprise fund loans?
   a) Below 10,000 [ ] b) 10,000-20,000 [ ] c) 20,000-30000 [ ] d) 30000-40000 [ ] e) 40000-50000 [ ] f) 50,000and over [ ]
5. What is your monthly earnings after your group receives support from Youth enterprise fund loans?
   Below 10,000 [ ] b) 10,000-20,000 [ ] c) 20,000-30000 [ ] d) 30000-40000 [ ] e) 40000-50000 [ ] f) 50,000and over [ ]
6. Kindly rate your level of agreement on the following statement on the effect of the loan you received. Rate where 1=strongly disagree, 2 = disagree, 3=Neutral, 4 = agree, 5=strongly agree.

Social economic factors	**1**	**2**	**3**	**4**	**5**
There is no difficulties in accessing loans for our business					
Income generated from the business has been used to expand the group business					
Education levels of the group leadership has enhanced success and utilization of youth enterprise fund					
Loan borrowed was utilized effectively in running the group business					
The loan received from YEDF has strengthened business and created employment for other young people					
Accessibility of credit for our group is easy and no lengthy procedures is required					

Youth enterprise fund has enhanced running of the youth group and improved community livelihood					

SECTION D: To Find Out the Influence of Business Performance Factors to Youth Enterprise Fund Loan Repayment

1. Have you faced any problems in borrowing money from the Youth Enterprise Development Fund?
   Yes [ ] No [ ]
2. To what extent does Access to Youth enterprise fund loans affect the performance of your business?
   a) Very great extent [ ] b) great extent [ ] c) Moderate extent [ ] d) little extent [ ] e) Very little extent [ ]
3. What was the source of capital for your business?

a) Savings [ ] b) Bank Loan [ ] c) Donations from family and friends [ ] d) Other (Specify)…………………………………

4. To what extent the following factors affect your youth group business performance: Rate the following statements (Tick your opinion on a scale of 1-4 where l=very high; 2=high; 3=low; 4=very low)

Business performance factors	**1**	**2**	**3**	**4**
Cultural factors (consumer preference and behaviors)				
Psychological characteristics (awareness of the market)				
Human Capital				
Social Capital				
Unemployment				
Business environment				
Security				

5. Using the key below, please indicate the extent to which you agree with each statement. 1= Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5= Strongly Agree

Success of YEDF	**1**	**2**	**3**	**4**	**5**
There is good loan repayment rate among the youth					
Youth have positive attitude towards YEDF lending culture which has improved their business.					
I am actively involved in the decision-making process					
The internal dealings of our group with employees are done with integrity					
The organization encourages us to always come up with innovative ideas.					

Appendix III: KII Guide For YEDF Officers

This study intends to determine the impediments facing youth enterprise fund loan repayment in Tharaka North sub-county, Tharaka -Nithi County, Kenya. The purpose of this research is to assist me to complete my Post -graduate Degree. I am requesting for your consent in helping me fill this questionnaire. You will not be required to write your name and the information you give will be used purposely for this study. Your acceptance to participate is completely voluntary. Thank you for agreeing to participate.

A: Background Information

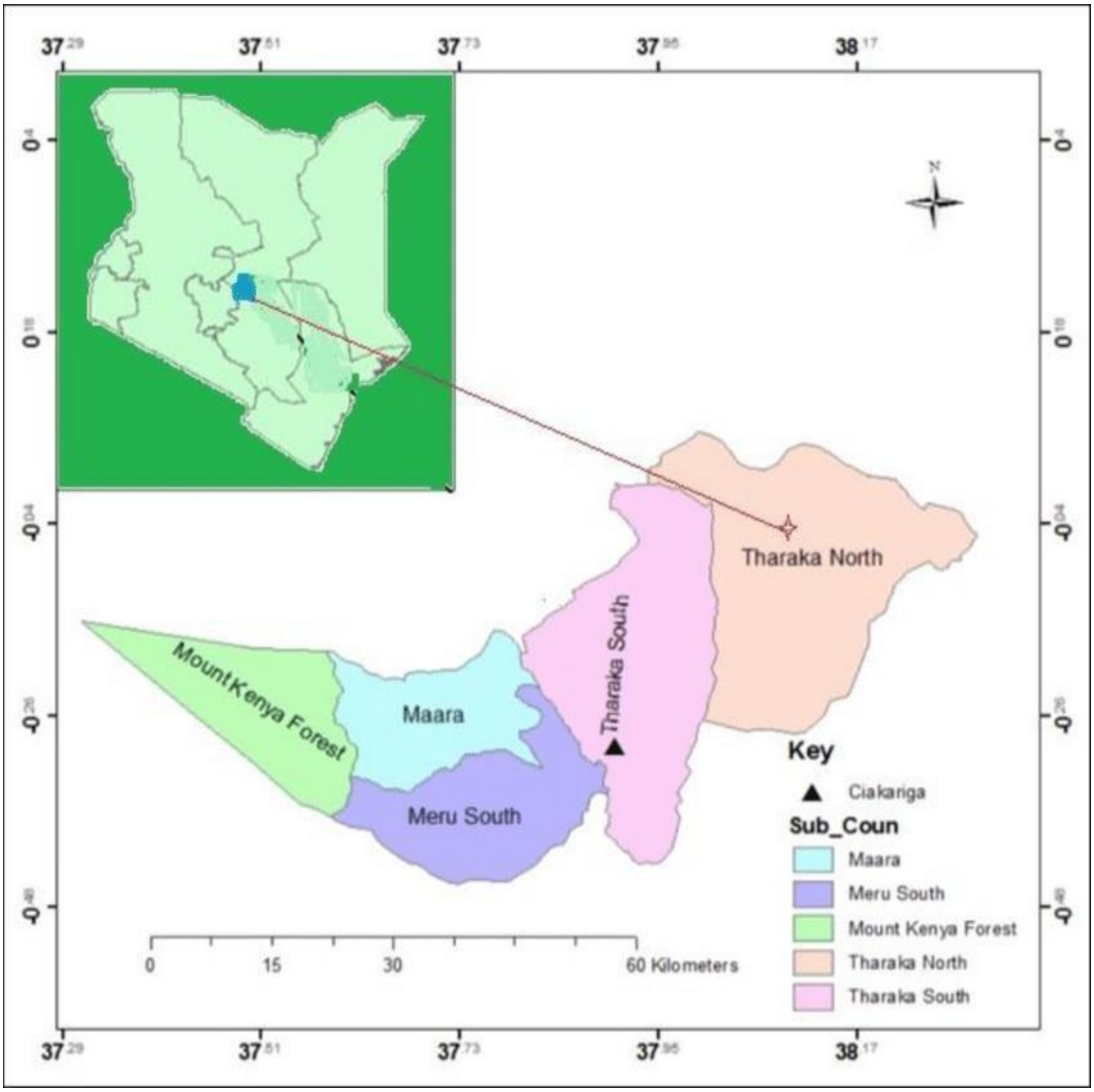
a. Name of the Ministry: ----------
b. Number of staff: -------------------
c. Name of the constituency: ----------
d. Name of respondent/interviewee (Optional): ---------------------
e. Designation of the respondent/interviewee: ---------
f. Date of interview-------------------

B: General Insights

1. What are some of the businesses carried out in Tharaka North Sub County?
2. On average, what is the percentage rate of the youths' taking YEDF loans from Tharaka North Sub County?
3. What is the percentage rate of those who do 112% loan repayment?
4. Do you think the respondent's default loans because of high interest rates?
5. Do loan officers continuously follow up and visit borrowers to evaluate the loan utilization?
6. Do you think people default loans because there is no collateral?
7. Do you think loan repayment period contributes to defaulting or loan payment?
8. Do you think there should be proper screening before loans are granted to the borrowers?
9. What are some causes of loan defaults?
10. Do you think diversion of loans from their intended purposes leads to loan default?
11. Do you think penalties should be applied to past due or unpaid loans to discourage defaults?
12. Do you think YDEF should motivate client officers to spend more time to visit clients and finishing client's files in reasonable time?
13. Do the loan officers take a pro-active role in organizing and facilitating the group members to regularly visit or meet other group members?
14. Did YEDF produce significant changes or made a difference to the target groups?
15. What additional measures need to be put to further enhance YEDF sustainability?
16. What best practices, innovations and lessons emerge from the design and implementation of YEDF for scale up and replication?
17. Are there priority activities, strategies or approaches that a future phase of YEDF or similar interventions should focus on?

Thanks

Appendix IV: A Map of the Area of Study (Tharaka North Sub-County)



Source: Ogolla,2019

Appendix V: A Letter from Tharaka University Institutional Scientific Ethics Review Committee

THARAKA UNIVERSITY

P.O BOX 193-60215,
MARIMANTI, KENYA

Telephone: +(254)-0202008549
Website: https://tharaka.ac.ke
Social Media: tharakauni
Email: info@tharaka.ac.ke

INSTITUTIONAL SCIENTIFIC ETHICS REVIEW COMMITTEE

30th July, 2024

REF: TUINSERC/NSEC/M013

Dear, Judith Karimi Mutegi

RE: Impediments to Youth Enterprise Fund Loan Repayment in Tharaka North Sub-County, Tharaka Nithi County, Kenya.

This is to inform you that ***Tharaka University ISERC*** has reviewed and approved your above research proposal. Your application approval number is ***ISERC04023***. The approval period is ***30th July, 2024-30th July, 2025.***

This approval is subject to compliance with the following requirements;

i. Only approved documents including (informed consents, study instruments, MTA) will be used.
ii. All changes including (amendments, deviations and violations) are submitted for review and approval by ***Tharaka University ISERC.***
iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to ***Tharaka University ISERC*** within 72 hours of notification.
iv. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to ***Tharaka University ISERC*** within 72 hours.
v. Clearance for export of biological specimens must be obtained from relevant institutions.
vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
vii. Submission of an executive summary report within 90 days upon completion of the study to ***Tharaka University ISERC.***

Prior to commencing your study, you will be expected to obtain a research licence from National Commission for Science, Technology and Innovation (NACOSTI). https://research-po[illegible]ke and also obtain other clearances needed.

Your Sincerely,

Dr. Fidelis Ngugi, Ph.D.
Chair, ISERC Tharaka University

Appendix VI: Tharaka University Introduction Letter

THARAKA UNIVERSITY

P.O BOX 193-60215,
MARIMANTI, KENYA

Telephone: +(254)-0202008549
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THARAKA UNIVERSITY
Education for Freedom

OFFICE OF THE DIRECTOR
BOARD OF POSTGRADUATE STUDIES

REF: TUN/BPGS/PL/05/24 **5th June, 2024**

To Whom It May Concern

Dear Sir/Madam,

RE: JUDITH KARIMI MUTEGI ADMISSION NUMBER AMT20/00792/19

Mrs. Judith Karimi Mutegi is a postgraduate student at Tharaka University undertaking a Master degree in **Community Development**. The student has completed her coursework and is expected to proceed for collection of data after successfully defending her proposal at faculty level. The title of the study is "***Impediments to Youth Enterprise Fund Loan Repayments in Tharaka North Sub-County, Tharaka Nithi County, Kenya.***"

Any assistance accorded to her will be highly appreciated.

Thank you in advance.

Yours faithfully,

THARAKA UNIVERSITY
DIRECTOR BOARD OF POST
05 JUN 2024
P. O. Box
MARIMANTI, KENYA

Dr. Ambrose Vengi, Ph.D.
Director, Board of Postgraduate Studies.

Appendix VII: National Commission for Science, Technology and Innovation (NACOSTI) Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: 638964

Date of Issue: 21/August/2024

RESEARCH LICENSE

This is to Certify that Ms.. Judith Karimi Mutegi of Tharaka University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Tharaka-Nithi on the topic: Impediments to Youth Enterprise Fund Loan Repayment in Tharaka North Sub-County, Tharaka Nithi County ,Kenya for the period ending : 21/August/2025.

License No: NACOSTI/P/24/39230

638964

Applicant Identification Number

Director General

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

See overleaf for conditions