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Determinants of Loan Repayment among Youth in Groups in Bukombe District, Tanzania

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Ikisiri

Utafiti huu ulitathmini vigezo vya urejeshaji wa mikopo miongoni mwa vikundi vya vijana katika Wilaya ya Bukombe. Utafiti huu hasa, ulichunguza vichocheo vya kijamii na kiuchumi ambavyo vinaathiri urejeshaji wa mikopo miongoni mwa vijana, kiwango cha mienendo tofauti ya vikundi katika urejeshaji wa mikopo miongoni mwa vijana na changamoto zinazovikumba vikundi vya vijana katika urejeshaji wa mikopo yao. Utafiti huu ulihusisha usanifu muhula ambapo usaili funge na usaili nusu-funge, pamoja na upitiaji nyaraka vilitumika kama mbinu za kukusanyia data. Mbinu za Usampulishaji nasibu na Usampulishaji sinasibu zilitumika kupata sampuli za watoa taarifa na watoa taarifa muhimu kwa mtiririko huo. Uchanganuzi wa data uliotumika katika utafiti huu ulihusisha njia zote mbili za takwimu hitimize na elezi. Matokeo yalionesha kuwa hali ya ndoa (0.001), mapato ya vijana kabla ya mkopo (0.000), ukubwa wa familia (0.006), jinsia (0.02), umbali kutoka kwenye ofisi ya wakopeshaji (0.022) na miaka ya masomo (0.07) iliathiri sana urejeshaji wa mikopo miongoni mwa vijana kwa kiwango cha asilimia 1, kiwango cha asilimia 5 na kiwango cha asilimia 10 kwa mfuatano huo. Muenendo ya kikundi una uhusiano na urejeshaji wa mkopo. Zaidi ya hayo, utafiti umebaini kuwa, migogoro ndani ya kikundi, kuchelewa kwa muda kati ya maombi ya mkopo na utoaji, na matumizi mabaya ya mkopo ni changamoto kuu zinazozuia vijana kurejesha mkopo wao. Kwahiyo, mfumo wa Kisheria, mafunzo ya awali ya mkopo, na muda mfupi kati ya maombi ya mkopo na utoaji unapaswa kuwekwa vyema ili kuimarisha urejeshaji wa mkopo.

Abstract

This paper assesses the determinants of loan repayment among Youth in Groups in the Bukombe District. Specifically, the paper examines socioeconomic factors that influence loan repayments among youth, the extent of group dynamics on loan repayment among youth and challenges hindering youth groups in repaying their loan. The paper employed a cross-sectional research design whereby structured and semi-structured interviews and documentary review methods were used for data collection. Probability and non-probability sampling techniques were employed to select a sample of respondents and key informants, respectively. Data analysis employed in this study included both inferential and descriptive statistics. The findings revealed that Marital status (0.001), youth income before the loan (0.000), Family size (0.006), sex (0.02), distance from lender's office (0.022) and years of schooling (0.07) significantly influenced loan repayment among youth at 1 per cent level, 5 per cent level and 10 per cent level respectively. Group dynamics have an association with loan repayment. Furthermore, the study revealed that conflict within the group, the time lag *between loan application and disbursement, and improper use of the loan are the main challenges hindering youth from repaying their loan. Therefore, Legal framework, pre-loan training, and the short time lag between loan application and disbursement have to be put in place to enhance loan recovery*

Keywords: Socioeconomic factors, group dynamics, challenges, loan repayment

1.0. Introduction

Providing loans through groups to the community's poor population has been a famous method of poverty reduction (Dubale and Beshir, 2020a). Many countries in the world use this method of providing loans to people with no access to financial inclusion as a means to reduce the problem of unemployment, especially for women and youth who lack the collateral to access these financial benefits from commercial banks. The statistics show that youth unemployment stands at 13.6% worldwide, though regional disparities range from 9% in Northern America to 30% in Sub-Saharan Africa (O'Sullivan, 2017).

Different programmes have been established worldwide to solve the problem of youth unemployment through financial inclusion programmes. These programmes include The Prince's Trust Enterprise Programme (PTEP) in Britain, the Micro-credit scheme to mediate the delivery of low-interest rates and collateralized credit to the rural poor youth in Bangladesh, Youth Enterprises Development Fund in Kenya, Youth Development Funds in Nigeria and Botswana (Ardener, 2010; Mussa, 2013; Tuitoek, 2016). These programmes have the same purpose, although the approach has slight technical differences.

To solve the youth unemployment problem, the government of Tanzania in the financial year 1993/94 established the Youth Development Fund (YDF) as stipulated in section 17 (1) of "The Exchequer and Audit Ordinance" section 439(21) of 1961 as an economic empowerment mechanism for young people, to assist and empower them to start their enterprises and generate jobs for others (Ntare and Ojwang, 2021).

Section 37A (4) of the Local Governments Act of 1982, as modified in 2018, mandates Local Government Authorities (LGAs) to provide 4 per cent of their income as interest-free loans to youth groups through the Department of Community Development. LGAs provide loans to strengthen young people's financial muscles to engage in income-generating enterprises and raise their families out of poverty (Shindika and Daudi, 2020).

Despite the existence of the YDF for more than 26 years, Tanzania's young unemployment rate remains high. The fund, established to provide jobs for Tanzanian youngsters through economically empowering them, looks to be failing in its mission (Shindika and Daudi, 2020). The failure of youth enterprises to generate enough employment opportunities for the youth can be linked to high default rates by the borrower's group, as evidenced by data showing that default rates in 2016/2017 were 5,809,326,477 Tsh (63 per cent), 10,044,453,656 Tsh (59 per cent) in 2017/2018 Tsh, 13,794,359,981Tsh (59 per cent) in 2018/2019, and 27, 790, 189, 049 Tsh in 2019/2020 (CAG, 2020). This raises questions about the management of the fund.

Bukombe is one of the sixth districts found in the Geita region. The Youth Development Fund has been implemented in the district since 2010 up to date and a total of 241,017,003.70 Tsh have been loaned to 150 youth groups. Youth development Funds have been experiencing many challenges in the district in which one of which is the low rate of loan repayment. The data on loan repayment shows that only 32,647,000.00 Tsh, equal to 13.5% out of 241,017,003.70 Tsh loaned out to youth groups in Bukombe District, have been repaid (District Community Development officer, 2020). This brought interest to the researcher to try to investigate the determinants of loan repayment in the area.

2.0. Literature Review

The empirical literature indicates that socio-economic factors influence loan repayment among different groups of borrowers. Based on the research aims, this study performed an empirical review of the subject at hand to get the operationalized variables.
Dubale and Beshir (2020) studied the determinants influencing farmers' loan repayment performance in Simada District using a Tobit regression model. The study found that education level, land holding size, total livestock holding, non-farm income, expenditure on social festivals, years of experience in agricultural extension services, saving habits, and source of credit all played a significant role in loan repayment performance. Similar results were obtained by Ochung (2013) in Kenya.

Mbaluko (2014) conducted a descriptive and analytical survey study on factors influencing the financial sustainability of youth enterprises funded under the Youth Enterprise Development Fund in Karonga, a district in Malawi's Northern Region. The study revealed that discovered that political influence, business experience, and a lack of capacity-building skills in business management all had an impact on low repayment rates among YEDF loan beneficiaries.

Akpaeti and Umoren (2020) researched on factors of loan repayment among cassava beneficiaries in Nigeria. The study revealed that an insufficient loan amount, a high-interest rate, a lack of strategy to assist beneficiaries during difficult business seasons, a short loan period, a lack of a reasonable grace period, a late release of the cash, and a lack of pre-loan distribution training affect loan repayment in Nigeria.

Furthermore, Dubale and Beshir,(2020), Shindika and Daudi,(2020), Ntare and Ojwang, (2021), Tarimo, (2019), Awoyemi and Olowa, (2010), Tuitoek, (2016), Chemwa, (2015), Makorere, (2014), and Wongnaa and Awunyo-Vitor, (2013) examined the issue of Youth development funds. However, there is little information on what determines loan repayment among youth who benefited from Youth Development Funds offered by Local Government Authorities (LGA), especially in the Bukombe district. Therefore, this study intended to fill this gap by answering the following research questions; what socioeconomic factors influence loan repayments among youth in the Bukombe district? In addressing this research question, the findings are expected to be a source of reference for policy reforms on improving the Youth loan repayment mechanism in Tanzania.

3.0. Methodology

The study was conducted in the Bukombe district in the Geita region. The study was conducted in this district because of the presence of youth groups accessing loans from the Local government, and there is little information on their repayment status. The study employed a cross-sectional research design in which data were collected from a representative sample at a single point in time (Schwab and Donald, 2013). Primary data were collected directly from youth who accessed loans from the Local Government Authority (LGA), and secondary data from unpublished and published documents related to the study. Key informants were District Community Development Officer (DCDO), Community Economic Empowerment Coordinator, Village Executive officers (VEOs), and Ward Executive Officers (WEOs) helped in providing secondary data.

Probability and non-probability sampling techniques were used to select 140 youths out of 300 youth who benefited from free interest loans in the district using Slovin's formula (Dhokhikah *et al*., 2015). A simple random sampling technique was used to select individual youth, while the purposive sampling method was used to select key informants in the study area. A structured questionnaire was administered to selected youth, while a semi-structured interview was used to obtain primary data by administering a checklist to key informants.

Data analysis was done by using a descriptive analysis whereby frequencies and percentages were used. Inferential statistics (binary probity model) was employed. The binary probity model examined the relationship between loan repayment and its determinants (Perez-Truglia, 2009). This model was used since the dependent variable (Loan repayment) is limited dependent variable (1 if the youth repaid the loan on time and 0 if otherwise). The explanatory variables were: Age, Sex, Marital status, Income level before the loan, Years of schooling, Family size, Distance to the lender's office, and Loan processing costs. The equation is expressed below;

$$ln\left[\frac{P}{1-P}\right] = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \varepsilon_i$$

Where,

P is the probability of repaying the loan on time

1-P is the probability of not repaying the loan on time

β_0 = constant, β_1 are estimated coefficients of the explanatory variables, X_1 are explanatory variables and ε_i= disturbance term (Table 1).

Table 1: Description of the explanatory variables

X1= Age	Continuous variable (years since the person was born)
X2 = Sex	1 if male, 0 if otherwise
X3 =Marital status	1 if married, 0 if otherwise
X4 = Pre-loan training	1 if received training before accessing a loan, 0 if otherwise
X5 = Income level before the loan	Continuous variable (Average annual income)
X6 = Years of schooling	Continuous variable (years of schooling)
X7 = Family Size	Continuous variable (Number of individuals in the house)
X8 = Distance to lender's office	Continuous variable in Km `

4.0. Results and Discussions

4.1. Characteristics of the respondents

The findings in Table 2 reveal that most of the youth, 136 (97.1%), were aged between 18 and 35 years, and four (2.9%) were aged above 36 years. The main reason for the respondents being in this age category is that the age limit is one of the conditions set by the government for the beneficiaries of the Youth Development Fund (YDF) as stipulated by the National Youth Policy of 1997. The findings also show that 113 (80.7%) youth were male, and a few, 27 (19.3%), were female. The main reason for the higher number of male respondents can be attributed to the fact that female youth have an opportunity to join another empowerment programme compared to male youth. Also, 72 (51.4%) were single, and 68 (48.6%) were married. Most of the youth, 65 (46.4%), attended primary school, and a few Two (1.4%) had attended college. These findings are similar to the study by Mussa (2013) and Tarimo (2019), who concluded that male respondents with primary education levels and who are single are more likely to join and benefit from the loans provided by the government.

Table 2: Characteristics of respondents (n=140)

Characteristics	Category	Frequency	Percentage
Age	15-35 years	136	97.1
	Above 35 years	4	2.9
Sex	Male	113	80.7
	Female	27	19.3
Marital status	Married	68	48.6
	Unmarried	72	51.4
Education level	Primary education	65	46.4
	Secondary education	62	44.3
	College level	2	1.4
	University level	11	7.9

4.2. Socioeconomic factors that influence loan repayments among youth in a group

Years of schooling

The results in Table 3 revealed that years of schooling had a positive sign and were statistically significant at the ten per cent level. So, an increase in youth years of schooling increase the probability of loan repayment within a group. In particular, youth with more years of schooling increased the probability of loan repayment within a group and were three per cent more likely to repay their loan than youth with fewer years of schooling. These findings concur with the study done by Bhatt and Tang (2002), and Wongnaa and Awunyo-Vitor (2013), who concluded that borrowers with higher education levels had higher repayment rates compared with borrowers with lower education levels because they had more knowledge and skills in managing their business which in turn increased their business performance.

Marital status

The results in Table 3 also, show that marital status had a negative sign and was statistically significant at a one per cent level. In particular, those youth who were married were less likely to repay their loan compared to those who were not married. In particular, those who were married were 67 per cent less likely to repay loans than those who were not married. This is because married youth have more family responsibilities which necessitate the diversion of the intended use of loans than unmarried youth. The results are comparable to the study done by Wongnaa and Awunyo-Vitor (2013), who concluded that married farmers were 54.6% less likely to repay their loans than unmarried farmers due to having more family responsibilities.

Sex

The results in Table 3 also, revealed that sex had a positive sign and was statistically significant at a five per cent level. The result indicates that those youth who were females were more likely to repay their loan compared to those who were males. In particular, youth who were female were 23 per cent more likely to repay their loan compared to those youth who were males. This is because males often have more responsibilities as heads of the family and may use the loan for other purposes such as consumption, fee payment, and other utility bills. These findings are similar to the study done by Wongnaa and Awunyo-Vitor (2013), who revealed that female borrowers have a better loan repayment history compared to male borrowers.

Youth income before accessing a loan

The results in Table 3 indicated that youth incomes before accessing a loan had a positive sign and was statistically significant at the one per cent level. Youth with higher incomes before accessing loans were more likely to repay their loan compared to those with lower incomes before accessing the loan. In particular, youth with higher income before accessing a loan were 21 per cent more likely to repay their loan than those with a lower income. This is because lower-income earners find it difficult to sustain even their basic social and economic needs and end up using the loan to sustain basic social needs rather than productive use. These findings are similar to those of Yeboah and Oduro (2018), who pointed out that borrowers with higher incomes were 98.9% less likely to default compared to borrowers with lower incomes.

Distance from lender office to group member residence

The results in Table 3 revealed that distance between the lender office (district headquarter) to group member residence had a negative sign and was statistically significant at a five per cent level. The result indicates that those youth whose lender's office were far from their residence were less likely to repay their loan compared to those whose distance from the lender's office was shorter. In particular, youth whose lender's office was far from their residence was one per cent less likely to repay their loan than those whose distance from the lender's office to their residence was shorter. This is because Local Government Authorities (LGA) lack transport facilities to make regular follow-ups. These findings are similar to the study done by Nawai and Shariff (2012), who pointed out that the closer the lender's office, the higher the possibility of the borrower repaying their loan. Being closer to the lender's office will give the lender an extra advantage in doing regular supervision of the borrower's business.

Youth family size

The results in Table 3 indicated that youth family size had a negative sign and was statistically significant at the one per cent level. The result shows that an increase in youth family size decreases the probability of loan repayment. In particular, those youth with a larger family size were 37% less likely to repay their loan compared to those with a smaller family size. This is because large family sizes increase the head of household's domestic responsibilities, which can result in the diversion of the loan to other domestic uses rather than the intended loan purposes. These findings are similar to the findings of Wongnaa and Awunyo-Vitor (2013), who found that increasing farmers' household size by one person decreases the likelihood of being able to repay one's loan by 0.39%.

Table 3: Probit regression with marginal effects

Variable	Df/dx	Std. Error	Z	P>|Z|	X-bar	95% C. I	
						Lower	Upper
Age	-.002759	.0154797	-0.18	0.859	28.8971	-.033099	.027581
Years of schooling	.03192	.0177225	1.8	0.072	10.0294	-.002815	.066655
Marital status	-.6695467	.141728	-3.37	0.001	.5	-.947328	-.391765
Sex	.2308168	.0927556	2.33	0.020	.330882	.049019	.412614
Youth income before loan	.2079887	.0497802	4.5	0.000	3.19853	.110421	.305556
Distance from lender's office	-.0056387	.0024606	-2.29	0.022	21.7721	-.010461	-.000816
Family size	-.3701988	.1239415	-2.76	0.006	.213235	-.61312	-.127278
Pre-loan training	.1752175	.1974601	0.89	0.375	.919118	-.211797	.562232

Number of observations 136
LR Chi2 (8) = 53.02
Prob > Chi2 = 0.0000
Log Likelihood = -66.282014 Pseudo R2 = 0.2857

4.3. Extent of Group Dynamics on Loan Repayment among Youth

Group existence duration before applying for a loan versus loan repayment status

The duration of a youth group existence before applying for a loan was examined in regard to loan repayment performance. The assumption governing this variable was that the longer duration of the youth group's existence before applying for a loan, the higher the chance of repaying the loan. The result from Table 4 reveals that out of 140 youth who responded to this, 60 (43%) did not repay their loan, and 80 (57%) paid their loan. In examining 60 youth who did not repay their loan, 50 (83.3%) of their group existed less than three months before applying for a loan, and ten (16.7%) of their group existed above six months before applying for a loan. This indicates that the majority of youth whose group existed for less than three months before applying for a loan did not repay their loan. Also, in examining 80 youth whose group repaid their loan, two (2.5%) and 17 (21.3%) of their group existed for less than 3 to six months, respectively, while 61 (76.3%) of their group existed for more than six months before applying for a loan. Therefore, most youth whose group existed above six months before loan acquisition repaid their loan with a Pearson Chi-square value of 97.065 and a P value of 0.000 which is significant at the one per cent level. The length of group duration existence before loan application was associated with loan repayment among youth groups. The findings are similar to the study by (Postelnicu *et al*., 2019), who pointed out that group existence before loan application enables an increase in social ties (relatedness, friendship, neighbourhood, group communication, and cooperation) which will further increase the chances of loan repayment.

Table 4: Group duration existence before applying for a loan versus loan repayment

Duration of group existence before applying for a loan	Loan repayment status by Youth Group				Total			
	Not repaid	Per cent	Repaid	Per cent	Total	Per cent	Pearson Chi-Square	P-Value
Less than 3 Months	50	83.3	2	2.5	52	37.1		
3 to 6 Months	0	0.00	17	231.	17	12.1	97.065	0.000
Above 6 Months	10	16.7	61	76.3	71			
Total	**60**	**100**	**80**	**100**	**140**	**100**		

Group member business experience versus loan repayment status

The study also examined whether the business experience of youth influence loan repayment. The result in Table 5 showed that out of 140 respondents, 91 (65%) had no business experience, and 49 (35%) had business experience. However, among 60 respondents did not repay their loan, 52 (86.7%) had no business experience, and eight (13.3%) had business experience. Therefore, the majority of youth who did not repay their loan had no business experience.

Also, among 80 respondents who repaid their loan, 39 (48.8%) had no business experience, and 41 (51.2%) had business experience. Therefore, most respondents who repaid their loans have business experience with a Pearson Chi-square value of 21.667 and a P value of 0.000, significant at the one per cent level. This is because business experience enables clients to establish stable sales hence improving loan repayment performance. These results concur with the study by Mbaluko (2014) in Malawi.

Table 5: Group member Business experience versus Loan repayment

Group member business experience	Loan repayment status by Youth Group				Total			
	Not repaid	Per cent	Repaid	Per cent	Total	Per cent	Pearson Chi-Square	P-Value
No	52	87.1	39	48.8	91	65		
Yes	8	13.3	41	51.2	49	35	21.667	0.000
Total	60	100	80	100	140	100		

Group size versus Loan repayment status

Another variable examined in this study was group size versus loan repayment status. It was assumed that the larger the group's size, the lower the loan repayment rate. Table 6 revealed that out of 41 respondents whose group size was five members, seven (17.1%) did not repay their loans, and 34 (82.9%) repaid their loans. Therefore, most respondents whose group size was five members repaid their loan.

Also, out of 80 respondents whose group size was six to ten members, 42 (52.5%) did not repay their loan, and 38 (47.5%) repaid their loan. Therefore, the majority of respondents whose group size was six to ten members did not repay their loans.

Furthermore, out of 19 respondents whose group size was more than ten members, 11 (57.9%) did not repay their loan, and eight (42.1%) repaid their loan. This is because a larger group size deteriorates information sharing and efficiency and hence affects loan repayment. A Pearson Chi-square value of 15.922 and a P value of 0.000, which is significant at one percentage level, show that group size was associated with loan repayment among youth. These findings concur with the study by (Ahlin, 2015), who emphasized that the size of borrower groups must be limited to enable the smooth sharing of information among group members.

Table 6: Group size versus Loan repayment status

Number of group members	Loan repayment status by Youth Group				Total			
	Not repaid	Per cent	Repaid	Per cent	Total	Per cent	Pearson Chi-Square	P-Value
5 Members	7	17.1	34	82.9	41	100		
6 to 10 Members	42	52.5	38	47.5	80	100	15.922	0.000
More than 10 Members	11	57.9	8	42.1	19	100		
Total	60	42.9	80	57.1	140	100		

Ways of youth group formulation versus loan repayment status

Another variable examined in this study was ways of youth group formulation versus loan repayment. It was assumed that the youth group which was formulated based on their willingness and interest, increased the chances of loan repayment. Findings in Table 7 indicate that 93 (66.4%) of the respondents' group was formed based on their interest, and 47 (33.6%) respondents' group was developed based on loan provider interest. Therefore, most respondents were formed based on group members' interests. Furthermore, out of 60 respondents whose group did not repay their loan, 13 (21.7%) of their group was formed based on a group member's interest, and 47 (78.3%) were formed on the loan provider's interest. Therefore, the majority of respondents who did not repay their loans their group were created based on the loan provider's interest.

For all 80 (100%) respondents who repaid their loan, their group was formed based on the group member's interests with a Pearson Chi-square value of 94.337 and a P value of 0.000, significant at one percentage level, showing that ways of group formulation were associated with loan repayment among youth. These findings are similar to the study of (Ahlin, 2015), who pointed out that a group formulated based on their interest and willingness increases membership homogeneity, social ties, trust, and sustainability of the group hence increasing the chances of loan repayment.

Table 7: Ways of group formulation versus Loan repayment status

Ways of group formulation	Loan repayment status				Total			
	Not repaid	Per cent	Repaid	Per cent	Total	Per cent	Chi-Square	P value
Based on the group members' interest	13	21.7	80	100	93	66.4		
Based on the loan provider's interest	47	78.3	0	0	47	33.6	94.337	0.000
Total	60	100	80	100	140	100		

4.4. Challenges hindering youth groups from repaying the loan

The findings in Table 8 indicated that conflict within the group and the time lag between loan application and disbursement 103 (73.6%) and improper use of loan 101 (72.1%) were the main challenges hindering the youth group in loan repayment. The findings imply that most youth groups experience conflict as many groups were formed to take advantage of the fund offered by the government, and most of the groups didn't pass through the development process of forming, storming, norming, and performing as proposed by Tuckman 1965 as cited in (Chemwa, 2015). These groups are likely to collapse at the storming stage; whereby Intra-group conflict is dominant. These findings are similar to the studies of (Dubale and Beshir, 2020b; Abara, 2021), who stated that the time lag between loan application and disbursement, conflict within groups and loan diversion determine loan repayment performance.

Table 8: Challenges for loan repayment by youth groups

Challenges	Frequency	Percentage
Loan supervision and monitoring	91	65.0
Weak legal enforcement	33	23.6
The unfavourable loan repayment scheme	94	67.1
Lack of pre-loan training	61	43.6
Conflict within the group	103	73.6
Inadequate information on repayment	2	1.4
Change in loan size requested	64	45.7
The time lag between loan application and disbursement	103	73.6
Improper use of the loan	101	72.1
Political interference	17	12.1

*Based on Multiple responses

5.0. Conclusions and Recommendations

5.1. Conclusions

This study assessed the determinants of loan repayment for youth in groups in the Bukombe district, Geita region. The study found that marital status, sex, distance from lender's office (district headquarter), youth income before accessing a loan, family size, and years of schooling among youth are the main socioeconomic factors that significantly influence loan repayments among youth in Bukombe district. Furthermore, on group dynamics, the study found a correlation between loan repayment versus group existence duration before applying for a loan, group member business experience, group size, and ways of youth group formulation.

Furthermore, the study found that, conflict within the group, time lag between loan application and disbursement, improper use of the loan and unfavourable loan repayment scheme as the main challenges hindering the youth group from repaying their loan in Bukombe District.

5.2. Recommendations

Based on the findings, the study recommends that; a legal framework has to be put in place at the ward level to enhance loan recovery and stop default cases among youth groups; local government authorities should shorten the time lag between loan application and disbursement and provide pre-loan training to youth groups to ensure the effective use of loans. Also, the local government officials should provide training to the youths within the groups on the nature and types of investment to be made by these youth.

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