Innovations

Role of Small and Micro-Enterprises' Regulatory Framework for Loan Repayment Performance of Youth Revolving Fund in Oromia Regional State, Ethiopia

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Abstract: *Youth Revolving Fund plays a vital role in providing financial and technical assistance to unemployed youths in alleviating their economic and social difficulties using it sustainably. However, the government report shows that the repayment not performed as expected for the reason not yet studied. The purpose of this study was to examine the effect of Micro and Small Enterprise (MSEs) on loan repayment performance and sustainability of youth revolving funds (YRF) in Oromia Regional State, Ethiopia. The study's population was clustered into five clusters based on geography and business activities and sample respondents were proportionally assigned each cluster. A total of 380 sample group beneficiaries were selected from 14,183 beneficiary groups in the selected cluster using simple random sampling techniques. Finally, the data for this study was collected from 328 respondents (301 through questionnaires from beneficiary groups and 27 through interviewing loan officers). Both the descriptive statistics and inferential statistics (chi-square test) were used to summarize the masses of information and check the significant association of credit management and support system among different variables and their effect on loan repayment performances and sustainability of YRF. The result showed that MSEs regulatory framework in place has not established tailored and sufficient training for borrowers, the repayment schedule set was not considered the borrowers' business revenue cycle; weak coordination and collaboration among legally given responsibility by proclamation No. 995/2017 , the fund implementation has suspected to corruption as the body responsible for managing the fund is also responsible to following up on the implementation, and no accountability for misconducting loan officers to discourage corruption have a negatively and statistically significantly affected loan repayment performance and sustainability of YRF at less than 5% level of significance. Thus, it is recommended that the government should the government should also revisit the existing pseudo 'MSEs Regulatory Framework', restructure and create workable MSEs Regulatory Framework that can be implemented practically and may play significant roles for YRF sustainability, supervise legally assigned responsible bodies performance and make them accountable for low or not performing their responsibilities. and finally, redesign an alternative exit strategy (relief) for fund released in the first two years (2017 and 2018) as the problems of default was not only from the side of borrowers but also from the government as it became one reason for migration and losses of life of many productive youths.*

Key words: *1.Youth revolving fund, 2.Micro and Small Enterprise, 3.Regulatory framework*

1. Introduction

Microfinance provides financial services to the poor, which are effective instruments in the fight against poverty. Individuals with access to a well-functioning financial system can be economically and socially empowered, allowing them to better integrate into their countries' economies, actively contribute to development, and protect themselves from economic shocks (Samer et al., 2015; and Lopatta et al., 2017). Access to government revolving funds encourages the poor to engage in income-generating activities, allowing them to save money for investment and improve their living standards (World Bank, 2015; Nawai & Shariff, 2013; and Mokhtar et al. 2011). On the other hand, youth unemployment is on the upswing in an environment where economic growth isn't keeping pace with the need to provide job opportunities to all youth at the same time. This demonstrates that youth unemployment remains a major issue in many countries around the world, particularly in light of the current global financial and economic crisis, and has recently become a major concern for most developing countries, particularly in Sub-Saharan Africa (ILO, 2012).

In a 2015 baseline assessment report, Solutions for Young Employment (S4YE) asserted that without access to employment, today's youth will not be able to transcend poverty or solve economic marginalization by 2030 (World Bank 2015, Andersen et.al. 2015). In this regard, the government's role in addressing young unemployment is critical, as they are responsible for creating an "enabling environment" in which youth can prosper. As a result, numerous African countries (Botswana, Mali, Tanzania, Kenya, South Africa, Namibia, and Tunisia) have set up youth revolving funds to assist unemployed young in starting businesses through MFIs (ILO 2012).

Ethiopia's government has also worked hard to address the issue of unemployed youth by developing various youth-related packages to meet development goals and address youth unemployment issues. Currently, it established the Ethiopian Youth Revolving Fund ($546 million/10 billion ETB) on March 10, 2017, by Proclamation No. 995/2017 with the objectives to provide youth with financial and technical support necessary to help them alleviate their economic and social problems by engaging in organized income-generating activities (EYRF Establishment Proclamation No. 995/2017). As stated in Proclamation No. 995/2017, the implementation and management of funds require the collaboration and involvement of different responsible bodies such as the Commercial Bank of Ethiopia (CBE), Ministry of Finance and Economic Cooperation (MoF&EC), Ministry of Youth and Sport (MoY&S), Micro-financial Institutions, Micro-enterprise Agencies, and Offices etc. Subsequently, the fund was allocated to all the nine regional states and two administrative councils of Ethiopia following the procedure stated in the proclamation.

Oromia Regional State, as other regional states in Ethiopia, distributed the fund (the seed money in the form of loan to unemployed youth) to beneficiaries very soon through concerned bureaus and cascading it down to districts following its administrative tiers with the hope that it will replenish itself and sustainably provide the financial access to the potential unemployed youth in the region. To ensure these roles, it is necessary to follow up and manage the implementation of the funds to maintain its sustainability and to ensure success of youth employment objectives. However, the findings of many studies in different countries, specifically in underdeveloped and developing counties, showed that MFIs are suffering from loan defaults, both regular credit and YRF credit, because of many reasons which may or may not be common to all countries (Alex Addae-Korankye,2014; Oringo et al.,2016; Sikenyi, 2017). Other studies conducted in different regions of Ethiopia such as Amhara, Tigray, South Nation Nationalities &People, and Oromia Regional State also found out the prevalence of MFIs loan repayment problems (Shaik et al, 2014; Mesele et al. ,2016; and Jote,2018). On top of this problem, currently, government has given responsibilities to take over the operation of Youth Revolving Funds to MFIs in collaboration with other legally mandated government bodies. The loan default problems that had been challenging the other credit schemes of MFIs may also endanger the Youth Revolving Fund sustainability.

The government established Youth Revolving Fund as a solution to this over flooding youth unemployment as per the Proclamation No. 995/2017). Failure to manage the Youth Revolving Funds' sustainability may result in many negative consequences of youth unemployment. When young people are not fully participated in the labor force, it will be a burden and risk for the government in the form of the increased cost of social safety nets, lost productivity, and ever-mounting social costs. When youth unemployment goes extreme, the consequences may expand to a similar situation to the Arab Spring (QadirMushtaq & Afzal, 2017). The finding of the study at Ambo town in Oromia, Ethiopia, on 'consequences of youth unemployment' depicted an increase in migrants, physical and sexual abuse, mental and psychological depression or hopelessness, drug addiction, illegal gambling, social unrest; community insecurity, crime, and national fragility are some of the consequences of youth unemployment (Terefe et al., 2016). These will hamper the country's national security and economic development and endanger the lives of unemployed youth. There is a general potential fear that unless the concerns impacting Youth Revolving Fund repayments are addressed considerably, the program's sustainability will be elusive; as a result, youth employment will suffer, and the YRF's goals would be missed. On other hand, though a large number of studies has been conducted in both underdeveloped and developing countries, they fail to include specifically effect of Micro and Small Enterprise (MSEs) Regulatory Framework on loan repayment performance of Youth Revolving Fund. On this basis, this research was conducted study to investigate the effect of Small and Micro-enterprise Regulatory Framework on loan repayment performances and sustainability of Youth Revolving Fund in Oromia Regional State, Ethiopia by testing the following null hypotheses:

Ho1: There is no relationship between established tailored training for group members and loan repayment performances of YRF in the study area.

Ho2: There is no relationship between sharing knowledge and field experience group members and loan repayment performances of YRF in the study area.

Ho3: There is no relationship between efforts for discourage corruption and loan repayment performances of YRF in the study area.

Ho4: There is no relationship between consideration borrowers' business yield period and loan repayment performances of YRF in the study area.

Ho5: There is no relationship between motivated your group members and loan repayment performances of YRF in the study area.

The subsequent section of this paper is organized as follows: the next section, section 2, presents the literature review and conceptual framework of the study; section 3 shows the research method used; Section 4 presents the results and discussions and finally, section 5, focuses on presenting the conclusion and recommendations and presents implications and suggestions for further studies.

2. Literature of the study

2.1. Theoretical Review

Microfinance companies frequently use high-regularity repayments. Prof. Mohammad Yunus pushed the idea that borrowers are naturally obligated to repay their loans in regular increments, beginning as soon as MFIs release the loan, during the founding of Gremeek Bank in the 1990s, and that this aspect of the repayment plan is commonly cited as boosting borrowers' financial discipline.' Another argument for this loan payback method, according to Jain and Mansuri (2003), is the difficulty of monitoring borrowers' behaviour. This hypothesis implies that if debtors are not properly watched and tracked, they will postpone making payments and may eventually default. MFIs adopt creative techniques to co-opt better-informed informal lenders, such as regularly scheduled repayments, to avoid moral hazards (Yunus, 2003). On the other hand, informal lenders can exist because of this installment repayment plan. They also demonstrate that this relationship can raise the informal sector's interest rate and increase the number of informal loans. Many microfinance practitioners believe that borrowers benefit from the fiscal discipline imposed by frequent repayment schedules, which is prompted by a widely held belief among practitioners that frequent repayment is required for high repayment rates. Ghatak (2000) proposed an alternative explanation based on present-biased, quasi-hyperbolic favorites to explain many microfinance practitioners' belief that borrowers benefit from the fiscal discipline imposed by frequent repayment schedules.

Regular repayment also means that the benefits (typical future credit availability) are more distant from the repayment choice, and thus discounted more heavily when the initial payment is made. The goal of this study was to look at the YRF loan repayment performance and sustainability, as well as see if it adhered to the OCSSCo repayment timetable. The frequent repayments idea is relevant to the study since it recommends for making numerous repayments rather than lump-sum repayments to reduce loan defaults among group members.

2.2. Empirical Review

Management of Youth Revolving Funds has an impact on loan repayment performances. The finding of the study on "the effect of the Namibia Youth Credit Scheme (NYCS) program" identified the management related problems as fund leakage by miss-using a significant part for the benefit of the staff of Namibia Youth Credit Scheme than disbursing to the unemployed youth (beneficiaries) (Nico & Rakel,2015). Mburu (2015), in a study in Kenya, revealed that the absence of established youth groups leadership structure, difficulty in organizing workshops and pieces of training for youth, none visionary youth group leaders to work towards group goals were among management related challenges that hindered the implementation of YDF projects. Oringo et al. (2016), in the study on "An analysis of the strategies adopted in the performance of revolving funds in the South Sudan Older People Association", also examined that incompetency of management staff was among the problems that negatively affected YRF repayment performance. The finding also noted that the effective and efficient implementation of the fund calls for various management strategies relevant for better performance of Revolving Loan Fund.

Fikirte (2011), in the study on "Determinants of loan repayment performance MFIs in Ethiopia", revealed that lack of adequate employees (especially loan officers), insufficient working offices at service delivery posts, poor documentation, and improper interference of the third parties in loan approval decision were among management-related factors that hinder the loan repayment performances. Another study in Ethiopia also found out the lack of adequate loanable capital, a constraint of management information system, and highly experienced employee turnover in a search for better carriers were among management problems for loan defaults (Abdul et al.,2014).

MSE regulatory framework has not established tailored training for borrowers' group members, and credit officers of OCSSCo and MSE office were responsible for discouraging corruption, respectively. In another, the study by Yibrie (2017) in India, Kipkinyor and Wahom (2016) of Kenya recommended that MFIs deliver a well-organized and sufficient training that focuses on the business of borrowers as the youth need to be alerted on entrepreneurship skills, financial management skills, and record-keeping to improve loan repayment performances and its sustainability. This study noted that most groups who succeeded in their business and were better in loan repayment got sufficient training on the types of business they engaged in or continued the business training as they progressed.

From the review of literature here above the researcher concluded that authors have tried show problems of perception about political environment on revolving fund loan repayments such as effect of Youth Enterprise Fund leakage for the benefit of the staff, incompetency of management staff , absence of established tailored training for borrowers' group members, improper interference of the third parties in loan approval decision, lack of adequate loanable capital, a constraint of management information system, and existence of highly experienced employee turnover. However, they fail to incorporate the cooperation and synergy of on fund implementing different responsible bodies, effect of insufficient supervision different level of government, dependency of paper based report and negligence some responsible bodies about the fund .The current study incorporated these factors in addition to the existing reviews to replicate in Oromia Regional State, YRF loan.

3. Methods

3.1. Descriptions of the Study Area

The research was conducted in Ethiopia's Oromia Regional State, located in Africa's horn. Ethiopia is organized into eleven regional states and administrative councils. Oromia (Oromiyaa) is an Ethiopian regional state and the Oromo people's homeland. Oromia is the largest region in Ethiopia in terms of its area of land and population. It is situated in the heart of the country, surrounding Finfinne /Addis Ababa (the capital city of Ethiopia and Oromia), in all directions. Currently, the state has 21 administrative zones and over 300 districts, all of which have a pleasant climate for life and good fertile land for investment and development. Oromia's population was estimated to be about thirty-eight million in mid-2018, and its land area is about 535,690 square kilometers (CSA, 2020).Fig. 1 below shows the map of Oromia Regional State ,Ethiopia.(Fig.1)

3.2. Sampling techniques and procedures

From the total population of 29,942 YRF loan beneficiary groups and loan officers in the region, a representative sample of 380 was selected using Kothari (2004) formula at 95% level of confidence and a 5% confidence interval to enhance the reliability of the findings,

$$n = \frac{z^2.p.q.N}{e^2(N-1)+z^2.p.q}$$

Where;

N= Total population of the study

z = 1.96 (as per table of area under normal curve for the given confidence level of 95%).
P= the proportion of participation or perception,
q = the proportion that may not include and
e = the error term

3.3. Methods Data Collection

The representative sample size was determined using a multi-stage sampling method. Stage I, 20 Oromia zones, were divided into five clusters based on geography and business activities. In a sampling design stage II, sample respondents were proportionally allocated to the percentage of the total population of the nine (09) purposively selected zones. Finally, 380 respondents were selected from

14,183 beneficiary groups in the selected cluster zones (353 sample beneficiary groups through simple random sampling techniques and 27 loan officers).

3.4. Methods of Data Analysis

Structured questionnaires, semi-structured interviews, and Focus Group Discussions (FGD) were used to collect primary data from the selected sample size. The current study was used descriptive statistics such as frequency and percentage to summarize the masses data or information. Whereas, the chi-square test was used to check for statistically significant relationship among the independent variables and the respective dependent (outcome) variables and the formula for chi-square as per (Morgan 2019) is as follow:

$$X^2 = \frac{\sum (O-E)^2}{E}$$

Where:

- **χ^2** = The value of chi square
- **O** = The observed value
- **E** = The expected value
- $\sum$ **$(O - E)^2$** = all the values of (O – E) squared then added together

$$Expected\ \ frequency = \frac{row\,total \times column\,total}{Grand\ total}$$

4. Results and discussions

4.1. Results

4.1.1. The Response Rate

A total of 380 sample respondents were used for this study by dividing them into two response categories (353 sample respondents were selected to respond to questionnaires, and 27 respondents were addressed through the interview). From 353 questionnaires distributed to respondents, 85% of questionnaires were correctly filled, collected, and used for this study analysis. All twenty-seven (27) respondents were selected for an interview well addressed, and their responses were included in this analysis. The overall response rate for this study was about to 86% of the target sample respondents. According to Draugalis et al. (2008) and JoLaine (2020), a 50% - 60% or above response rate is ideal and sufficient for research. As a result, the response rate for this survey (86%) was excellent, as it was higher than the optimal; standard.

4.1.2. Demographic Characteristics

Under this section, demographic characteristics such as respondents' gender, position, marital status, level of education, experience, and age brackets of group members. Table 1 summarizes the detailed information on this subject, and the result shows that male respondents made up 71%, while female respondents made up 29%. This demonstrates a significant gap between male and female beneficiaries of the youth revolving fund loan and female beneficiaries accounting for less than 30% of all borrowers.

Regarding the respondents' position in the group, 41% were chairman, 24% were cashiers, 11% were secretaries, 8% were accountants, and 16% were members. This means that the information was gathered from respondents via various sources and that all positions in the group, including the group members, were included. The result also shows that single(unmarried) respondents account for more than half of all respondents (54%), followed by married respondents (42%) and widowed and divorced respondents (2% and 2%, respectively). The result implies that the majority of YRF beneficiaries were single (unmarried) youths, who are subjected to risk group continuity based on the assumption that young are shy to take group responsibility, while the married group members are assumed to take on more additional responsibilities to most groups while keeping other factors constant.

Concerning the highest level of education, more than half of the respondents (58%) were below diploma, specifically with elementary schools certificates and high schools level of education that accounts for 26%, 14%, and 18%, respectively. On other hand, respondents with a diploma and first-degree level of education constitute about 20% and 22%, respectively (Table1). This result implied that the lower education level might affect the group dynamics on fund utilization and financial management. This finding is similar to those of Nigerian researchers Onyeagocha et al. (2012) and Ghanaian researchers Salifu et al. (2018), who concluded that the level of education of borrowers as knowledge acquired in school is replicated in group dynamics and activities in determining the group's success and profitability. Both researchers found that group members with a higher educational background had better loan payback performance. The lesser number of diploma, degree, and master's degree graduates in this study indicates that financial and business knowledge is not applied to group dynamics and activities.

Concerning respondents' experience, the result (Table 1) shows that most respondents have experience of more than one year. Of 301 respondents in this study, 55% had an experience of 1-3 years, followed by 23% with experience of 4-5 years. This implies that the group members have experiences in fund utilization and management to provide reliable and relevant information on loan repayment performances and the sustainability of youth revolving funds (Table 1).

Table 1 Demographic characteristics of the sampled respondents (N=301)

Category	Category	Frequency	Percentage
Gender (Sex)	Male	213	71
	Female	88	29
Position	Chairman	124	41
	Cashier	72	24
	Secretary	34	11
	Accountant	24	8
	Member	47	16
Marital Status	Single	163	54
	Married	125	42
	Widowed	7	2
	Divorced	6	2
Experience	Less than one year	41	14
	1-3 years	164	55
	4-5 years	68	23
	Above 5 years	28	9

Source: Survey Data (2021)

4.2. Test of Reliability

The values of the alpha coefficients (Table 2) show 0.75, 0.77, 0.81, 0.79,and 0.71 respectively, for the seven variables and all are considered to be acceptable in internal consistency. Moreover, the average test scale shows 0.77 which is considered to have good internal consistency. This indicates that respondents who gave high scores for one item also gave high scores for the others; conversely, respondents who gave low scores for one item gave low scores for the other claims of loan repayment success and YRF's sustainability, All of the instrument's components had an acceptable Cronbach's alpha of greater than 0.7, indicating that the instrument was trustworthy to use dependably (Field, 2009; Kline, 1999).

Table 2 Cronbach's alpha overall loan repayment performance and YRF sustainability variables Item-rest-correlation and Reliability Rest

SN	Variables	Item-rest correlation	Alpha Coefficient
1.	MSEs regulatory framework has established tailored pieces of training for your group members.	0.4630	0.75
2.	MSEs regulatory framework has helped you in sharing knowledge and field experience.	0.3541	0.77
3.	Loan officers of YRF are responsible in their service to discourage corruption.	0.5223	0.81
4.	The schedule is set considering the borrowers' business type and its yield period (revenue cycle).	0.3589	0.79
5.	The regulatory framework of the SMEs motivated your group members to repay your loans promptly.	0.5696	0.71
Test Scale			**0.77**

Source: Researcher's Survey Data (2021)

4.3. Chi-square Test Results

The result (Table 3) revealed that 67% of the respondents disagreed that MSEs regulatory framework had established tailored training for their group members while the remaining 33% responded neutrally. This shows that the absence of tailored training for borrowed group members by the MSEs regulatory framework negatively affects the loan repayment performance. Sharing knowledge and field experience is another important MSEs regulatory framework factor that has an important contribution to YRF loan repayment. However, the result also revealed that 82 % of the respondents disagreed that MSEs regulatory framework had helped them in sharing knowledge and field experience. On the other hand, it is found that 79% of the respondents disagreed that loan officers of YRF were responsible in their service to discourage corruption while 20% of them responded neutrally. This shows that there is no strength of responsibility (though some) to discourage corruption by loan officers will aggravate defaulters.

Setting a repayment schedule considering the borrower's revenue cycle can smoothen the loan repayment. However, the result showed that a large number of the respondents (78%) disagreed that the schedule set considering the borrowers' business type and its yield period (revenue cycle). This implies that a mismatch in the repayment schedule with the borrower's business revenue cycle has affected loan repayment performances and its sustainability. The result also demonstrated that a large number of respondents (75%) of respondents disagree that regulatory framework of the SMEs made their group members repay their loans promptly. This indicates that if the regulatory framework missed reminding the borrowers to make their repayment on a timely basis the borrowers may forget to make the repayment on time or stop the repayment and the cumulative effect will be reduced loan repayment performances.

The Chi-square test (Table 3) shows that there was a statistically significant link between the regulatory framework of SMEs and activities such as customizing training for group members, assisting groups in exchanging information and field experience, making loan officers responsible in their service to discourage corruption, setting repayment schedule considering the borrowers' business revenue cycle and motivating group members to repaying their loans promptly and YRF loan repayment performances and its sustainability at less than 1%level of probability.

Table 3 Role of SMEs Regulatory Framework to Loan Repayment performances and Sustainability (N=301)

Assessment tools/Items	**Likert scales**			**χ2**	**P-values**
	D	N	A		
	№ (%)	№ (%)	№ (%)		
MSEs regulatory framework has established tailored pieces of training for your group members.	201(67)	100(33)	-	40.659	0.000
MSEs regulatory framework has helped you in sharing knowledge and field experience.	246(82)	55(18)	-	34.256	0.000
Loan officers of YRF are responsible in their service to discourage corruption.	238(79)	54(18)	9(3)	66.062	0.000
The schedule is set considering the borrowers' business type and its yield period (revenue cycle).	236(78)	65(22)	-	67.045	0.000
The regulatory framework of the SMEs motivated your group members to repay your loans promptly.	226(75)	71(24)	4(1)	29.446	0.000

Source: Survey Data (2021)
Keys; *D- Disagree; N- Neutral; A- Agree; χ2Chi-Square*

4.3.1. Discussion

The current study result shows that MSE regulatory framework has not established tailored pieces of training for borrowers' group members and credit officers of OCSSCo. This result is contracted with the result of the study by Yibrie (2017); Kipkinyor and Wahom, (2016), which noted the importance of delivering a well-organized and sufficient training that focused on the business of borrowers such as on entrepreneurship skills, financial management skills, and record-keeping to improve loan repayment performances and its sustainability. Kefale et al., (2021) also suggested that in Ethiopia, qualified beneficiaries of YRF loans are also required to complete a one-month training program on business management. However, the interview feedback showed that beneficiaries were given three days of basic entrepreneurship training in their business life. This may be one reason for low YRF loan repayment performance keeping other things constant.

This result of the current study is in line with the result of Sikenyi (2017), which revealed that when the fund implementation framework is too narrow, and it lacked strong supportive structures, the youth enterprise development fund suffers from mismanagement of funds and corruption and unsuccessful loans repayment performances. The current study also showed that the regulatory system was not made loan officers of YRF responsible in their service to discourage corruption. This result is supported by Kefale et al.(2017), which pointed out that when same organization responsible for managing the fund monitoring its execution, the YRF implementation has become vulnerable to corruption. The current study shows that the repayment schedule was not set considering the borrowers' business type and their yield period (revenue cycle). This result is similar to Kipkinyor and Wahom (2016) and Mbugua and Kosimbei (2019), the problems of setting fixed repayment schedules for youth funds by MFIs and recommended government create a promising environment that considers borrowers' business cycle and helps them to make repayment easier. Moreover, the current study shows that the regulatory framework of the SMEs made the group members repay their loans promptly. The interview and FGD feedback showed that the loan officers were not reminded to make the loan repayment but came to tension with the borrowers when instructions were passed from the head office on loan repayment status. As a result, borrowers did not want to see loan officials and hide from their sight whenever they may come to their businesses.

5. Conclusion and recommendations

5.1. Conclusion

The Chi-Square results (Table 3)showed all the five variables of Regulatory framework such as established tailored training for group members (Ho1),sharing knowledge and field experience group (Ho2), efforts for discourage corruption (Ho3), consideration borrowers' business yield period (Ho4), motivated your group members (Ho5) have significance level of less than 0.05(P-value 0.000 < 0.05).Therefor, all of them are rejected showing that they have either positive or negative significant roles for youth revolving fund loan repayment performance. Based on the current results the following can be concluded about the role of MSEs Regulatory Framework on Youth Revolving Fund loan repayment performance,

The MSEs Regulatory Framework has not established tailored and sufficient pieces of training for borrowers' group members and credit officers of OCSSCo on entrepreneurship skills, financial management skills, and record-keeping to improve loan repayment performances and its sustainability. The finding showed that borrowers were given three days of basic entrepreneurship training in their business life. In Ethiopia, however, qualified YRF beneficiaries are required additionally to receive business management training, for at least one month (Kefale et al., 2010). (2021).This may be one reason for low YRF loan repayment performance keeping other things constant. Moreover, the repayment schedule was not set considering the borrowers' business type and its revenue cycle; however, loan officers were not reminding them to make the loan repayment in advance but came to tension the borrowers when instructions were passed from the head office on loan repayment status. As a result, borrowers did not want to see loan officials and hide from their sight whenever they may come to their businesses. Furthermore, the regulatory system was not made by loan officers of YRF to be responsible in their service to discourage corruption. The Implementation of the fund has also became susceptible to corruption as the body responsible for managing the fund is also responsible for following up on the implementation and there was not integration and collaboration among the bodies mandated for fund implementation as per proclamation No.995/2017.

5.2. Recommendations

Based on the above conclusion, the current study makes recommendations to the government (policy makers) directly or indirectly involved in the decision related to Youth Revolving Fund loan to enhance repayment performance and its sustainability.

The government should redesign an alternative exit strategy (relief) for fund released in the first two years (2017 and 2018) as the problems of default was not only from the side of borrowers but also from the government (especially at a low level of administration) and was became one reason for migration and losses of life of many productive youths. The government should also revisit the existing pseudo 'MSEs Regulatory Framework', restructure and create workable MSEs Regulatory Framework that can be implemented practically and may play significant roles for YRF sustainability and also help borrowers create viable own jobs, and thereby changing their standards of living, curbing poverty and contributing to both economic and social development of Ethiopia in general and Oromia Regional State in particular.

5.3. Areas for further studies

The current study has some limitations that were not covered in this study but can be an opportunity for future research. Accordingly, the following is areas of recommendation for further studies:

- There is a need to do a comparative study effect of MSEs regulatory framework on loan performance and the sustainability of YRF urban versus rural beneficiaries.

5.4. Limitation of Study

Similar to any other studies, the current study is not free of limitations. The resistance to fill questionnaire by some respondents because of fear problems of COVD-19 and difficulty to get respondents in sample zones as they hide from the sight of government officials and OCSSCo employees or changed their living places to escape from loan repayments were among the major limitation of this study.

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Disclosures and declarations

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