

Influence of Monitoring and Evaluation on Financial Sustainability of Youth Group Projects Funded by Youth Enterprise Development Fund in Maara Sub-County of Tharaka Nithi County

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Abstract

Global economic crisis has produced a large cohort of unemployed youth, who in 2009, stood at around 181 million worldwide. The Kenyan ministry of youth affairs was created in December 2005 with a mandate to fully develop the potential of the youth as well as prepare and engage them in the socio- economic development of Kenya. Specific priority areas include empowering the youth to engage in economic activities through training and funding of youth projects, creating employment opportunities that benefit the youth and providing the youth with necessary financial support and market linkages to their products. To ensure the youth get access to cheap loans, the youth enterprise development fund was created in December 2006 through a legal notice. Many developing countries continue to spend scarce resources on youth loans that have no proven impact. It is surprising that in spite the introduction of youth funds, many youths still struggle to get employment. Thus, this study was set to establish the influence of monitoring on financial sustainability of youth projects funded by YEDF in Maara Sub-County, TharakaNithi County, Kenya. The study established that youths not only require funding but also supervision in form of monitoring and evaluation of the projects invested in by the funding financial firms to increase the success of such projects. The results show that there was a statistically significant positive correlation between current ratio and groups where projects funded by YEDF are often monitored and evaluated by the officials from government($r = 0.276$ at $p = 0.030$). This implies that groups where projects funded by YEDF are frequently monitored often record better financial outcomes as opposed to those where monitoring and evaluation of such projects are rarely monitored and evaluated.

Background to the study

UNICEF (2009) notes that the global economic crisis has produced a large cohort of unemployed youth, who in 2009, stood at around 181 million worldwide. For those who are employed, decent work is scarce. As at 2011, the global economic outlook remained highly uncertain and the possibility of a prolonged economic malaise with negative implications for economic progress in many countries still loomed (UNICEF, 2011). Over the past 10 years, many countries have adopted innovative and successful initiatives to encourage youth participating in development.

Pursuant to the above, the Kenyan ministry of youth affairs was created in December 2005 with a mandate to fully develop the potential of the youth as well as prepare and engage them in the socio- economic development of Kenya. Specific priority areas include empowering the youth to engage in economic activities through training and funding of youth projects, creating employment opportunities that benefit the youth and providing the youth with necessary financial support and market linkages to their products. To ensure the youth get access to cheap loans, the youth enterprise development fund was created in December 2006 through a legal notice. YEDF (2010) estimated that the youth account for 61% of the unemployed in Kenya and number 13 million. Information available on the YEDF website shows that the Kenyan government has so far released Ksh. 3.8 billion to the fund which has so far financed 157,000 youth enterprises thus helping create over 300,000 jobs in five years . In a country where the number of unemployed youth is estimated at 8million (YEDF, 2010), creation of 300,000 jobs is like a drop in the lake. At this rate, the youth fund may never create the 8 million jobs needed.

Many developing countries continue to spend scarce resources on youth loans that have no proven impact. Simon andKenyon(2009)concur and points out that the authorities have not been keen to increase the rate of youth loan absorption and the survival rate of new youth enterprises. It is surprising that in spite the introduction of youth funds, many youths still struggle to get employment. Simon andKenyon(2009)and Kimando, Njogu and Kihoro, (2012) reported that most of the youth projects funded by YEDF have low survival rates and in most cases the youths are unable to repay the loans. Consequently, the youth continue languishing in poverty (Gachuru&Mwirigi, 2014). However, Simon et al (2009) did not provide answers to the low survival rates of youth enterprises funded by YEDF. Thus, this study was set to establish the

influence of monitoring on financial sustainability of youth projects funded by YEDF in Maara Sub-County, TharakaNithi County, Kenya.

Impact of monitoring and evaluation on the Sustainability of youth projects

Greene (2009) assessed the impact of different evaluation methodologies on UK enterprise program. The study indicated that different evaluation methodologies generate radically different evidence of the impact of the program. Greene (2009) established that simpler forms of evaluation tend to provide positive support for this program, whereas more sophisticated evaluations are not so positive. Once youths access YEDF, it is unclear whether the government has modalities of monitoring and evaluating the funded projects. If this is done, it is also unclear the methods used to monitor and evaluate in addition to the effects of the monitoring and evaluation processes. Thus, there is need to carry out a systematic study to provide empirical data on these issues.

According to Amenity et al (2011), lack of frequent monitoring and evaluation is a challenge to the YEDF and to a very high extent affects its implementation. The YEDF officers do not provide adequate guidance on YEDF activities to the youth and there is lack of follow-up on loan beneficiaries (Amenya et al., 2011). A study by Odhiambo et al (2013) established that lack of adequate repayment structures and lack of repayment avenues was a problem. This could be a result of lack of monitoring of the projects funded by YEDF. To improve on the viability of the youth enterprises, Odhiambo et al (2013) proposed that there was need for the Government to aggressively market the youth products, engage the youth entrepreneurship training before and after obtaining the loans and to provide necessary market information to the youth so as to gain competitive advantage in their areas of operation. This point out the need for constant monitoring and evaluation of the projects funded by YEDF. Thus, this study seeks to establish the influence of monitoring and evaluation on the success of projects funded by youth enterprise development fund.

Waithera and Wanyoike (2015) investigated the influence of project monitoring and evaluation on performance of youth funded agribusiness projects in Bahati Sub-county, Nakuru Kenya. The study indicated that most of youths do not consider monitoring and evaluation as an important

phase in the project. This study showed that only the training of staff had a statistically significant influence on project monitoring and evaluation performance of youth funded agribusiness projects (p value of 0.01, <0.05). The study concluded that youth fund managers should consider offering short, formal monitoring and evaluation training courses to all youth groups that apply for the funds.

Monitoring and evaluation is crucial part of the management cycle including in planning and design of projects (Gyorkos, 2003). Project planners should align monitoring and evaluation activities into the project plan with such elements included as persons to carry out the evaluations, frequency, budget for the activities as well as specification on how to report and use the findings. Evaluation is a tool which is used for providing knowledge in order to allow continued implementation. Ex-post evaluation can also be used for impact assessment. Jody and Ray (2004) identified complementary roles of the two functions. Information from monitoring feeds evaluation in order to acquire an understanding and acquire lessons in the middle or at the end of the project with regards to what went right to wrong for the learning purpose. This could aid in the redesigning of the project.

RESEARCH GAP

Once youths access YEDF, it is unclear whether the government has modalities of monitoring and evaluating the funded projects. If this is done, it is also unclear the methods used to monitor and evaluate in addition to the effects of the monitoring and evaluation processes. Thus, there is need to carry out a systematic study to provide empirical data on these issues.

Results and Findings

Monitoring and evaluation of youth projects and sustainability of the projects

The study sought to establish the influence of monitoring and evaluation of youth projects funded by YEDF on the sustainability of the projects. The results are summarized in Table 4.7.1.

Table 4.7.1: Influence of monitoring and evaluation of youth projects funded by YEDF on the sustainability

Statement	SA		A		U		D		SD	
	F	%	F	%	F	%	F	%	F	%
Projects funded by Youth enterprise development fund are often monitored and evaluated by the officials from government	74	55.5	42	31.7	17	12.8	0	0	0	0
Projects funded by Youth enterprise development fund are less monitored and evaluated than those funded by other lending institutions	35	26.6	17	13.1	17	12.8	63	47.6	0	0
Monitoring and evaluation by lending organization often increases the success of the funded projects	39	29.0	78	58.3	17	12.8	0	0	0	0
Lack of monitoring and evaluation of projects funded by Youth enterprise development fund often leads to diversion of the funds to other projects other than those funded for	74	55.5	17	13.1	17	12.8	0	0	25	18.6
Lack of monitoring and evaluation of projects funded by Youth enterprise development fund often results in the collapse of the projects	74	55.5	17	13.1	17	12.8	0	0	25	18.6
Lack of monitoring and evaluation of projects funded by Youth enterprise development fund often results in the disintegration of the group	82	61.4	34	25.9	17	12.8	0	0	0	0

The results in table 4.7.1 shows that 55.5 percent of the youths strongly agreed and 31.7 percent of them agreed projects funded by Youth enterprise development fund are often monitored and evaluated by the officials from the government. This implies that there are some form of monitoring and evaluation of the projects funded by YEDF. This view was supported by 47.6 percent of the youths who disagreed that projects funded by Youth enterprise development fund are less monitored and evaluated than those funded by other lending institutions. The finding

differs from Amenya et al (2011) who reported that lack of frequent monitoring and evaluation is a challenge to the YEDF and to a very high extent affects its implementation.

The results further indicated that 58.3 percent of the youth agreed and 29 percent of them strongly agreed that monitoring and evaluation by lending organization often increases the success of the funded projects. This implies that youths not only require funding but also supervision in form of monitoring and evaluation of the projects invested in by the funding financial firms to increase the success of such projects. This assertion is supported by the information in Table 4.7.1 which shows that 55.5 percent of the youths strongly agreed that lack of monitoring and evaluation of projects funded by Youth enterprise development fund often leads to diversion of the funds to other projects other than those funded for. This implies that without proper monitoring and evaluation of the projects funded, the youths might not implement the projects which the funds were intended for to completion. This supports Waithera and Wanyoike (2015) study finding which indicated that most of youths do not consider monitoring and evaluation as an important phase in the project. This may result in failure by the government to realize its goals of empowering youths through YEDF. This argument was supported by 55.5 percent of the youths who strongly agreed that lack of monitoring and evaluation of projects funded by Youth enterprise development fund often results in the collapse of the projects. The assertion was further augmented by 61.4 percent of the youths who strongly agreed that lack of monitoring and evaluation of projects funded by Youth enterprise development fund often results in the disintegration of the group.

4.7.1 The influence of monitoring and evaluation on financial sustainability

The study sought to influence of financial monitoring and evaluation on financial sustainability of the youth group projects. This is explained in table 4.7.2

Table 4.7. 2 Correlation between monitoring and evaluation and financial sustainability (current ratio)

		Current ratio
Projects funded by YEDF are often monitored and evaluated by the officials from government	Pearson Correlation	.276
	Sig. (2-tailed)	.030
	N	133
	Pearson Correlation	-.567

evaluated than those funded by other lending institutions	Sig. (2-tailed)	.014
	N	133
	Pearson Correlation	.412
Monitoring and evaluation by lending organization often increases the success of the funded projects	Sig. (2-tailed)	.016
	N	133
	Pearson Correlation	-.393
Lack of monitoring and evaluation of projects funded by YEDF often leads to diversion of the funds to other projects other than those funded for	Sig. (2-tailed)	.043
	N	133
	Pearson Correlation	-.627
Lack of monitoring and evaluation of projects funded by YEDF often results in the collapse of the projects	Sig. (2-tailed)	.001
	N	133
	Pearson Correlation	-.220
Lack of monitoring and evaluation of projects funded by YEDF often results in the disintegration of the group	Sig. (2-tailed)	.001
	N	133

The results show that there was a statistically significant positive correlation between current ratio and groups where projects funded by YEDF are often monitored and evaluated by the officials from government ($r = 0.276$ at $p = 0.030$). This implies that groups where projects funded by YEDF are frequently monitored often record better financial outcomes as opposed to those where monitoring and evaluation of such projects are rarely monitored and evaluated. The results also indicated that groups where projects funded by YEDF are less monitored and evaluated than those funded by other lending institutions are negatively and significantly correlated with current ratio ($r = 0.567$ at $p = 0.014$). This implies that evaluation and monitoring is essential for financial sustainability of projects funded by YEDF. The results further indicated that there was a positive significant correlation between youth groups where monitoring and evaluation by lending organization often increases the success of the funded projects and current ratio ($r = 0.412$ at $p = 0.016$). This implies that monitoring and evaluation is vital for the sustainability of group projects. The findings also showed that there is a weak negative correlation between groups where lack of monitoring and evaluation of projects funded by YEDF often leads to diversion of the funds to other projects other than those funded for and current ratio ($r = -0.393$ at $p = 0.043$). This implies that lack of monitoring and evaluation of projects funded by YEDF is detrimental to financial sustainability of such groups. In addition, the results indicated that there is a weak negative correlation between a group where lack of

monitoring and evaluation of projects funded by YEDF often results in the collapse of the projects and current ratio ($r = -0.627$ at $p = 0.001$). This is an indication that without monitoring and evaluation group projects are likely to collapse and hence result in inability of the group to be financially sustainable. The study further established that there is a weak negative correlation between a group where lack of monitoring and evaluation of projects funded by YEDF often results in the disintegration of the group and current ratio ($r = -0.220$ at $p = 0.001$). This is an indication that monitoring and evaluation of projects funded by YEDF is essential in ensuring sustainability of group projects.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary of the Study Finding

The objective sought to establish the influence of monitoring and evaluation of youth projects funded by YEDF on the sustainability of the projects. The study found out that there are some form of monitoring and evaluation of the projects funded by YEDF. It was further established that monitoring and evaluation by lending organization often increases the success of the funded projects. It further emerged from study findings that lack of monitoring and evaluation of projects funded by Youth enterprise development fund often leads to diversion of the funds to other projects other than those funded for or collapse of the funded projects.

CONCLUSION

Monitoring and evaluation of youth projects funded by YEDF increases the success of the funded projects and reduces instances of diverting funds to other projects other than those funded for or collapse of the funded projects

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