

**WOMEN DEVELOPMENT CREDIT FACILITY FUND AND POVERTY
REDUCTION: CASE OF WOMEN IN MOROGORO RURAL DISTRICT**

BY

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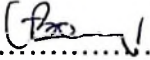
ABSTRACT

This study aimed to assess the contribution of Women Development Fund credit facility to poverty reduction in Morogoro rural district. The specific objectives of were to: examine the access to WDF credit facility; assess performance of income generating activities supported by Women Development Fund; assess repayment and default rates; assess the contribution of credit to reduce poverty in terms of income and food security. A cross sectional research design was adopted involving 120 respondents, where 60 were credit recipients of WDF and the other 60 were non-credit recipients. Multistage simple random sampling technique was used to select wards, while simple random sampling was adopted to select the respondents. Data were collected using structured questionnaire. Cross tabulations and t-test methods were used to analyze data. The study revealed that income-generating activities were performed by people of all ages but the largest age category was that of active and economically productive (18-45) years with low education level. The study identified the type micro-enterprises operated were retail stalls 'genge' food vendors, dried maize selling, selling of used clothes 'mitumba' charcoal and fire wood selling, farming and selling of soft drinks which were undertaken as source of employment and income to sustain life. The findings indicated that income-generating activities were started using mean initial capital of 9 518 Tshs, which changed significantly to mean capital of 43 567 Tshs two years after obtaining credit. The study revealed that the respondents earned mean income of 6 075 Tshs before credit, which changed significantly to mean income of 18 283 Tshs per week two years after receiving credit. Result findings showed that most of the income accrued from the enterprises were used for household consumption and purchasing some household assets. These findings revealed that respondents acquired mean asset value of 69 993 Tshs before receiving credit, which

changed significantly to 178 118 Tshs two years after credit. Study findings revealed that credit were always in short supply and business training was a limiting factor to do better. The study recommended that women who operate micro-enterprises for income generation need to have certain fundamental training so as to run profitably.

DECLARATION

I, GRACE BERNARD MACHA, do hereby declare to the Senate of Sokoine University of Agriculture that, this dissertation is my own original work and has not been submitted for a higher degree award in any other university.

Signature 

Date 17/11/2006

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DEDICATION

This work is dedicated to my Husband Kenneth and our daughters Amanda and Lisa for their love and patience during the entire period of my study.

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LIST OF ABBREVIATIONS

AFREDA	-	Action for Relief and Development Assistance
BNA	-	Basic Needs Approach
IGAs	-	Income Generating Activities
ILO	-	International Labour Organization
LICs	-	Low Indebted Countries
MCDGC	-	Ministry of Community Development, Gender & Children
MDG	-	Millennium Development Goal
NSGRP	-	National Strategy for Growth & Reduction of Poverty
ROSCAs	-	Rotating Savings & Credit Associations
SACCOS	-	Saving and Credit Cooperative Society
SAPs	-	Structural Adjustment Programme
SHO	-	Self Help Organization
TGNP	-	Tanzania Gender Networking Programme
UNDP	-	United Nations Development Programme
UNICEF	-	United Nation Children's Fund
URT	-	United Republic of Tanzania
WDF	-	Women Development Fund (Tanzania)
WID	-	Women in Development

CHAPTER ONE

INTRODUCTION

1.1 Background

Poverty is the major problem facing many societies in the world, particularly the Third World. Poverty concerns with income, assets, health, life expectancy, diet, shelter, education, security, access to vital resources and other aspects of living standards (Clack, 1991). According to United Republic of Tanzania (URT, 1999) poverty has been defined as a state of deprivation and prohibitive of decent life that results from many mutually reinforcing factors, including lack of productive resources to generate material wealth.

The World Bank indicators of poverty show that in Tanzania poverty is largely a rural phenomenon as the majority of the people in rural areas live on less than 1 US\$ a day at 1993/94 prices (UNDP, 1995). The UNDP (1995) report notes that, by the early to mid 1990s globally the rural population that lived in extreme poverty represented 59%. The rural areas compared to urban are generally less well endowed with facilities and institutions conducive to economic development. This situation leads to income and non-income dimensions of deprivation. Extreme poverty is a worldwide issue, so Millennium the Development Goals (MDG) were formulated, one of which is to eradicate extreme poverty and hunger. The target is to halve between 1990 and 2015, the proportion of those whose income is less than 1US\$ a day and those who suffer from hunger.

There is substantial evidence that women have consistently been marginalized in the development process in the Third World countries (Pearson, 1992). One reason for such a feature is that economic, social and cultural factors in the third world are in a situation in which most development efforts have tended to discount the potential social and economic

women, to date it is not clear as to what extent the credit have influenced poverty reduction.

1.2 Problem Statement and Justification

Although Women Development Fund credit is meant for helping women to reduce poverty, its contribution to poverty reduction is not clearly known. Further, a number of complaints have been raised against the Fund including low amount of credit disbursed to recipients. According to the Women Development Fund report of 2003, maximum amount of money offered to a group of five women was Tshs. 250 000.

So far very little has been reported on the nature of women development fund activities, coverage, mode of operation and performance. In order to fill part of that information gap this study aim at assessing the contribution of Women Development Fund credit on poverty reduction. The information will be vital to policy makers for the purpose of promoting the development of this sector and the livelihoods of its clients. The findings will be useful in terms of providing some improvements in this area and in showing the possibility for policy improvements. It would establish further factors affecting the implementation and sustainability of income generating activities funded by women development fund in fostering women's empowerment so as to increase their contribution in the process of poverty reduction.

1.3 Objectives of the study

1.3.1 Overall Objective

To assess the contribution of Women Development credits facility Fund to poverty reduction.

1.3.2 Specific Objectives

- i. To examine access to Women Development Fund credit.
- ii. To assess performance of income-generating activities supported by Women Development Fund.
- iii. 3. To assess repayment and default rates.
- iv. 4. To assess the contribution of credit to reduce poverty, in terms of income and food security.

1.4 Hypotheses

1.4.1 Null Hypothesis - H_0

WDF have no effect on poverty reduction

1.4.2 Alternative Hypothesis – H_1

WDF have an effect on poverty reduction.

1.5 Conceptual Framework

Current literature indicates that poverty is increasingly being perceived as a multi-dimensional and contextual phenomenon. However, conventional measures for poverty mostly rely on income or consumption data (Ravonborg and Sano, 1994). Poverty reduction of the target population can be influenced by access to credit facilities as source of capital. As illustrated in the figure, credit creates cash income through income generating activities thus meeting household expenditures (as school fees/uniforms, food and other assets). The expected outcome after meeting household expenditure will be poverty reduction.

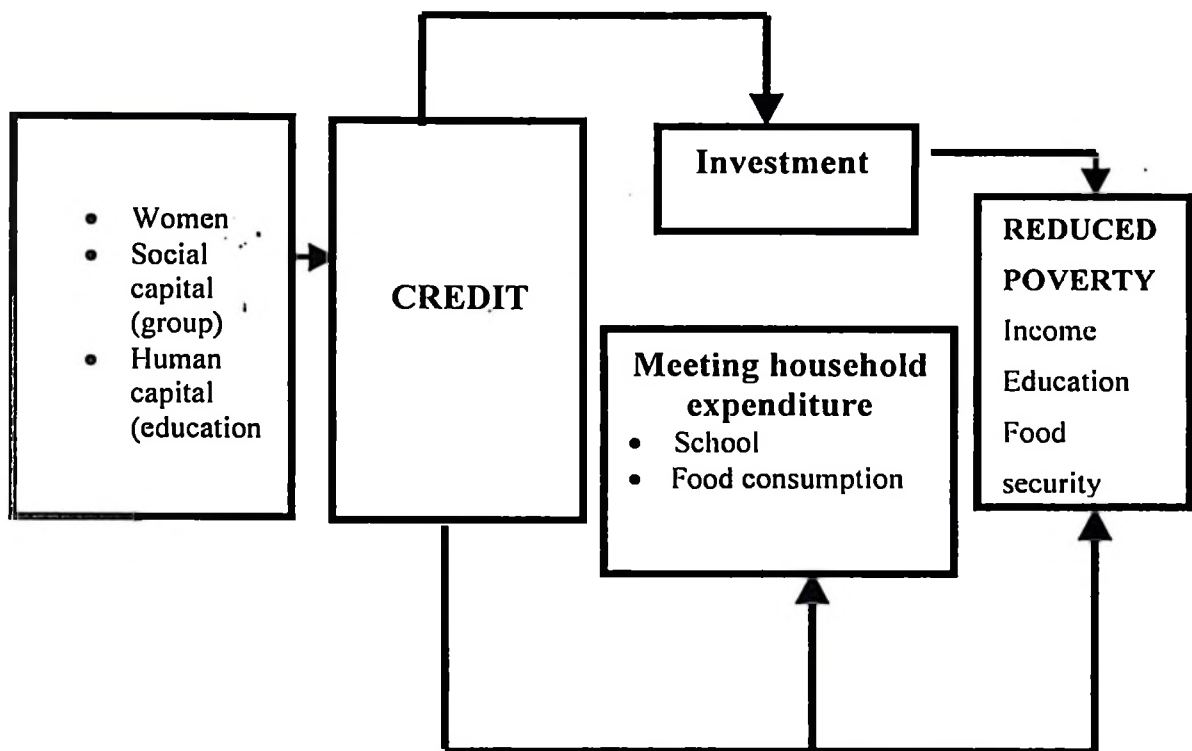


Figure 1: Conceptual framework

CHAPTER TWO

LITERATURE REVIEW

2.1 Concept of poverty

Various definitions of poverty have been given. They can be grouped into two categories absolute and relative. A practical and commonly used definition of absolute poverty is inability to attain a specified (minimum) standard of living (World Bank 1990, Atkinson, 1991). The definition focuses on the absolute economic well being of the poor in isolation from the welfare distribution of the entire society. It implies knowledge of the minimum standard of living, commonly referred to as the poverty line. Poverty line, commonly expressed in real terms, is normally held constant in the short run, but is adjusted in the medium to long term to reflect changes in a country's priorities and level of development (Atkinson, 1991). Poverty line can be specified following the basic needs approach in which the minimum standard of nutrition and other non-food basic necessities are included ILO (JASPA, 1982). The advantage of using the absolute poverty approach is that changes in the welfare position of the poor can be traced and the extent of poverty reduction can be measured.

The relative poverty approach focuses on the economic well being of the poorest percentage of the population. It takes into account the welfare distribution of the entire society. The population share of the poor is held constant as the average level of welfare changes. This approach is appealing, both socially and politically because individuals relate to others at all levels of economic well being, implying that poverty is a dynamic concept which changes with time and space as well as the level of education and communication. Improved education and communication expand the poor reference group by raising awareness of the standard of living in other societies. However the

requirements level of poverty line. Poverty line is the amount of income necessary to purchase the minimum food and non-food requirements.

Poverty reduction refers to lifting the poor out of poverty. There are two approaches towards poverty reduction that have received attention of those concerned with poverty issues (Mtatifikolo, 1994). One approach is poverty reduction through growth and the second is through redistribution. In the growth approach, it has been assumed that governments should concentrate on growth policies and the results of growth will “trickle down” to the poor through primary and secondary incomes hence reduction poverty. In the redistribution approach poverty will be reduced through special programmes and donor projects. As for the effectiveness of the two approaches, (Mtatifikolo, 1994) argues that growth and its “trickle down” effect make the redistributive strategy to be more practical for reducing poverty. Disbursing of income/resources to the poor and raising the required resources from the non-poor seem to be less costly and efficient in reduction of poverty. Caution has however to be taken in targeting the poor to avoid corruption and manipulation of funds. In Tanzania both approaches of poverty reduction have been used. Credit schemes for low-income women are within the framework of the redistribution approach.

2.3 Women and Poverty Reduction in Tanzania

The concern for women in poverty reduction efforts in Tanzania is important because women continue to be the most disadvantaged group (Misana, 1995; URT/UNICEF, 1990). Globally, the issue of women and poverty requires special consideration because women and girls of poor rural households bear a disproportionately high share of burden of poverty. This is manifested in the nature of women’s work in agriculture; women’s

unequal access and lack of control over cash and its implication in poverty reduction as well as the nature of women's domestic and reproductive work (Batliwala, 1983). In measuring poverty or wealth of women, the level of their access to and control over resources must be considered. This is because from a gender perspective, power over resources is a key factor on poverty (Mbughuni, 1994). This view has led to the realization by many people that without a critical analysis of gender relationships in society and without overcoming the constraints that mitigate against women, poverty reduction programmes will continue to benefit more men than women (Misana, 1995).

While poverty affects households as a whole, gender division of labor and women's responsibilities for household welfare makes women bear a disproportionate burden in reducing poverty. For example, trade liberalization policy in Tanzania removed price control and subsidies. The policy has affected women more because they are the immediate food suppliers at the household level. Poverty is perceived and experienced differently by men, women and different social classes (Mbughuni, 1994; Misana, 1995). The controller of resources has more power in poverty reduction and thus, as Misana (ibid) argues; there is need of poverty reduction policies and programmes to be gender sensitive.

In relating poverty to gender and social groups, Mwaipopo (1994) argues that within gender analysis, manifestations of poverty are largely associated with inequalities in gender as well as between social classes. This view is widely accepted. For example, in outlining the strategies for incorporating women in economic development, the World Bank suggests among other strategies, the need of studying and considering gender relations in as far as access to and control of resources for reduction of poverty are

concerned. Women's reproductive roles can be a hindrance to poverty reduction. Observations on this issue show that woman's reproductive responsibilities related to childbirth and childcare cause absenteeism and lower participation in income generating activities and in employment for those women who have wage employment (TGNP, 1993).

2.4 Gender Analysis in Business

Gender relations can also be traced in the development of the culture of women involvement in small businesses and micro enterprises for income generation. Traditionally women in Tanzania used to be confined entirely to the agricultural sector and not in wage labor until after independence in 1961. It has been observed however that those who managed to establish themselves in urban areas were very much marginalized (Gaidzanwa, 1993). Such women used to squeeze themselves into fringe activities such as food selling, beer brewing and prostitution. Gaidzanwa (ibid) also observes that in rural areas, women could not establish their own trades on land except for those engaging themselves in the husbands' activities as family unpaid workers in farms, shops and crafts production.

The economic recession in the mid 1970s and early 1980s had an implication on gender relations and entrepreneurship. Women in many areas seized the opportunity to start IGAs such as production of tie and dye clothes, buying of grains from grain producing regions and selling them in non-producing regions. It has been argued that the recession had a positive gender impact because it created conditions necessary for mobilizing women's entrepreneurship outside the contours habitually delineated by the accepted division of gender roles (Gaidzanwa, ibid). This complements the theory that gender relations are

constructed and reconstructed depending on the changes in economic and historical events in society.

Using gender to analyze loan risks, Goetz and Gupta (1994) have observed that women may be preferred to men as participants in micro credit programmes because women are seen to be more reliable and tractable and are easier for field workers to access. In spite of the obvious merit of development policies, which give priority to assisting women to start IGAs, some scholars (Pearson, 1992; Commack, 1988) have argued that there is considerable concern among development practitioners about the lack of understanding by policy makers of gender relations and how they affect women negatively. For example, in the implementation of Structural Adjustment Programmes (SAPs) in Third World countries, it has been observed that as the total amount of goods and services a household can afford to buy falls, the share of women and girls of these shrinking resources has also tended to decline further.

In line with the above observation, Pearson (1992:113) points to the need of looking at the question of development through the perspective of gender relations. In order to effect change in the development process and hence reduce poverty among women and in households, changes in gender relations must be made first. Research and studies in Tanzania are very elaborate and vocal on gender relations (see for example TGNP,(1993); Mbughuni, 1994, Mbilinyi, 1992; Misana, 1995; Muro, 1994 and Omari, 1991). Looking at women engaged in small business and micro enterprises in developing countries, it could be concluded that they encounter a number of gender-based problems.

(ROSCAs) and parastatal, government and non-governmental organizations (NGOs). The semi formal financial institutions mainly focus on income generating activities for youth and women who are the most disadvantaged groups in poor societies (Dichter, 1999). Disregarding their internal differences, the majority of credit funds are based on savings (Sumay, 1999). There are some successful examples of semi formal institutions such as Oxfam, Pride Tanzania and many others (Sumay, 1999). Women Development Fund (WDF) is one of these semi formal sources.

2.5.3 Informal sources

Informal sources or informal financial institutions refer to all transactions, loans and deposit occurring outside regulation of a central monitoring and supervisions organ (Chijoriga and Cassimon, 1999). Levitsky (2000) also considers the sources as financial markets that include mutual support groups and individual financial brokers (moneylenders). Operations of informal sources are frequently more cost effective and useful for poor than those of formal credit sources. In most cases collateral and repayment conditions are flexible, which is an advantage for those without collateral. Informal source have high interest rates rising to 100% a month (Levitsky, 2000). However repayments remain high because of the personal nature of the finance and credit transactions, which are largely conducted on the basis of the trust and intimate knowledge of customers (Kashuliza, 1993, Bagachwa, 1995).

2.6 The informal sector

Generally the informal sector has been referred to as those traders and service workers from whom the state receives no revenue (Kerner, 1988). Informal sector is described as activities that operate largely outside the system of government benefit and regulation

(ILO, 1990; Maliyamkono and Bagachwa, 1990). These activities include income-generating activities outside modern contractual relations of production and all production and exchange activities which, given current conventions, are not measured by national accounts statistics (Maliyamkono and Bagachwa, 1990).

According to the Labour Force Survey of 1990/1991, informal sector in Tanzania refer to persons employed in privately owned enterprise having not more than five-paid employee (URT, 1991). Included in this category are persons engaged in activities undertaken at a market place, as well as domestic servants in private households. Accordingly, persons employed in the informal sector were defined as a subset of unincorporated enterprises owned by a households, i.e. as a sub set of production units which are not constituted as separate legal entities independently of the households or household members who own them. The activities may be undertaken inside and outside the business owners' home. They may be carried out in identifiable premises or without fixed location.

2.7 Women's Income Generating Activities (IGAs) in Tanzania

Income generating activities for women in Third World countries arose in the context of the Basic Need Approach (BNA) within the dominant concept of WID that emerged in the early 1970s (Mbughuni, 1994). This was a response to growing evidence that economic and social development efforts had not benefited women as much as men (Muro, 1994; Mbilinyi, 1992). The BNA emphasizes the reduction of income inequities between men and women. It is for this reason that women in Tanzania have for a long time now been encouraged to undertake IGAs so as to realize cash income of their own for supplementing their household income and improve their standard of living.

With the growing importance of the informal sector in Tanzania and the vital contribution of this sector to the national GDP, women's IGAs are encouraged since they contribute immensely in terms of providing basic goods and services to the majority of low-income groups in Tanzania (Maliyamkono and Bagachwa, 1990; Omari, 1991). Accordingly, women have been very active in the informal sector since the 1980s. More than 5 440 000 women are engaged in this sector (Planning Commission, 1991). The Planning Commission further reports that the informal sector is one of the required actions in order to reduce poverty. Enabling low-income women to have access to financial credit is thus one of the right interventions.

However, targeting women is far from being adequate. It should be accompanied by macro-policies leading to economic growth, which should in turn expand employment, productivity and wages of the poor. Public resources should be channeled in expanding human development. Furthermore, governments have the responsibility to address structural inequalities in the distribution of assets especially land, housing and social services.

Studies on women's IGAs in Tanzania also indicate that their outcome is constrained by some degree of women's lack of access to capital; raw materials; skills and technology (Mbughuni, 1994). There is also some gender specific limitations like lack of free time; restricted mobility; misuse of resources by husbands; various forms of officialdom and welfare orientedness of the connected (Mbughuni, *ibid*). Yet other limitations are cultural, religious and ideological systems prevailing in a society.

Generally, as noted in literature review that improved education and communication expand the understanding of the poor reference group (women) by raising their awareness and the standard of living. In reality majority of rural women lack basic education which is a factor to comprehend further education including business ventures. The approach of poverty reduction through growth, which assumes that government should concentrate on growth policies and the results of growth, will “trickle down” to the poor through primary and secondary income and hence poverty reduction is still doubtful. This assumption did not work because most of the policies need sufficient funds to be implemented, which is again a limiting factor.

Basic training to women who acquire funds to operate income generation activities is important to enable recipients to run profitably as poverty reduction is attended. The training should be backed up with market and financial information. Little information is available on which category of women should secure credit and from which type of financial institution (i.e. informal, semi formal or formal). The study found issues of training (management and operation skills) to be important when poverty reduction issues are addressed.

CHAPTER FOUR
RESULTS AND DISCUSSION

4.1 Socio-economic characteristics of respondents

4.1.1 Age of respondents

Survey results indicated that about 38.0 % of credit recipients were at age 18-27 years while about 55.0% of non-recipients were at age 28-37 years followed by 30.0% of credit-recipients at age 28-37 years and 31.6% of non-recipients at age 18-27 years. At the age of 48 years and above the percentage drops as it is only 11.6% and 1.6% of recipients and non-recipient respectively (Table 1). It was also noted that respondents aged above 48 years operate some kind of micro-enterprises such as farming and is normally for home consumption.

Table 1: Distribution of respondents by age (n=120)

Age (years)	Recipients		Non-recipients	
	N	%	n	%
18-27	23	38.4	19	31.6
28-37	18	30.0	33	55.2
38- 47	15	25.0	7	11.6
48 and above	4	6.6	1	1.6
Total	60	100.0	60	100.0

4.1.2 Marital status of respondents

Table 2 reveals the distribution of respondents by marital status. The results show that 61.7% of recipients are married, 18.3% are single and the remaining 13.3% and 6.7% are widowed and divorced/separated respectively. Among non-recipients 60.0% are married and 23.3% are single. This implies that majority of the respondents are mature people who have responsibilities to themselves and their families. They operate these micro-enterprises as source of income and employment to fulfill daily needs for themselves and other family members.

Table 2: Distribution of respondents by marital status (n=120)

Marital Status	Recipient		Non-recipient		Total
	n.	%	n	%	%
Single	11	18.3	14	23.3	20.8
Married	37	61.7	36	60.0	60.9
Divorced/separated	4	6.7	6	10.0	8.3
Widow	8	13.3	6	6.7	10.0
Total	60	100.0	60	100.0	100.0

4.1.3 Type of household

Results on the type of household of respondents are presented in Table 3 where it shows that 61.7% of recipient households and 35.0% of non-recipients are male headed. The remaining 38.3% and 41.7% are female-headed household for recipients and non-recipients respectively. This implies that inspite of majority of respondents' households being headed by males, women are engaged in micro-enterprise activities. As it has been

noted previously women in the study area play a bigger role in sustenance of family needs than men.

Table 3: Distribution of respondents by type of household (n=120)

Type of household	Recipient		Non-recipient		Total
	n	%	n	%	%
Female headed	23	38.3	25	41.7	40.0
Male headed	37	61.7	35	58.3	60.0
Total	60	100.0	60	100.0	100.0

4.1.4 Level of education

Distribution of respondents by level of education is presented in Table 4 where it is shown that 93.0% and 91.7% of recipients and non-recipients respectively had completed primary education while 1.7 % and 3.3% had secondary education level (form two) and only 5.2% and 5% had no formal education. It shows that majority had primary education ranging from STD 4- 7. Mbilinyi (1997), observed that women's limited access to education in comparison to men means that the majority of them end up in jobs that require minimal skills. It is a conventional belief that basic education helps to comprehend further education including in business and an educated person is capable of making better decisions. Such result indicates that most of these entrepreneurs are not competent in business, which is obvious a constraint to micro-enterprise performance. This evidence calls for a need for sustainable basic business training by micro-credit providers.

Table 4: Distribution of respondents by education level (n=120)

Level of education	Recipient		Non-recipient	
	N	%	n	%
No formal education	3	5.2	3	5.0
Standard 4-7	54	93.0	55	91.7
Form 2	1	1.8	2	3.3
Total	58	100.0	60	100.0

4.1.5 Family size

Findings show that about 42% of respondents reported a household size of 4-5 members while 32.5% had households with 1-3 members and 19.16% had 6-7 members. Mean family size was found to be 4 people per household (Table 5). This factor contributes to low capital generation because income that is generated by the micro-enterprise is also used at home to sustain family needs. The larger the family size the more household expenditure is required to keep up the family.

Table 5: Distribution of respondents by family size (n=120)

Family size	n	%
1-3	39	32.5
4-5	51	42.5
6-7	23	19.2
8 and above	7	5.8
Total	120	100.0

4.1.6 Main occupation of respondents

Results in Table 6 indicate that 90.0% of the respondents are engaged in non-farm activities and only 10.0% are farmers. It was reported that no respondent had formal employment in the study area. It is noted that respondents decided to join the non-formal sector as source of employment to sustain life.

Table 6: Distribution of respondents by their main occupation (n=120)

Main occupation	n	%
Non-farm activities	108	90.0
Both farming and non-farming	12	10.0
Total	120	100.0

4.2 Micro-enterprise capital and access to credit

4.2.1 Type of micro-enterprise

Results in Table 7 present type of micro-enterprises operated by respondents. It is shown that 40.0% of respondents are food vendors followed by 30.0% who have retail stalls '*genge*', and then 10.8% who were selling second hand clothes. The remaining 19.2% were dealing with selling dried maize, dried fish, snacks, broiler keeping and farm activities. This distribution is attributed to the fact that food vendors, retail stalls '*genge*' and used clothes sellers type of micro-enterprise are less risky in terms of loss. The food vendors and retail stall operators reported that sometimes they use food that is not sold at home (covering the budget of buying food at home) and also some of the cooking items in '*genge*' can be picked and consumed at home. Fewer respondents engage in activities like broiler keeping and farming because of the high initial cost. This condition

also force women to operate any type of low capital micro-enterprise even if the micro-enterprise generates very low income.

Table 7: Distribution of respondents by type of micro-enterprise (n=120)

Type of micro-enterprise	n	%
Retail stall or <i>genge</i>	36	30.0
Food vendor	48	40.0
Crop seller	6	5.0
Used clothes or <i>mitumba</i>	13	10.8
Charcoal and firewood	6	5.0
Farming	5	4.2
Others	6	5.0
Total	120	100.0

4.2.2 Age of micro-enterprise

Results have shown that 69.2% of the micro-enterprises in the study area had been in operation for 3-4 years while 15.0% of the micro-enterprises had been in operation for 1-2 years and 15.8% had age range of 5 years and above (Table 8). It was noted that micro-enterprises in the study show sustainability for having operated for a considerable number of years without collapsing.

Table 8: Distribution of respondents by age of micro-enterprise (n=120)

Age of micro-enterprise (years)	n	%
1-2	18	15.0
3-4	83	69.2
5 and above	19	15.8
Total	120	100.0

4.2.3 Reason for starting micro-enterprise

Table 9 presents results of reasons for starting micro-enterprises. It shows that 92.4% of the respondents in the study area started the micro-enterprises as a way of raising income and 7.6% started as source of employment. The results imply that lack of formal employment and low income from other sources like seasonal farming forced rural women to engage in non-farm activities.

Table 9: Major reasons for starting micro-enterprise (n=120)

Reason for starting	n	%
Source of income	110	92.4
Source of employment	9	7.6
Total	119	100.0

4.2.4 Initial capital

Results presented in Table 10 show that 45.7% of micro-enterprises were started with initial capital of 5 000 Tshs and below. Micro-enterprises that were started with initial capital that range between 5 001-10 000 Tshs constituted 31.9%, which makes them the second largest group, followed by 12.06% of micro-enterprises, which started with initial

capital ranging from 10 001-20 000 Tshs. It was reported that 10.4% of micro-enterprises were started by initial capital of above 20 000 Tshs. Besides the low initial capital, respondents operate the micro-enterprises with greater care to generate income since they have no other means to sustain living. It can be concluded that micro-enterprises of this type are designed to reduce poverty.

Table 10: Distribution of initial capital (n=120)

Amount (Tshs)	n	%
5 000 and below	53	45.7
5 001-10 000	37	31.9
10 001-20 000	14	12.
Above 20 000	12	10.4
Total	116	100.0

4.2.5 Source of initial capital

Study findings in Table 11 show that major source of initial capital was own savings, which was reported by 74.4% of the respondents, followed by 23.9% who received grants from relatives, friends or spouse. Only 1.7% received credit as initial capital from spouse or relatives. It was also noted that people in rural areas lack information on where to secure credit and on credit fund providers. Information plays a big role not only in providing information but also in mediating access to credit.

Table 11: Distribution of respondents by source of capital (n=120)

Source of capital	n	%
Own savings	87	74.4
Grants	28	23.9
Credit	2	1.7
Total	117	100.0

4.3 Credit related matters

4.3.1 Year credit received

Survey results in Table 12 show that 76.6% of respondents received credit in year 2003, followed by 21.7% in 2002 and only 1.7% in 2000. It was reported that all respondents who received credit in year 2003 had already started their micro-enterprises about 2-3 years before. This shows that the respondents had been in operation before securing the credit, which gives more experience in managing the credit.

Table 12: Distribution of respondents by the year credit received (n=60)

Year	n	%
2000	1	1.7
2002	13	21.7
2003	46	76.6
Total	60	100.0

4.3.2 Collateral for the credit

Study findings show that all respondents agreed that there was a requirement for collateral in order to get credit. It was noted that women join in a group of five and the group is

regarded as collateral. It was reported that married members in a group sometimes reject those who were single because singles were thought to be very mobile. Singles can easily run away without repaying the credit and leave the burden to the other group members. The groups were only for credit security purposes and each member in the group receive the credit individually.

4.3.3. Amount of credit received

Results presented in Table 13 shows that the amount of credit received ranged from 50 000 Tshs- 100 000 Tshs and that 76.7% of respondents received 50 000 Tshs as credit and only 23.3% received 100 000 Tshs. It was noted that the demand for relatively low credit by majority of respondents is attributed to the nature of their micro-enterprises that does not require high fixed cost.

Table 13: Distribution of respondents by amount of credit received (n=60)

Amount (Tshs)	n	%
50 000	46	76.7
100 000	14	23.3
Total	60	100.0

4.3.4 Amount of credit applied Vs amount received

Results in Table 14 show that 56.7% of the respondents received the amount of credit applied for while the remaining 43.3% received less the amount of credit applied for. It was noted that most of the micro-enterprises operated in the study area were of small capital and majority of the recipients were securing credit for the first time. It was reported that 50 000Tshs is the initial minimum amount that can be secured by a recipient. It was

also reported that those who were applying for big amount of credit were operating micro-enterprises such as selling charcoal (in terms of sacks), selling dried maize and big food vendors. The result implies that those who didn't get the amount they applied for were still operating with small capital that made them not reaching their goals.

Table 14: Distribution of respondents by amount of credit applied vs received
(n=60)

Did receive amount applied	n	%
Yes	54	56.7
No	26	43.3
Total	60	100.0

4.3.5 Deficit of credit received

Findings presented in Table 15 show that 64.0% of respondents had a shortfall in credit applied for, which ranged from 50 000Tshs –100 000Tshs followed by 24.0% who had a deficit ranging from 150 000Tshs –200 000Tshs and only 12.0% had a deficit of 250 000Tshs and above. It was noted that among those who had deficit of more than 150 000Tshs 36.0% were operating micro-enterprises which use big capital such as broiler keeping, farm activities and charcoal selling in terms of sacks. It was reported that such respondents experience capital constraints and cannot reach their goals. Misana (1995) urged that for women to be empowered there is a need for increasing women access to more income, which can form a basis to improve their productivity.

Table 15: Distribution of respondents by deficit of credit (n=60)

Amount (Tshs)	n	%
50 000-100 000	16	64.0
150 000-200 000	6	24.0
250 000 and above	3	12.0
Total	25	100.0

4.2.6 Hired labour in micro-enterprise and amount of money paid

Study findings in Table 16 show that only 5.0% of the respondents had hired labour in their micro-enterprise and the remaining 95.0% were operating their micro-enterprises themselves or sometimes with their children who are not paid. It was reported that those who hire labour were operating farming activities or stone crushing. It was noted that majority of respondents are engaged fully in micro-enterprise as source of employment to sustain life. The results also showed that each labourer was paid 10 000 Tshs per month and that activities for which labour was hire were only seasonal rather than throughout the year.

Table 16: Number of hired labour in micro-enterprise (n=60)

Hired labour	n	%
Yes	3	5.0
No	57	95.0
Total	60	100.0

4.3.7 Basic business training

Results in Table 17 show that 68.3% of respondents have never attended business training (either formal or informal) in any field while 26.7% have attended (formal) business training. The remaining 5.0% had acquired little business training from informal sources such as friends and relatives. This implies that large number of the respondents in the study area are not competent in business, which is obvious a constraint to micro-enterprise performance. One of the respondents reported that the business training that they attended was from other sources such as Action for Relief and Development Assistance (AFREDA) and not from Women Development Fund. One of the WDF credit official admitted that the fund concentrate on issuing and collecting credit but less attention is given to provision of business training. WDF credit officials are aware of the importance of training but training is costly unless they get a donor to invest in the task.

Table 17: Distribution of respondents by basic business training (n=60)

Had business training	n	%
Yes	16	26.7
No	41	68.3
Little	3	5.0
Total	60	100.0

4.4 Micro-enterprise performance

4.4.1 Income earned per week

Findings on distribution of income earned per week by respondents' micro-enterprises are presented in Table 18. It was found that 52.0% of respondents were earning income ranging between 10 001-20 000 Tshs per week followed by 45.0% who earned 10 000

Tshs and below. Only 1.5% of respondents earned income ranging between 20 001-30 000 Tshs and the other 1.5% were earning income of 30 001Tsh and above per week. It was observed that there was no significant difference ($P > 0.05$) in mean income earned per week between credit recipients and non-recipients. It was also noted that credit recipients had little income to save as capital than non-recipients. The reason behind this observation might be due to the fact that the generated income by micro-enterprise was not wholly reinvested in business but was used for other activities like home consumption and/or starting other types of enterprises and credit repayment. It was noted that the micro-enterprises that were started using own savings as capital have higher chances of survival/expansion than those that depend on credit. It means that most micro-enterprises do not generate enough income to run the business and meet household requirements so sufficient own capital is required to allow reasonable investment and at the same time recipients should avoid paying high interest rates on credit used as capital.

Table 18: Distribution of respondents by income earned (n=120)

Amount (Tshs)	n	%
10 000 and below	54	45.0
11 000-20 000	64	52.0
21 000-30 000	1	1.5
31 000 and above	1	1.5
Total	120	100.0
T- value 1.750	Sign. .083	

However, t-test results of mean income earned per week before and after receiving credit among credit recipients showed that the mean income earned per week increased

significantly ($P < 0.05$) two years after credit (6 075 Tshs-18 283 Tshs before and after respectively) (Table 19). Findings indicate that credit recipients make proper use of credit by investing a substantial amount into micro-enterprises instead of diverting towards other needs. It was noted that recipients use less effort than non-recipients to generate the same amount of capital. Recipients used extra capital from credit for making bulky purchase. Earned income enabled recipients to acquire assets and other household expenditure. The study found that WDF credit has positive effect on poverty reduction

Table 19: Comparison of mean income among credit recipients (n=60)

Period	Mean income (Tshs)	T-value	Sign
Before	6 075	16.107	0.000
After	18 283		

4.4.2 Period of micro-enterprise operation in the year

Result on how many months respondents operate their micro-enterprises in a year is presented in Table 20. The results show that 90.0% of the respondents operate micro-enterprises throughout the year and only few (10.0%) of the respondents reported to have seasonal interruption for at least four months in a year. Major reason for interruption was that of being occupied with farm activities during rainy season. Other reason was family problems such as sickness of family members. It was noted that majority of respondents rely on the micro-enterprises as a source of income to sustain life and only few go for seasonal activities such as seasonal farming to supplement food for home consumption and income. It can also be concluded that most of the respondents in the study area have shifted from seasonal farming to non-farm activities as a source of income.

Table 20: Operation period of micro-enterprises in a year (n=120)

If operate throughout the year	n	%
Yes	108	90.0
No	12	10.0
Total	120	100.0

4.4.3 Other source of income

The study found that about 46.0% of respondents reported to have other sources of income apart from the income generated by micro-enterprises, while 54.2% depend on one micro-enterprise (Table 21). However it was reported that respondents who had other source of income did that as means of minimizing risks in case of loss.

Table 21: Distribution of respondents by other source of income (n=120)

If had other source of income	n	%
Yes	55	45.8
No	65	54.2
Total	120	100.0

4.5 Credit repayment and recipients opinion

4.5.1 Credit repayment

The study found that out of 60 sampled credit recipients, 21 recipients (about 8.0%) had not paid back the credit within the time that was allocated (one year). It was also observed that recipients who obtained credit for farm activities were not able to repay on time because of rain shortage and short period of credit repayment (repayment is done monthly).

The outstanding amount to be repaid is presented in Table 22 where it is seen that about 38% of the recipients are in arrears of 41 000 Tshs and above. Another 29% of recipients are in arrears of between 21 000-30 000 Tshs while 20% are in arrears of between 31 000-40 000 Tshs. Those in arrears of 11 000- 20 000 Tshs and above constituted nine and half percent and only above 5% are in arrears of 10 000 and below.

Table 22: Distribution of respondents by outstanding amount to be repaid (n=60)

Number of respondents	Amount (Tshs)	%
10 000 and below	1	4.8
11 000-20 000	2	9.5
21 000-30 000	6	28.6
31 000-40 000	4	19.8
41 000 and above	8	38.3
Total	21	100.0

4.5.2 Respondents awareness of other credit funds

Results reveal that 68.3% of respondents (recipients) were not aware of other credit fund facilities apart from the Women Development Fund while 31.7% were aware of other credit fund facilities (Table 23). This is seen as a common issue in rural areas where people especially women lack information, which means that most of the financial institutions are limited to urban areas. It was also noted that even those respondents who were aware of other credit fund facilities have made little effort to attempt applying for credit from the sources.

Table 23: Distribution of respondents by awareness of other credit funds (n=60)

If aware of other credit fund	n	%
Yes	19	31.7
No	41	68.3
Total	60	100.0

4.5.3 Reasons for joining Women Development Fund

Findings in Table 24 show that 52.6% of credit recipients who were aware of other credit funds decided to join WDF credit because procedures for other credit providers were not very clear to them. The other 31.6% said they joined WDF because of easy conditions for accessing credit and the remaining 15.8% said they were sure of getting credit in a short period. This implies that most women in rural areas who operate micro-enterprises would like to obtain financial assistance but the sources are either few or not reachable in terms of clear information. Potential credit providers should make effort to cover big area including rural areas.

Table 24: Distribution of respondents by reason of joining WDF (n=60)

Reason for joining	n	%
Not aware of others	10	52.6
Easy conditions	6	31.6
Short time to secure credit	3	15.8
Total	19	60.0

4.5.4 Future plans after finishing credit repayment

Results presented in Table 25 show that 56.7% of the recipients have planned to maintain capital after finishing credit repayment, while 38.3% commented that they would take more credit to expand the micro-enterprises. The remaining 5.0% said that they would expand their micro-enterprises using the capital they had generated using credit. It was noted that majority of respondents have planned to continue operating the micro-enterprises and if the generated capital/income is properly managed then the beneficiaries are sure of reducing poverty.

Table 25: Distribution of respondents by future plans after credit repayment (n=60)

Future plans	n	%
Maintain capital	34	56.7
More credit	23	38.3
Expand micro-enterprise	3	5.0
Total	60	100.0

4.5.5 General comments on WDF

Table 26 presents results on general comments regarding WDF where 28.3% of the recipients felt that subsequent credit should be provided when one finishes repayment. Some 23.3% of recipients requested the credit scheme to increase repayment period to at least 18-24 months (the actual period for repayment is 12 months). The other 21.7% said that current credit operation modalities are fine and should be continued while 20% of recipients requested the amount of credit applied for by each individual be given. During this study it was reported by WDF officer that credit funds were always in short supply although the scheme maintained a revolving fund system. The credit fund is remaining

static because there are recipients who are in arrears for more than two years and cannot repay back as the interest rate increases the principle amount. The remaining 6.7% of recipients requested that interest rate to be decreased (actual rate is 24%). Recipients were complaining that the rate of 24% is high for the recipients taking into account that most of the recipients' initial capital was small.

Table 26: General comments on WDF (n=60)

General comments	n	%
Credit be available	17	28.3
Increase repayment period	14	23.3
Service continue as it is	13	21.7
Decrease interest rate	4	6.7
Total	60	100.0

4.6 Contribution of credit to poverty reduction

4.6.1 Change in income

Results presented in Table 27 show that 96.7% of non-credit recipients reported to have increased their income in the period of two years. On the other hand only 83.3% of credit recipients reported to have an increased income after using credit for two years while 5.0% of recipients reported to have a decrease in income two years after receiving credit. About 11.7% of credit recipients reported that their income didn't change (remained the same). Credit recipients who reported to have no changes and those whose income decreased had some reasons such as failure to operate micro-enterprises throughout the year, cash from micro-enterprises being used at home instead of being invested in business and bad weather condition for farm activities. Findings showed that there is significant

difference ($P < 0.05$) between credit recipients and non –credit recipients in terms of changes in income. Credit is considered to have positive effect on income but credit balances and associated interests contribute to the gap between credit and non- credit recipients. Furthermore credit recipients were not given enough time to build up capacity for stronger financial base, instead the IGAs income begins to support household budget soon as they start to generate income.

Table 27: Changes in income of respondents (n=120)

Status of income	Recipients		Non-recipients	
	n	%	n	%
Increased	50	83.3	58	96.7
Decreased	3	5.0	0	0
Remain the same	7	11.7	2	3.3
Total	60	100	60	100.0
T-value 2.214	Sign. .029			

4.6.2 Capital before and two years after

Results in Table 28 show that 61.0% of non-credit recipients and 52.6% of credit recipients had amounts of less than 10 000 Tshs as initial capital before starting the micro-enterprises. Some 30.5% of non-credit recipients and 29.8% of credit recipients had amounts ranging between 10 000-30 000 Tshs while 7.0% of credit recipients and 8.5% of non-credit recipients had capital ranging between 50 000 Tshs and above. Respondents capital increased two years after, where 3.3 % and 5 % of non-credit and credit recipients respectively had capital below 10 000 Tshs and 71.7 % and 50 % of non-credit and credit recipients respectively had capital range of between 10 000 Tshs and 30 000 Tshs. The

other 18.3 %and 21.7 %of non-credit and credit recipients respectively had capital range of between 31 000 Tshs and 50 000 Tshs. Only 6.7 % and 23.3 % non-credit and credit recipients respectively had capital above 50 000 Tshs. Generally, respondents in the study area had varied levels of initial capital. The study findings also indicated that the difference in mean (9 518 Tshs and 6 488 Tshs for credit and non-credit recipients respectively) initial capital (before starting the micro-enterprises/receiving credit) between credit recipients and non-credit recipients was statistically significant at ($P<0.05$). On the other hand the difference in mean (43 567 Tshs and 32 575 Tshs for credit and non-credit recipients respectively) capital between credit recipients and non-credit recipients was not statistically significant ($P>0.05$). Credit recipients had higher mean capital compared to non-credit recipients.

Table 28: Distribution of capital before and two years after (n=120)

Capital before (Tshs)	Recipients (n=57)	Non-recipient (n=59)
Below 10 000	30 (52.6)	36 (61.0)
10 000-30 000	17 (29.8)	18 (30.5)
31 000-50 000	6 (10.5)	0 (0)
Above 50 000	4 (7.0)	5 (8.5)
Mean (Tshs)	9,518	6,485
T-value 2.17	Sign .032	
Capital after (Tshs)	Recipients (n=60)	Non-recipients (n=60)
Below 10 000	3 (5.0)	2 (3.3)
10 000-30 000	30 (50.0)	43 (71.7)
31 000-50 000	13 (21.7)	11 (18.3)
Above 50 000	4 (23.3)	4 (6.7)
Mean (Tshs)	43 567	32 575
T-value 1.93	Sign .056	

Figures in parentheses are percentages and those out of parentheses are frequencies

Comparison of mean capital among credit recipients before and after receiving credit was conducted using t-test to confirm if the credit fund had provided some improvements to the beneficiaries (Table 29). The results revealed that there was a significant increase ($P < 0.05$) in mean capital before (9 518 Tshs) and two years after obtaining credit (43 567 Tshs). Generally, the study has found that despite the revealed failure in some of the micro-enterprises that could not produce better results, most of the micro-enterprises have shown positive effect on poverty reduction. This is because access to credit eases capital constraints and hence facilitates capital growth for expansion of micro-enterprises. It can be concluded from the findings that profitability of micro-enterprises increases with increased capital.

Table 29: Comparison of capital among credit recipients (n=60)

Period	Mean capital (Tshs)	T- value	Sign.
Before	9 518	7.805	0.000
After	43 567		

4.6.3 Value of acquired assets and other expenditure

Findings presented in Table 30 show that 40% of non-credit recipients and 32.5% of credit recipients had value of acquired assets and other expenditure ranging between 201 000 Tshs and above using income from micro-enterprises. Furthermore, 25.0% of non-credit recipients and 20.0% of credit recipients acquired value of assets and other expenditure ranging between 51 000 Tshs-100 000 Tshs. The other 23.3% of non-credit recipients and 13.3% of credit recipients had assets with value ranging between 101 000 Tshs-150 000 Tshs while 18.3% of non-credit recipients and 13.3% of credit recipients acquired value of assets and other expenditure ranging between 10 000 Tshs-50 000 Tshs. The two year

average value of assets and other expenditure acquired by respondents using income generated from micro-enterprise in the surveyed sample was 178 118 Tshs and 159 366 Tshs for credit recipients and non-credit recipients respectively. The assets and other expenditure acquired includes buying new business assets, opening new enterprises, buying new furniture and house wares, plot/farm, house construction/repair materials and labour charges, school uniforms/books and other specified items. From these results it can therefore be concluded that the micro-enterprises have significant importance in sustaining the welfare of owners and their families. On the other hand the income that was used to acquire assets and other items could also be reinvested in the micro-enterprises for further expansion.

Table 30: Distribution of value of assets and other expenditure by respondents

(n=120)

Value (Tshs)	Recipients (n=60)	Non-recipients (n=60)
10 000-50 000	8 (13.3)	11 (18.3)
51 000-100 000	12 (20.0)	15 (25.0)
101 000-150 000	8 (13.3)	14 (23.3)
151 000-200 000	11 (18.3)	4 (6.6)
201 000 and above	13 (32.5)	24 (40.0)
T-value 0.756	Sign. .451	

Figures in parentheses are percentages and those out of parentheses are frequencies.

Comparison of means of value of assets and other expenditure (Table 31) which was conducted between credit recipients and non-credit recipients to ascertain the hypothesis that Women Development Fund credit have an effect on poverty reduction confirms that credit recipients had slightly higher mean of value of assets than non-credit recipients. It was noted that there was no statistical significant ($P>0.05$) difference between the two groups. Further analysis was done using t-test to compare means of asset value among credit recipients for the period before and two years after credit. Results showed that there is a significant increase ($P>0.05$) in mean asset value before (69 933 Tshs) and two years after (178 118 Tshs) obtaining credit. Increase in the value of assets and other expenditure among credit recipients after obtaining credit is attributed to the fact that credit increases capital hence increased income. Recipients' access to credit had advantage over their counterparts without credit in terms of ability to purchase

Table 31: Comparison of mean value of asset and other expenditure among credit recipient (n = 60)

Period	Mean value (Tshs)	T-value	Sign
Before	69 933	2.839	0.005
After	178 118		

4.6.4 Change in food security

Results in Table 32 have indicated that all the respondents have reported to have change in food security. Number of meals has increased after starting the micro-enterprises (in the period of two years) where 95.4% reported to have three meals per day while only 4.6% of respondents reported to have two meals per day. This is an improvement if compared to 8.3 % of respondents who had one meal per day and 75 % who had two meals per day,

while 20 % had three meals per day two years before. During the time when this study was conducted it was observed that food for home consumption was given first priority because the micro-enterprises begin to support household budget as soon as they start to generate income (this trend continues throughout the business life time. Some respondents reported to take part of the food they prepare for selling (food vendors) or take some food items (retail stalls-*genge*) to cover household budget, even those who operate farm activities use most of their produce for home consumption. It is therefore concluded that micro-enterprises play significant role in sustaining welfare of the owners and their families. Generally, the study has found out that despite the revealed non-significant differences in some of the aspects between the two sampled groups (credit recipients and non-credit recipients), Women Development Fund credits have shown to have positive effect on poverty reduction.

Table 32: Distribution of respondents by change in food security (n=120)

No. of meals/day	Before	Two year after
One	10 (8.3)	0 (0.0)
Two	90 (75.0)	5 (4.6)
Three	20 (16.6)	104 (95.4)

Figures in parentheses are percentages and those out of parentheses are frequencies

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The main objective of the study was to assess the contribution of WDF credit facility through income generating activities (IGA's) to poverty reduction in Morogoro Rural district. Specific objectives are: to examine access to Women Development Fund credit, to assess performance of income-generating activities supported by Women Development Fund, to assess repayment and default rates and to assess the contribution of credit to reduce poverty, in terms of income and food security.

Findings showed that women of all age categories performed income-generating activities, but largest category is that of active and economically productive age (18-45) years. IGAs were mostly performed by urban dwellers that were not farmers. On the other hand, having mature respondents implies that they had responsibilities to themselves and their families. Findings also show that women in the study area play big role in sustenance of family needs than men, which calls for the need to secure credit

Results show that largest category of respondents had low education level (Standard 4-7) and had no formal employment, which implied that they can only perform activities which require minimal skills. The study found that most respondents were engaged in non-farm activities, which implies that the small capital could not be committed in farm activities. The study also found that type of IGAs performed were retail stall, 'genge' food vendor, dried maize selling, selling used clothes, charcoal and firewood selling. Of the type of

IGAs operated retail stall 'genge' and food vendor was undertaken by largest number of respondents.

Study found that the IGAs were in operation before securing credit; which was observed to be one of the conditions to secure credit. Findings show that respondents started IGAs as a source of employment and raising income to sustain living. On the other hand, results show that the IGAs were started by initial capital of less than 5,000 Tshs – 20,000 Tshs meaning that the start up capital was too low to commit in activities like farming. Furthermore, the study revealed that most IGA operators had unreliable source of capital to start high capital enterprises hence forced to undertake low investment enterprises. The study findings suggests that the respondents sources of initial capital were from own savings, grants from relatives/friends or spouse and credit from friends or relatives. These findings attests to the fact that respondents in the study area relied on relatives, friends and family members for initial capital who could not afford to give them large amounts of cash as capital the fact calls for a financial source for provision of credit.

Results show that credit recipients obtained credit from WDF at least 1-2 years after being in operation, which was one of the conditions to secure credit. It was also revealed that credit was given to a group of five women. Study findings found that minimum amount of credit was 50 000 Tshs which means it was enough to commit in a small, already started IGA which require low fixed cost and shorter credit recovery period. The findings reveal that the credit funds were always in short supply, so sometimes respondents received less of the amount of credit applied for.

Furthermore, study findings shows that most of IGAs didn't have hired labour instead the IGAs were operated by the owners and family members. The study found that training (management and operational) is still a missing link for the owner of IGAs to do better. Study results show that respondents in the study area earned mean weekly income of 6 000 Tshs before obtaining credit and 18 000 Tshs two years after obtaining credit. This result shows that income increased significantly after obtaining credit.

Almost all respondents commit the small-generated income from the IGA for household requirements much earlier before the IGA grows. This limits them from building up financial capacity for better support of household requirements. However credit was found to have positive effect on poverty reduction. The study found that there are two major categories of respondents: (i) respondents with other sources of income. (ii) respondents with no other source of income. The study also shows that financial institutions did not reach rural dwellers easily because many financial institutions are situated in urban areas and little or no information is available in rural areas. Furthermore, women in the study area joined WDF because they found the joining procedures to be clear. It was also found that respondents would continue to operate the micro-enterprises even after finishing credit repayment. Comments by credit recipients towards WDF were that credit should be available when one fisher repayment period should be increased and interest rate should be reduced.

Study findings found that respondents' income changed significantly two years after obtaining credit. Furthermore results revealed that respondents had mean capital of 9 518 Tshs before credit and it changed significantly to 43 567 Tshs two years after obtaining credit which means that credit has positive effect on poverty reduction study findings

found that respondents acquired various assets of mean value of 69 933 Tshs before credit and 178 118 Tshs years after credit. Study results revealed that most of respondents' food security changed from two meals to three meals per day at the time when this study was conducted.

5.2 Recommendations

- Business training is noted to be a missing factor to realise better results. Credit institutions which provide credits, should provide basic business training mainly in management and operational skills. The training in general should be backed up with self-confidence building strategies.
- Credit funds should offer sufficient credit with substantially reduced interest rates and reasonable grace and repayment period.
- Women should be provided with information by development agencies on credit availability, marketing and should be encouraged to engage in activities, which meet local market demands.
- Promote women participation in decision making to reflect women need, priorities, influence to policy formulations, planning and resource allocation. Women should be encouraged to serve or be members of committees and other fora responsible for development plans from village to higher levels.

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APPENDICES

Appendices1: Questionnaire for respondents

1. Date.....
2. Name of district
3. Name of ward
4. Questionnaire number

Background information:

5. What is your age?
6. Marital status
 - (a) Single
 - (b) Married
 - (c) Divorced/separated
 - (d) Widow
7. Type of household?

Female headed household	=	1
Male headed household	=	2
8. What is your education level?
9. What is your total family size?
10. How many –adults..... children.....
11. What is your main occupation?
 - (a) Farming
 - (b) Non-farm activities
 - (c) Wage employment
 - (d) Civil servant
 - (e) Other... (Specify)

Micro-enterprise capital & access to credit:

12. What type of micro-enterprise undertaken?
13. When did it start?
14. What was the reason for starting the micro-enterprise?

15. How much initial capital did you use to start the micro-enterprise before receiving the credit? Tshs.....
- Don't remember (DR) = 1
NA = 0.
16. What was the source of the capital?
- Own savings = 1
Grants = 2
Credit = 3
Other..... (Specify) = 4
17. When did you receive the credit? (Questions number 17-28 for credit recipients only) DateMonth Year.....
- Don't remember month (DRM) = 1
NA = 0.
18. Was there any collateral for the credit?
- Yes = 1
No = 2
19. If yes, what was the collateral?
20. Did you receive the loan as an individual (alone) or as a group? If alone go to question 22
- (a) Alone = 1
(b) Group = 2
21. How many were you in the group?
- Total number...
NA = 0.
22. How much money did you receive individually as credit? Tshs.....
- NA = 0.
23. Was the amount you received equal to the credit you applied for?
- Yes = 1.
No = 2.
24. If no, what was the deficit...?
25. Was the amount of money received enough for your micro-enterprise?
- More than enough = 1
Enough = 2

Not enough = 3

Other ...specify = .4

Micro-enterprise performance:

26. (a) Do you have labourers? If yes how many.....

Yes = 1

No = 2.

(b) How much do you pay per labourer? Tshs...

27. Did you get any practical orientation or basic training before obtaining the credit?

Yes = 1

No = 2

Little = 3

Others (Specify) = 4.

28. If yes in 22 do you think the orientation or basic training helped you in running your micro-enterprise?

Yes = 1

No = 2

Little = 3

Others..... (Specify) = 4.

29. How much income do you earn in your micro-enterprise per week? Tshs...

30. (a) Do you operate your business throughout the year?

(b) If no how many months do you operate?

(c) Give reasons

31. Apart from this micro-enterprise, have you any other source (or investment) that may be giving you more income?

Yes = 1

No = 2.

32. If yes, how much do you earn per week?

Credit repayment and recipients' opinion:

33. How big is the remaining amount of credit to be paid back plus the interest rate?

Loan: Tshs..... Interest Tshs.....Total

NA = 0.

34 (a) A part from WDF do you know any other credit fund which provide credit?

Yes = 1

No = 2

(b) If yes why did you decide to go for WDF?

35. After finishing loan repayment what is your future plans about your micro-enterprise?

Expansion = 1

More loan = 2

Maintain income = 3

Close down = 4

Othersspecify = 5

NA = 0.

36. (a) What problems have you faced in obtaining the credit

Long time to receive credit from time of application = 1

Time constraint when making follow-up = 2

Failure to pay back = 3

Misunderstanding among credit group members = 4

Others (Specify) = 5

37. Give general comments on regard to the WDF credit

Decrease interest rate = 1

Increase the repayment period (Specify) = 2

Service continue as it is = 3

May credit given when one finishes rcpayment = 4

Amount of credit applied be available. = 5

38. (a) Do you wish to continue to apply for other credit?

Yes = 1

No = 2

(b) If no why?

Conditions of credit are difficult to meet? Specify.....	=	1
Failure to pay back credit	=	2
Small credit	=	3
The business is likely to collapse	=	4
Others..... (Specify)	=	5

Change in income:

39. How has your income been in the last two years? Would you say it has

Increased	=1
Decrease	=2
Remained the same	=3

40. What has been the most important cause for the change?

41. What was your own capital just before starting the micro-enterprise and after two year?

Capital (Tshs)	Just before	After two years
Cash in hand		
Estimated value of assets		

42. Indicate any main assets you have acquired using the micro-enterprise income (for the past two years).

Acquired assets	Number of assets monetary value (before)	Monetary value of assets (two years after) .
New business assets		
Opening new enterprise		
House furniture		
House wares		
Plot/farm		
House construction/repair materials&labour		
School uniforms/books		
Others....(specify)		

Change in food security:

43. How has your household food security been in the last two years? Would you say

it has Increased = 1

Decrease = 2

Remain unchanged = 3

Number of meals	Before	Two years after

44. Explain the most important cause for this change?

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Appendences ii: Checklist for community development officers

1. May I know your designation?
2. How long have you been with this office at this title? years
3. When did this WDF credit started officially?
4. When did your office start to offer credit for women micro-enterprises?
5. What are the procedures for obtaining credit?
6. What are the criteria for deciding on whom to give loan?
7. Please can we know the amount of the advanced credit and total number of beneficiaries in the rural district so far?
8. To what extent has WDF succeeded in this district so far?
9. What are the major credit related problems?
10. Is there any involved action or penalty for these failing to repay credit in time?