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# Accessibility of Local Government's Mandatory Free Interest Loans on Women Socio-Economic Welfare: A Case Study of Temeke Municipalf Council, Tanzania

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**Abstract:** The goal of local governance is to empower local people and to ensure public engagement in the local government's governing structure. The Constitution of the United Republic of Tanzania defines the Local Government authorities as citizens' entities located at the grassroots level of the Government. Women represent 70% of the world's poor due to unequal access to economic opportunities in both developed and developing countries. Thus, Tanzania's municipal governments are required to set aside 10% of internal annual revenue to empower marginalized population including women. This study was guided by Efficient-service school of thought, Development School of Thought, Soufflé Theory (ST) and Micro Credit Theory. Purposive and random sampling procedures were used to select respondents. Both questionnaire and interview were used to collect data and analyzed through thematic analysis. It was found that women beneficiaries indeed benefited by accessing local government free interest loan which they used to open small businesses such as salon, food vending, cloth selling, entrepreneurship (batik making and selling, soap making). This improves their standard of living to a greater extent and as a result improved their socio-economic welfare. However the rate at which their businesses were expanding was minimal due to limited knowledge on business such as accounting knowledge, book keeping and customer care knowledge and as a result led to limited access to market. Therefore the study recommended the need to improve on the training on business activities by the local government on women this will help them to improve on the performance of the overall business activities.

**Keywords:** Accessibility, Local Government, Mandatory, Free Interest Loans, Women, Socio-Economic Welfare, Tanzania

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## 1. Introduction

### 1.1. Background

Local government can be defined as a collection of elected administrative bodies that have administrative, legislative and executive powers in areas under their jurisdiction. It is described as a body that chooses or approves a specific policy for a specific area [1]. By law, local governments are allowed to pass laws or resolutions that change their governance [2]. The purpose of local government is to empower local people and ensure public participation in the administrative structure of the municipality. The Constitution of the United Republic of Tanzania defines local

governments as citizen-based units at the grassroots level of administration [3]. Local governments are formed, administered, managed and accountable to the citizens themselves (URT, 200). Therefore, local governments are designed to empower citizens to participate in the politics, economy, service availability and management of their region and country (URT, 200). It is usually a structure that allows citizens to control the decisions of elected representatives [4], [5].

Due to their unequal access to economic opportunities, women make up 70% of the world's impoverished [6]. Both wealthy and emerging nations offer chances. There is a connection between the reduction of poverty in nations and their female human capital's development. While it is true

that a country cannot develop sustainably if its women are left behind, improving the position of women is equally important. Focusing on women in the provision of credit assistance can achieve more rapid pro-poor economic growth than gender neutral policies. Investing in women and girls, in their education, health and access to assets and jobs has a multiplier effect on productivity, efficiency and sustained economic growth in developing countries [6].

Community people have a tremendous opportunity to advance democracy and get involved in regional development through local government [7]. It should be highlighted that local governments, which have legal authority, are not central government organizations but rather work in conjunction with them. The people are the foundation of all authority, and the government draws its power and authority from the people, according to the United Republic of Tanzania's constitution. This is what it means to give the people power [3].

Local governments are required by law to set aside 10% of the money they receive from internal sources of income for lending to organizations that represent women, young people, and people with disabilities. This loan was first proposed as a legislative resolution and was later changed in 2018 by section 37a of the URT. It was first included in the Local Government Finance Act of 1993. For mandatory no-interest loans to groups of women, youth, and people with disabilities to perform income-generating activities in order to lift their households out of poverty, LGAs are required to set aside 10% of their own earnings. The rotating allocation of 10% goes to 4% women, 4% youth, and 2% people with disabilities [8].

In Tanzania, women have been restricted in accessing jobs, education, and financial prospects due to cultural norms and prejudice. They have a high proportion of dependency and poverty, and as a result, their engagement in governance and political processes is likewise quite low. Thus, Tanzania's municipal governments are required to set aside 10% of internal annual revenue to empower marginalized population including women [9].

### **1.2. Statement of the Problem**

Through 20 years of successful growth and poverty reduction, Tanzania has made some headway in enhancing women's economic possibilities. However, ongoing barriers prevent women from reaching their full economic potential. These barriers include gender-based wage disparities, unequal access to loans and assets, gender disparities in the financial sector, and a lack of loan availability for women to start businesses that generate income [10].

A recent World Bank analysis reveals that despite the improvements, which culminated in the country's transfer from low-income to lower-middle-income status in July 2020, a number of obstacles prevent women, especially in developing nations like Tanzania, from reaching their full economic potential. These restrictions include a lack of availability of financial services like loans to increase their capital needs. Therefore, overcoming these obstacles might

significantly speed up the nation's economic growth and poverty reduction. Tanzania's government implemented a mandatory local government loans program in addition to promoting household welfare, human capital value, and the country's inclusive growth. However, it is also difficult for women to get these loans, therefore that issue needs to be taken into consideration. Women find it challenging to get the intended local government forced loans due to a lack of understanding, drawn-out processes, and collateral requirements. The loan intends to empower women economically so they can lessen the problem of female unemployment and to enable women to use microcredit facilities. Despite being given access to these loans, women nevertheless struggle with money problems that lead to poverty. This study investigated the extent to which women could receive mandatory local government loans and if these loans were effectively used to achieve the desired results. [11].

### **1.3. Research Objective**

To assess the accessibility of local government's mandatory free interest loans to women of Temeke Municipal Council.

### **1.4. Theoretical Review**

#### **1.4.1. Soufflé Theory (ST)**

The Soufflé Theory (ST), created by Andrew Parker in 1995, explains the three main components of decentralization: administrative, fiscal, and political decentralization. Parker contends that for there to be highly responsive local governments that provide effective, efficient, and sustainable services and uphold fiscal restraint, all of these elements must work in concert. According to the notion, just as a soufflé requires the ideal proportions of milk, eggs, and heat to rise, a successful decentralization program must incorporate the ideal proportions of political, budgetary, and institutional factors in order to improve development outcomes [12].

The goal of administrative decentralization is to reassign power, responsibility, and financial resources for service delivery among the many tiers of government. The local level authorities receive some of the central government's planning, finance, and management duties. By doing this, the central government grants administrative autonomy to the LGAs, enabling them to efficiently address local issues [12]. In order to control various systems at local offices, such as the procurement system and human resources management, including recruiting and performance management, local authorities can make adjustments and enforce regulatory judgments.

Local governments now have the authority and control to both raise money and make spending decisions thanks to fiscal decentralization. Additionally, it makes it easier for some monies to be transferred from the federal government to local governments so that the latter can perform decentralized functions [13]. Fiscal decentralization can take

many different forms, such as cost recovery through user fees and the growth of local income through sales taxes, property taxes, or indirect fees. To regulate the actions of municipal officials, there should be fiscal regulations and procedures, as well as the establishment of checks and balances [14].

#### **1.4.2. Limitations of the Theory**

Despite the arguments of the decentralization theorists, decentralization of governance has been criticised for several reasons. Saito (2001), Decentralization might lead to more local 'royalties' to regional identities rather than to national identities. This may lead to more autonomy from central government, and even to a kind of territorial separation in multi-national and multi-cultural societies, especially in Africa. The national integrity itself is at risk.

Saito (2003): Decentralisation may lead to more corruption at local levels, which would not lead to greater accountability. Soufflé (2003), The decentralization of governance may not lead to greater efficiency and effectiveness because of the limited resources of a low-income country, such as capital, human, and even social resources, available at the local level. These resources are more efficiently used when concentrated at the state level.

#### **1.5. Local Government Reforms in Tanzania**

Control over locally provided services is transferred to democratically elected Councils in a process known as local government reform. Due to the centralization of planning and decision-making in Tanzania, local authorities have historically played a limited role in the planning of services provided in accordance with local priorities. The direction of service funding through subventions has historically been determined by centrally determined priorities, and because of this, local authorities have been deliberately discouraged from acting independently. The reform program gives local authorities more control over financial and human resource management by introducing block grants, transferring district employees to their employment, and giving them the authority to hire and fire employees locally. Together, these things offer the foundation upon which autonomous Local Authorities may be erected. The structures through which the Local Authorities function must be suitable for the new role of the Council and the locally defined strategies that they have identified if the reform process is to be implemented successfully [15].

#### **1.6. The Local Government Reform**

The Policy Paper on Local Government Reform provides the clearest explanation of the Local Government Reform (1998). This is based on the Chama Cha Mapinduzi (CCM) Election Manifesto of 1995, recommendations from the National Conference on the vision for Local Government in Tanzania [15], the Local Government Reform Agenda, recommendations from Presidential Commissions and Committees as well as researchers and experts of Local Government, discussions with and recommendations from ALAT, representatives from Local Authorities, sector

ministries, and other Central Government agencies, and the Chama Cha Mapinduzi (CCM) Election Manifesto of 1995. The report also includes policy statements made frequently by the President, Prime Minister, and other political leaders, recommendations from stakeholder workshops on the Local Government reform components, and the Office of the president. The government's idea for a new local government system is outlined in full in the strategy document. Reforms in the Civil Service, the Sector, and Local Government are linked. Process of Local Government Reform, The Local Government Acts Amendment, The amendments required to other laws, the procedure for implementation, The costs associated with implementing the reform.

#### **1.7. Empirical Review**

Numerous studies were undertaken in Tanzania [16]. Microcredit and poverty reduction through the labor market: Evidence from women microcredit consumers in Tanzania. The study's main goal was to determine whether there were any appreciable mean differences in the capacity to generate employment between young and established businesses backed by PRIDE loans in Tanzania. They employed the Analysis of Variance (ANOVA) approach, which is a common technique for measuring variation and is defined as the mean of the square of deviation measured from the mean of the given series of data. Its square root is known as standard deviation [17]. The ANOVA results of 159 microcredit clients in Iringa town indicate that access to credit does not appear to have significantly aided in employment development.

Women's entrepreneurship development and empowerment in Tanzania: the case of SIDO/UNIDO-supported women micro entrepreneurs in the food processing industry is a paper published by Makombe [18]. Cross-sectional and causal - comparative research designs were utilized in the investigation. The sample included 78 female micro entrepreneurs, of which 39 were supported by a program and 39 were not. Cross tabulations and frequency distributions were used in the data analysis process, which was carried out using descriptive statistical methods. After that, bivariate correlation analysis and chi-square tests were conducted.

The results showed that practically all indices of empowerment for women sponsored by the WED Programme had increased. However, unlike their peers in the control group, they had no influence over their assets. The research on women's freedom of mobility demonstrates that old views operate as structural barriers to change that are typically driven by women's income.

Using women's income-generating activities in the Kilosa district of Morogoro, Tanzania, Marijani conducted a study with the title Contribution of Microfinance Institutions in Poverty Alleviation. To gather primary data from 100 respondents, a cross-sectional study design with a structured questionnaire was employed as the approach [19].

Foundation for International Community Assistance (FINCA), LGFIL, and National Microfinance Bank were the MFIs discovered (NMB). According to the findings, 56% of

non-borrowers and 78% of borrowers respectively started IGAs to complement their sources of job and family income. About 54% of borrowers and 68% of non-borrowers started IGAs from MFIs with less than Tshs 100 000 in capital, whilst non-borrowers used their own funds and family members. According to a gross margin research, between Tshs 50 000 and Tshs 100 000 is the income range for 40% of borrowers and 56% of non-borrowers. According to a T-test study, the income of borrowers was considerably higher than that of non-borrowers ( $p < 0.05$ ). Borrowers typically spent Tshs 63,620, 17,801, and 3,715.33 per month for family food, school expenses, and medical care, respectively. The same things cost non-borrowers Tshs 34 020, 8 280, and 1 980 per month.

In the study by Banzi about the evaluation of the role of village microfinance in reducing poverty among women in the Arumeru area, the case study design based on survey and experimentation was utilized as the approach [15]. The targeted audience was women who got loans and group leaders, and simple random selection was utilized to pick the sample size of 80, which included 20 group leaders and 60 loan recipients. The results showed that women used loans for investments and productive activities to provide sustainable income, consumption spending, and job creation, and that microfinance significantly reduced poverty among women.

Mgalula (2012) focused on enterprise level in raising income, job possibilities, and investment in his study on the assessment of the effect of Micro-finance institutions on poverty reduction in Tanzania, the case of the Dar es Salaam region. Data was gathered via a questionnaire, 40 respondents were chosen at random, and SPSS software was utilized for data analysis. A researcher compared the circumstances for those MFIs members before and after receiving a loan, and by estimating the amount of daily income produced before and after enrolling in the program, the results showed that the income has increased, ensuring increased consumption at the socioeconomic level, business expansion, and the introduction of new investments that facilitate an increase in the rate of employment. The quantity of investment was examined by comparing the value of the assets acquired before and after enrolling in the MFI program. The results showed a rise in the value of the assets, indicating that MFIs had made a major contribution to the elimination of poverty [20].

A critical examination of the function of microfinance banks in reducing poverty in Tanzania: A case of Akiba Commercial Bank Limited is the title of a 2008 paper by Dimoso and Masanyiwa. The goal of the study was to determine the degree of progress made in the areas of income, employment, education, and housing in reducing poverty. To collect a total of 120 study participants, simple random and purposeful sampling approaches were used. Data were gathered via questionnaires, semi-structured interviews, observations, and documentary reviews. Descriptive statistics were then employed by SPSS software to analyze the data. According to study results, the majority of the poor are

unable to obtain bank loans because they lack the guarantors, assets, businesses, salaried employment, bank savings accounts, and financial capability necessary to make pre-loan weekly deposits on special savings accounts [21]. Using a logistic regression model and the t-test, Magali examined the effects of Savings and Credits Cooperative Societies (SACCOS) on loan borrowers. The results showed that 73.5% of borrowers improved their household's standard of living because nutritional status (food intake) was significant for the social and economic well-being.

In their 2010 investigation into food security in the Dodoma Municipality, Kinyashi, Hawasi, and Mmari used a structured questionnaire to gather information from 97 respondents and an ordinary least regression model. The results showed that, thanks to sufficient credits they receive from financial institutions, nutritional elements were relatively better at the household level [21, 22, 23].

## 2. Research Methodology

### 2.1. Research Design

The study employed a case study design to achieve its objectives with both qualitative and quantitative approaches being applied. According to Robson (2016) in Saunders (2019) cited by Adam and Kamuzora (2018) case study is a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life contexts using multiple sources. Data was collected through structured questionnaires and interview since the participants composed of beneficiaries of the free interest loans and the local government officials who issued loans to the beneficiaries [24].

A pragmatic philosophy uses both inductive and deductive approaches to create a theory or confirm hypothesis and can work with both descriptive and exploratory research. This philosophy can work with both qualitative and quantitative data.

### 2.2. Sample Size

A sample is a representative segment of a larger population [25].

A sample size is defined by Adam and Kamuzora (2018) as the exact number of objects chosen from a study population to make up a sample. Among the six selected wards, each ward had 10 (10) women who were beneficiaries of local government mandatory loan women beneficiaries were selected. Therefore a sample of 60 women respondents drawn from Morgan table of sample size estimation were selected randomly to participate voluntarily in the study. Then two purposely selected (2) interviewees from the local government mandatory loans officials were selected purposely to participate in the interview.

### 2.3. Data Collection Tools

The researcher delivered pre-tested questionnaires with both closed-ended and open-ended items to mandatory

interest-free loans beneficiaries in this study. The researcher employed questionnaires, which are preferable because they allowed the researcher to communicate directly with respondents for clarification, ensuring that the information collected is thorough and valid [25].

Because the researcher wished to acquire more information on the current situation to triangulate with information provided by respondents via interview, this strategy was preferred to be incorporated with questionnaire. Interview was used to collect information from the local government officials who are in charge of the loans issuing to women, they are therefore knowledgeable about the entire process of loans giving and challenges they encounter in the process of giving.

#### **2.4. Data Reliability and Validity**

Women and specifically those who are beneficiaries from Local government's mandatory free interest loans was undertaken to pre-test the data collection tools before the actual implementation of the study. A pilot study was conducted in Tandika ward which is one of the five selected wards included in the study area and produced the same research outcome.

In this study, questionnaires were subjected to pilot testing to correct any ambiguities [26].

#### **2.5. Data Analysis**

The study embraced both qualitative and quantitative approaches to process, analyze and interpret data. Afore processing the collected data, preparation was done on the concluded questionnaires by editing, coding, entering and cleaning the data. Qualitative data collected through interviews, observations and documents was analyzed through Content analysis methodology was embraced in line with the objectives of the study. Qualitative research is deemed convenient as it deepens the appreciation of human experience [26, 27].

### **3. Data Analysis, Presentation and Interpretation**

Respondents were also asked about their level of education, among them, 21 of them were primary level holders, followed by the secondary level holders who were 24 respondents. 11 respondents were college holders' especially from vocational trainings and 04 respondents' university degree holders.

The distribution of the respondents' level of education stipulates how these women encounter challenges in their socio-economic lives. They have financial challenges due to low skills, knowledge and education. Many have no employment and as a result maneuvered to access local government free interest loan so as they could have capital to start businesses. Although they were successful in accessing loans, running their businesses is challenging as most of them did not have accountability skills and how to access market

for effective competition.

In order to assess the accessibility of local government interest free loan to women borrowers, several questions in relation to the accessibility were asked.

Availability of LGIFL more than half (35) respondents acquired the information about the LGIFL from the community member. 09 respondents accessed the information about the availability in the local government from the public official, these officials were mainly public servants from the local government of Temeke who were aware of loan availability and as a result, alerted or informed their neighbors about the loan availability. In addition to the above, 05 respondents acquired the information from media; this involves social media, radios and TV stations and 11 respondents accessed information concerning the loan from other ways such as municipality, family members and others.

#### **3.1. Purpose for Accessing the Loan**

The purpose for loan request was that, majority (31) respondents stated that they requested the loan to start the business or entrepreneurial activities, 10 respondents requested the loan to improve the existing business, 10 respondents requested for the loan to both start and improve the existing business, these were mainly running two different types of businesses. However, there were also 08 respondents whose major aim of accessing the loan was for other reasons such as health services, school fees and others.

"We had this idea before, but it was in a slow progress because we didn't have enough capital. After hearing about the program, they organized themselves in a group of five and followed the instructions. We finally got Tsh 3 million, and we topped up our materials, now we make shoes and batik".

#### **3.2. Loan Requested Amount**

From the findings, 12 respondents requested between 50,000- 100,000 Tanzanian shillings from the local government. 22 respondents requested from 200,000 – 500,000 and these were the majorities, 17 respondents requested between 600,000- 1,000,000 shillings while 09 respondents requested more than 1,000,000 shillings.

From the information above, majority of the respondents requested petty amount in order to access capital to start the business. This is as a result of having low income and low status of living.

#### **3.3. Length of Accessing a Loan**

Respondents were asked about the time it took for them to access the loan, from all the 60 respondents, 22 respondents who were the majority stated that they accessed the loan 6 to 12 months, 18 respondents accessed the loan between 4- 6 months and 18 more respondents accessed the loan above 12 months. Only 4 respondents received the loan between 1- 3 months.

The data shows that most respondents receive the loan from six months and above, this delays the plans for women

borrowers and some of them lose hope as the process takes too long to access the finance. Sometimes, before they get the loans they had already shifted or migrated to other districts away from Temeke thus complicating the process of accessing the loan.

### **3.4. Challenges Affected by Loans Beneficiaries**

#### **3.4.1. Some Groups Disappear Before Repaying Loans**

Both the two interviewees stated that there is a challenge of group members disappearing immediately or afterward accessing the loan. This comes as a result of accessing the loan and then discovering that they could not repay back the loan, they therefore migrated or shifted from one district to another by some group members and thus fail to pay back the borrowed loan. This causes damage to the local government as there is always limited amount of funds to be borrowed to the women. The available funds are always reduced by such irrecoverable risks thus denying others the chance to access the loans.

#### **3.4.2. Challenges Engaging PWDs to Participate**

Through interview with the loans officials from the local government, it was revealed that it was challenging to engage people with disabilities to access the loan due to the existence of bureaucracy, processes and requirements for accessing the loan. The process required forming groups of 10 women and as a result this group of women found it difficult to form the group either on their own or by joining other women with no disabilities.

It was also revealed that it was challenging for most of the PWD to access the information about the loans that existed at the local government.

#### **3.4.3. Lack of Entrepreneurship Skills in the Target Groups**

An interview with the local government officials revealed that most women who sought for the loan from the local government had limited entrepreneurial skills to run the intended business, as a result, most of the businesses they opened with the accessed loan could not run effectively. Some of the common challenges included lack of book keeping skills, lack of creativity, and lack of customer care skills. The combination of these skills could help them to compete favorably in the ever changing dynamic market. The lack of these skills led to poor performance of their businesses and thus led to yielding of less profit than intended from the businesses. Content validity looks at whether the instrument satisfactorily covers all the content that it should with reference to the variable. A subset of content validity is face validity, where experts are asked their opinion about whether an instrument measures the concept intended (Heale & Twycross 2015). In this study, questionnaires were subjected to pilot testing to correct any ambiguities.

Construct validity is the degree to which scores on a test can be accounted for by the explanatory constructs of a sound theory, while Criterion validity relates to the ability to predict some outcome (Kothari, 2014). Result from the pilot study

helped in validation of the variable of the study.

#### **3.4.4. Poor Business Environment Overall in Tanzania**

Of current most of the businesses have been affected by poor business environment and as a result many businesses have been witnessed closed. The outbreak of corona virus has led to closure of many businesses due to limited exchange of goods and services thus limiting the performance of women businesses.

#### **3.4.5. Lack of Trust Among Group Members**

Through interview with the local government officials, it was revealed that some women group members were not trustworthy and as a result after accessing loans, they tended to shift or migrate from one place to another without making communication to the rest of the group members. This was done to dodge paying the borrowed money and leaving the burden to the group members to pay the borrowed amount. This tendency was frequently noted and reported by the group members thus creating lack of trust among themselves.

From the findings, 38 respondents out of 60 agreed to have received training before they received the loan and after receiving while 22 respondents stated that they never received the loan. This meant that most women had received training before they sought for the loan and those that had not received training on their own were given by the local government loans department so as to ensure that the loan issued was used properly for business activity rather than using it for leisure and other personal needs. However those that did not receive the training before and after receiving the loan found it difficult to execute business principles and as a result found it difficult to run the business.

One of the interviewee who is a local government official reported as follows:

“In order for groups to obtain the empowerment loans, they must meet certain criteria: They must be organized in groups of five and above; The group's business must be registered with the municipality; Group members must have identification documents through the village government authorities and the ward government.

The municipality and a loan committee review applications and make a decision to offer a loan. Each group must pay Tsh 30,000 to obtain a certificate from the social welfare department, which enables them to open a bank account. After the loans have been distributed to their accounts, all groups receive education on best practices for using the funds. Loan repayments usually start after a one-month grace period.”

## **4. Findings and Discussions**

Basing on the study which was to analyze the effect of LGFIL on women's socio-economic welfare, some issues were noted including inadequate loan size, low entrepreneurial knowledge and skills on women among those women who accessed local government loan. There was no record keeping of cash flows generated from micro-

enterprises ran by most of those women beneficiaries. Inadequate loan size; despite positive relationship between loan size and income, the average amount of 100,000.00 Tzs disbursed as loan to women borrowers was inadequate for expansion of the existing business or initiating new micro-enterprises. This resulted to small changes in magnitude of socio-economic income, such that an average income of 226,952.00 Tzs generated by household per month is very minimal to sustain 5.6 people as an average household size in Temeke district, and 4.5 nationally. The present situation of low entrepreneurial knowledge and skills in women borrowers made them fail to plan, monitor and evaluate for productive income generating micro-enterprises, as a result micro-enterprises generated income that is not optimally, the situation that deprived them from achieving permanent income. The situation of poor or no record keeping of cash flows generated from micro-enterprises make them fail to prepare financial statement such as profit and loss, or cash flow projection. It also made them unable to quickly and easily identify income and expenditure, as a result failed to have reliable information that could help them in everyday business decision making. There is information irregularity concerning the availability of LGIFL; this is a problem that deprives them from accessing various development opportunities. This is sometimes caused by poor accountability of community development officers who are responsible in awareness creation to people in all development matters.

The relationship between income as response variable that measured socio-economic welfare, and LGFIL loan size, education and employment as explanatory variables associated with identified parameters, facilitated to interpret the magnitude of change of income in the households. The results depicted that, the variable loan size. The study revealed that the local government loan contributed positively on income in women's socio-economic welfare justified by the fact that, as LGFIL loan size increased, the women's income also increased provided that other predictor variables held constant. Increase in income ensured that the permanent income that sustains consumption. In spite of the positive relationship between loan size and income, the finding drawn was; LGFIL loan size is a good strategy for reduction of income poverty in the country because it helped women to generate an average income of 226,952.00 Tanzania shillings from the businesses they operated per month which sustained 5.6 people as an average household size in Temeke district, This findings from the study are similar to findings by Tshuma and Selome (2014), Kuzilwa (2005), Marijani (2008), Banzi (2012), Mgalula (2012), and Perez and Canino (2009) that loan service provided ensures sustainable consumption expenditure at socio-economic level and improve women socio-economic welfare and the overall standard of living. The validity of these findings in real environment in Temeke district and government in general is that, women in groups and individually have initiated IGAs that support them in groups and individually to acquire permanent income. Some of the micro enterprises

imitated as a result from loan support are food vendors, purchasing and selling maize, purchasing and selling clothes, and tailoring as mentioned few. Based on the model which provided the relationship between ownership of assets as response variable that measured socio-economic welfare.

The findings is similar to findings by Tshuma and Selome (2014) in a study of microfinance and women empowerment through LGFIL in Umguza district in Zimbabwe whereby the findings depicted that, LGFIL as a strategy made a difference in the livelihoods of the recipients by initiation of income generating projects, and ownership of assets in the household. In real situation especially in Tanzania and other countries, ownership of assets by women is still a problem; this may be due to culture, low income, and even the dictatorship life style of some husbands in some households. This needs awareness creation to women so that they can be free and participate in decision making in their households and development issues to their areas of jurisdiction. The findings contradict from the findings by Makombe (2006) in which in the study of women entrepreneurship development and empowerment in Tanzania, it was found that, in spite of women support from WED Programme, they lacked control over their assets like their counterparts in the control group. Based on the fitted model which provided the relationship between nutritional status as response variable that measured socio-economic welfare, and LGFIL loan size, education, and employment as explanatory variables associated with identified parameters, facilitated to interpret the magnitude of change of nutrition in the households. The finding obtained shows that, increasing LGFIL loan size is a good strategy for the improvement of nutritional status at the socio-economic level.

This findings concurs with the findings by Marijani (2008) in the study of micro-finance institutions in poverty alleviation through women income generating activities in Kilosa district, the findings indicated that, on average borrowers spent 63 620 Tshs per month to purchase family food, this indicates the extent at which loan contributes to nutritional status in socio-economic level. The findings is also similar to the findings by Magali (2013) in the study of impacts of Savings and Credits Cooperative Societies (SACCOS) on loan borrowers in which t-test and logistic regression model revealed that, 73.5% of borrowers attained better livelihood on household level because nutritional status (food intake) had significance on the social economic well being. However, the findings by Kinyashi, Hawasi, and Mmari (2010) in the study of food security in Dodoma Municipality portrayed that, nutritional aspects were relatively better in household level due to adequate credits they get from financial institutions. Therefore, on average, LGFIL loan size contributed on socio-economic welfare because it covered all three perspectives; income, ownership of assets, and nutritional status.

## 5. Conclusions and Recommendations

Access to credit has enabled women engage into various

income generating activities. Income generating activities has enabled women meet their household needs and improve their economic status. Women contribution to household welfare gives women greater valuation/appraisal, something that apparently reduces marital conflicts, hence, increased their economic empowerment. Also LGIFL has greatly supported women initiatives to generate income and get extra income for those who are employed through the provision of soft loan. As women suggests, introducing income generating activities to women helps in alleviating the problem of subordination of women and improve women position.

There was a strong positive effect of LGIFL on women's economic empowerment. It can be concluded that LGIFL has real focused on ensuring women access to credit so as to cater for their financial needs through financing their income gaining activities. The level of education of women was an important aspect that contributed to their economic empowerment. Findings generally support women empowerment theory on the role of micro credit on enhancing women empowerment. In general, LG contributed to building strong economic growth of women, improved household situations, improved children health, growth and well-being through issuing loan to women.

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