

## **Evaluation of Women Entrepreneurs' Access to Microcredits in Kigamboni District, Tanzania**

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**Abstract:** Women's microcredit initiatives represent a significant step towards gender-inclusive financial empowerment. In Tanzania, Local Government Authorities loan schemes significantly provide women microcredits. While this initiative represents a substantial step toward women's economic empowerment, its effectiveness remains under-explored as it is still a new microcredit intervention. Thus, this study examined women-led enterprises supported by LGA loan programs and investigates the challenges women entrepreneurs face in accessing and utilising these loans in Kigamboni District, Dar es Salaam. The study involved 45 participants from ten women groups. Interviews and focus group discussions were used to collect qualitative data. Content analysis was used to analyse the data. The findings show that through government-led microcredits, women invested in various enterprises, such as transportation sector (three wheeled motorcycle, waste collection truck), poultry keeping and vegetable gardening. However, women beneficiaries were constrained by loan institutional arrangements and inadequate marketing and entrepreneurship skills. Therefore, strengthening the role of LGAs in managing women's microcredit schemes and capacity building on entrepreneurship skills for women groups are recommended.

**Keywords:** Microcredit; microfinance; Women enterprises; empowerment; Kigamboni District.

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### **Introduction**

Women's participation in income-generating activities is constrained by limited access to financial resources in many settings in the world. In developing nations, financial constraints are a common challenge that limits people's participation since it is even more difficult for them to receive financial credits (Kring, 2017; Kimmit & Munoz, 2018; Kimmitt et al., 2020) unless they are employed. Women are rarely financially independent and are often more vulnerable than men. About 70% of all

poor people in the world are women. In a bid to boost their participation in the economy, microcredit schemes have been initiated to offer small loans to women to improve their existing small-scale businesses (Kessy et al., 2016). These schemes give the underprivileged (especially for women) access to money and strengthen their ability to make decisions (Kapila et al., 2016).

Financial support is a potential source of capital for those who are excluded from accessing loans in the traditional financial system (Ashta

*et al.*, 2014; Mohammed *et al.*, 2013). It offers collateral-free loans to the poor, mainly women, to help them achieve empowerment (Roodman & Morduch, 2014). Microcredit support enhances women's participation in micro-enterprises and income-generating activities, which is paramount for the economic development of their households and society (Alemu *et al.*, 2022). It offers a functional means to generate income, reduce poverty, increase food security and promote women empowerment by boosting their economic development (Shafique & Siddique, 2020). Microcredit service is a potential opportunity for women empowerment (Jeckoniah *et al.*, 2012).

The LGA loans scheme in Tanzania is organised under the Women and Youth Development Fund. LGAs dedicate four per cent of their revenues to supporting women's access to microcredits (United Republic of Tanzania, 2019). LGAs have adopted the group-based microcredit schemes to enhance the women entrepreneurs' financial access (Mori & Richard, 2020). While this initiative represents a significant step toward financial inclusion, its effectiveness remains under-explored. Therefore, the need for further investigation into its impact on women's economic empowerment is crucial.

Most studies on microfinance and women empowerment have examined the NGO-driven and private microfinance institutions (Shafique & Siddique, 2020; Ayuub, 2013; Badri, 2013). However, studies focusing on government-led microcredits, such as LGA loans, are limited. Thus, this study aimed to evaluate women's access to microcredits in the Kigamboni District. Specifically, the study aimed to identify established women-owned enterprises and determine the key challenges in accessing and utilizing loans.

### **Theoretical Framework**

The study was guided by the Mayoux's Feminist Empowerment Theory (Mayoux, 1998, 2005). This is one of prominent theories on women empowerment. It explains women's social and economic empowerment, particularly in developing countries (Mayoux, 2005). It focuses on equity and equality between men and women. It postulates that elimination of gender discrimination in access to financial resources would enhance women's social and economic empowerment. According

to Mayoux (2005), providing women with microcredits would increase their decision-making power and improve their socioeconomic status. With the microcredits offered to them, women invest in micro-enterprises where they generate incomes, which contributes to their economic empowerment. Microcredits further enhance women's social empowerment by strengthening their decision-making ability. They increase women's social capital too by putting them in a network with other beneficiaries.

### **Methodology**

This section describes the research methodology, highlighting the research design, population and sampling, instruments for data collection, ethical considerations as well as validity and reliability.

### **Design**

This study employed a case study design, using beneficiaries of loans from the LGAs. The study used a qualitative approach in which words were used to present data. Since this study focused on evaluating women entrepreneurs' access to microcredit in the Kigamboni District, the researchers used the case-study design. The case study enabled the researchers to grasp the reality of the women entrepreneurs' access to LGA loans and the socioeconomic development that results from their microcredits.

### **Population and Sampling**

The population of this study included women beneficiaries of LGA loans from ten groups. The study sampled 45 women purposely. The primary criterion for inclusion was being a woman from a group that had been given a loan from the Kigamboni District Council. The representative sample from each group included young and old, educated and non-educated, and married and widowed women. Key Informants, including LGA officials and leaders, were also included in the study to comprehensively understand loan distribution and the challenges women face when trying to get microcredits.

### **Instruments**

This study used semi-structured interviews to collect the in-depth qualitative data. The semi-structured interview tool was considered appropriate for this study as it allowed

government officials and women beneficiaries to bring up their views about the LGA loan scheme, particularly on the types of women-owned enterprises and the challenges influencing women's access to microcredits. Semi-structured interviews were conducted at either the ward/street offices or places of their choice. Each interview session took an average duration of one hour. Furthermore, the semi-structured interview guide was used during Focus Group Discussions in each of the four wards. All the interviews were conducted in Kiswahili.

### **Validity and Reliability**

The researcher achieved the validity and reliability through various techniques. Validity was checked by ensuring the content of the tools captured relevant information from the loan beneficiaries and key informants. The tools accurately captured the participants' experiences related to microcredit schemes. To ensure the reliability of the findings, the researcher used triangulation by employing two data collection methods, semi-structured interviews and focus group discussions. The semi-structured interviews allowed for flexibility in exploring the topic while maintaining a consistent thematic framework, thus enhancing the credibility of the collected data. To avoid potential bias due to the researcher's inclinations, a team reviewed the transcripts and analyzed the collected data. A peer debriefing process helped minimize individual biases and increased the trustworthiness of the findings. Additionally, the researchers used a strategy of reading and re-reading the qualitative responses. Through this technique, the researchers immersed themselves in the data, enhancing the data analysis's credibility.

### **Ethical Considerations**

The researchers received a clearance letter from the Kigamboni District Council before embarking on the data collection process. During the data collection process, the researchers approached the selected participants individually and asked for their consent to be involved in the study. The participants were explicitly informed that their data would be treated with strict confidentiality and that the data would be used anonymously in the publication to safeguard their personal identify.

### **Data Analysis**

The qualitative data from semi-structured interviews were translated from Swahili into English. Content analysis was used to analyse the qualitative data. The researchers read and re-read the qualitative responses. Reading and re-reading the qualitative responses immersed the researchers in the data and made them focus on the research questions properly. HyperResearch 2.8 software for qualitative data analysis was used to organize the data. After arranging the data, the researchers condensed it to make it more manageable. Contents generated by the program were imported and used extensively in the report.

### **Results and Discussion**

This section presents analyses and discusses findings on the types of women-led enterprises developed with support from LGAs and highlights the key challenges women face in accessing and effectively utilising microcredits. Understanding these challenges is essential for effectively using microcredits and for the sustainability of women's businesses in Kigamboni District and Tanzania.

#### **Women Led Enterprises Funded Through LGAs Microcredit**

Women access to microcredits from the LGAs initiatives enhance and support development of women led enterprises. With access to capital, women managed to own diverse types of enterprises, which reflect the needs of customs at Kigamboni District. This section presents enterprises that provide transportation services and agriculturally based enterprises.

#### **Three-wheeled motorcycle and waste collection truck services**

Three-wheeled motorcycle (*bajaj*) and waste collection truck services are emerging transportation opportunities for women's empowerment in Tanzania. Through the LGA loans initiative, women beneficiaries of microcredits were enabled to own and manage transportation services through three-wheeled motorcycles (*bajaj*) and waste truck collection. A Community Development Officer affirmed that women beneficiaries of LGA loans have group access to microcredits in the form of *bajaj* and waste trucks, depending on the group's capacity.

Women beneficiaries reported hiring drivers who were supposed to submit daily/weekly

collections from the transportation services. The collections were used to repay their loans and distribute some income among the group members. Evidence from the focus group discussion showed that women uplifted themselves economically through the transport services. For instance, one beneficiary woman said:

*We received an LGA loan in the form of a Bajaj. Now we earn daily income. I got the profits of our joint business through Bajaj transportation services. It is small, but I am happy that my family eats better and has adequate food, and I can afford healthcare costs. We are healthier" (Women Entrepreneur...),*

The findings align with the Mayoux empowerment theory (2006), which posits the need to increase income access, asset control, and access to a sustainable livelihood. Thus, women beneficiaries could be empowered socially and economically by investing in the transportation services.

### **Poultry keeping**

Poultry keeping is among the common economic activities which empower women economically and socially. This study found that the women had invested their borrowed money in poultry farming, where they kept indigenous and improved chicken. The microcredits from LGAs enabled these women to engage effectively in keeping improved chicken. The women earned some income from selling chicken products, such as meat, eggs and manure. One beneficiary woman reported this by saying the following, "I am a beneficiary of Kigamboni District Council loans. My income from our poultry project helped me renovate my old house, which looked like ruins before."

The findings align with the Moyoux's empowerment theory, which proposes that credit access is imperative to enhancing women's participation in economic activities (Mayoux, 2002). Thus, the microcredit initiative provides women with initial capital for establishing improved poultry-keeping projects, something they couldn't do without the microcredit program scheme. Their engagement in keeping improved chicken enables them to earn reasonable income through the sales of eggs and meat, which in turn can be used to afford needs and other purposes.

### **Vegetable Gardening**

Vegetable gardening is becoming a popular income-generating activity for women. Vegetable's nutritional, health and economic potentials have been attributed to increased women's engagement in vegetable farming. Vegetable production is among the potential economic activities for women's empowerment. In this study, vegetable production refers to cultivating spinach, amaranths, eggplants and okra. The findings showed that microcredits have enabled many women to engage in vegetable production to earn income. Data showed that the economic status of these women has improved as a result of their engagement in vegetable gardening. One of the beneficiaries affirmed, "I am now an important family member; I have some income for family matters. Before, I relied totally on my husband".

The findings prove that women have been economically and socially empowered through LGA loans, in which they invest in vegetable production. Through microcredits, women can afford inputs for vegetable production. The findings have supported the Mayoux's theory, emphasising the need for an enabling social and economic empowerment environment. Women have become more valued in the families than before by contributing their income from vegetable production. In addition, the findings support Hanmer and Klugman (2016), who emphasised the significance of providing microcredits to women to boost their income-generating activities.

### **Key Challenges in Accessing and Utilizing Microcredits**

Despite the potential of LGA microcredit targeting women beneficiaries, institutional constraints limit both their access to loans and their capacity to use them productively. This section presents key challenges, such as application hurdles, repayment difficulties, market access barriers and households' stereotypes concerning women's income control.

### **Loan application procedures**

Loan application procedures established by LGAs scheme are a prerequisite for accessing microcredit. These procedures must be clearly defined, informative and easily accessible to the intended beneficiaries. However, when application requirements are ambiguous, poorly communicated or unavailable, they create a

significant barrier, preventing microcredit initiatives from reaching their target group. In this study, some women beneficiaries complained that the application procedures were complicated and that processing loan applications took a long time. Evidence from one of the women revealed, "The application process usually takes a long time, and I am unsure whether my request will be considered."

The findings imply that the funds cannot be accessed easily and instantly. It was revealed that Local Government Authorities issued loans only to some applicants. There was not enough information about when the loans would be available, the expected number of beneficiaries per year, the criteria for selection, and the applicants who have been selected or those who have not been selected.

### **Loan Repayment Challenges**

Loan repayment means paying back the money one borrowed from a lender over a specified period. Difficulties and delays in the repayment of the loans were reported as one of the challenges facing the women in Kigamboni District. Findings from a focus group discussion and interviews revealed, "Sometimes, it's hard to repay timely because our poultry project doesn't always make enough profit on time and because sometimes, we face challenges in accessing chicks from the distributors."

The findings indicate repayment challenges due to the nature of the enterprises. Small-scale poultry keepers cannot access and purchase timely productive resources, especially when required to import them. Thus, they fail to meet loan obligations, consequently affecting the loan scheme. Repayment challenges were also observed by a community development officer, who said, "Beneficiaries do not repay loans regularly, and others refuse to pay their loans and run away from either temporary or permanent residents to other places outside Kigamboni District. These trigger LGA to establish complex procedures for loan applications."

The findings show that though microcredits provide potential opportunities for managing their enterprises, some women fall into a loan trap. Similar findings on loan repayment challenges have been reported by Rogers (2022), who found that women beneficiaries of the LGA microcredit schemes faced difficulties

in repaying their loans. Delays in loan repayment may happen intentionally or unintentionally, but in most cases, they are unintentional. There are various reasons for the failure to repay loans. Women borrowers often face a difficult choice between repaying loans and meeting their family's needs. For instance, women would not opt to repay loans before attending to the food needs of their households (FAO, 2019, Klapper et al., 2021, Heath & Riley, 2024; Namayengo et al., 2023).

### **Market Liability and Inaccessibility**

Women entrepreneurs require reliable markets for their products/services. Without secure market linkages, they struggle to sell products at fair prices, thus reducing their ability to repay loans (Benerjee & Duflo, 2011). The findings of this study showed that some women groups produced products that were out of market demand. During the discussion, group member said: "In our group, we make and sell batik, but the batik market is unreliable. We take a long time to sell our product...." Another woman reported, "I received some income from our transportation investment (waste truck) regularly. I re-invested some money in my kiosk. Within a month, I decided to close the Kiosk enterprise due to the inaccessibility of customers."

These quotations show that women beneficiaries could not use their microcredits effectively due to inadequate marketing skills. Similar findings have been reported by Adugna et al. (2020), who found that limitations to women's economic empowerment resulted from their lack of appropriate knowledge and skills. The finding implies that providing them with microcredit loans alone is insufficient for their economic empowerment. Hence, women need to be capacitated regularly in terms of marketing and entrepreneurship skills.

### **Men's Stereotypical Perceptions**

Microcredit initiatives are often designed to empower women socially and economically. However, their focus on women can sometimes generate negative consequences to men. In patriarchal societies, where men traditionally hold financial authority, microcredit initiatives may lead to shifts in financial responsibilities (Karim, 2011). Marxist view of economic power states that men are the suppliers of the family while women care for children. Findings in this study revealed that women's access to income

negatively affected men's income contributions. As a result, it became difficult for women to cover household needs and repay loans. One woman affirmed, "Since I started benefiting from the group enterprise, my husband has become reluctant to support the family. My husband worried that I would no longer respect him."

The findings imply that women entrepreneurs are impacted negatively by men's stereotypic perception. Empowering women through microcredits does not mean that they are not supposed to support the welfare of the household. Rather, they need to manage loans effectively and continue to benefit from their investment. Moreover, women's increased access to income through microcredits is expected to foster stronger household relationships and create mutual economic benefits for men and women rather than generating competitive tensions over their financial status.

## Conclusions

The study concludes that LGAs are key in boosting women's income-generating activities through microcredit interventions. While these initiatives demonstrate the potential of government-led microcredit in empowering women, significant barriers persistently undermined their effectiveness. Women entrepreneurs faced multifaceted challenges, encompassing inadequate information about loan application procedures, repayment challenges, limited market access for their goods/services and deep-seated socio-cultural norms that restrict their control over income within the household. These constraints critically impede both loan access and utilization.

## Recommendations

Based on the conclusions, the study recommends that Local Government Authorities should simplify and clearly communicate loan application procedures to enhance accessibility and transparency for women entrepreneurs. To address loan repayment challenges, flexible repayment schedules should be introduced, coupled with continuous business training, focusing on financial management and entrepreneurship skills. Strengthening market linkages is essential to ensure that women entrepreneurs

have reliable access to markets, enabling them to sell their products and services effectively. Additionally, there is a need to challenge and sensitize communities about restrictive gender stereotypes that hinder women's control over income, fostering a more supportive environment for women's empowerment. Collaboration between LGAs, financial partners, and development actors is crucial to implement these strategies, thereby enhancing the sustainability and impact of women's microcredit initiatives in Kigamboni District and beyond.

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