Agricultural Non State Actors Forum

REPORT ON

THE CAPACITY OF LOCAL GOVERNMENT AUTHORITIES (LGAs) TO MOBILIZE, ALLOCATE AND SPEND 10% OF OWN SOURCE ON WOMEN, YOUTH AND PEOPLE WITH DISABILITIES

List of Abbreviations

ANSAF	Agricultural Non Sector Actors Forum
LGADO	Local Government District Community Development Officer
DED	District Executive Director
LGA	Local Government Authority
MDA	Ministries, Departments and Agencies
MOA	Ministry of Agriculture
MTEF	Mid Term Expenditure Framework
NBS	National Bureau of Statistics
PO-RALG	President's Office-Regional Administrations and Local Government
PWD	People with Disabilities
SACCOS	Savings and Credit Cooperative Society
SAM	Social Accountability Monitoring
WEO	Ward Executive Officer

Acknowledgement

This study has been completed with the support from many actors who dedicated their time, energy and resources to make it successful. Appreciation is extended to the Ministries, Departments and Agencies (MDAs) particularly National Bureau of Statistics (NBS), President Office – Regional Administrative and Local Governance (PO-RALG) and the Department of Policy and Planning under the Ministry of Agriculture (MOA) for their technical useful input and support during various process of conducting the study.

Special thanks to the ANSAF secretariat and member organizations for their useful contributions during all stages of this research study. Thanks are due to the Local Government Officials and 120 groups (including youth, women and people with disabilities) in 25 districts for their support during field work for data collection activity which helped to complete this study.

We are highly indebted to all for their contribution, hard work and commitment to the completion of this study.

Special appreciation goes to the Lead consultant, Mr. Lawrence Chuma, assisted by his assistant consultants and ANSAF Member organizations who were engaged to conduct the study in the respective districts and ultimately producing this report.

We do hope that, this report will be useful to many stakeholders, including the policy makers and policy enforcers and the public at large.

List of Figures

List of Tables

1. Executive Summary

ANSAF engaged consultants to conduct a study in 25 LGAs across Tanzania, covering 5 zones and 14 Regions – to assess the Local Government Authorities' (LGAs) capacity to mobilize own source funds and allocate10 percent for women, youth and people with disability.

The lead consultant – Mr. Lawrence Chuma, assisted by his team from Diligent Solutions Consultants and ANSAF Member organizations were engaged to conduct the study in order to generate both qualitative and quantitative data for the project. The findings will be used by ANSAF to identify advocacy issues and generate evidence-based information for policy improvement, planning and decision making at various levels.

The consultant conducted the study between January and February, 2019 with respect to a pre-agreed methodology with ANSAF including sampling and development of survey tool for data collection. The survey used administered questionnaires and short interviews for collecting primary data from 25 councils, from 14 different regions across 5 zones[1] in Tanzania mainland. From each Council up to 5 beneficiary groups were randomly selected with a target of getting 2 groups for women, 2 groups for youth and 1 group for people with disabilities.

The Councils where the study was conducted are Nyamagana, Sengerema, Musoma Rural, Bukoba Urban, Karagwe, Muleba, Bukombe, Bariadi, Karatu, Longido, Monduli, Korogwe, Babati, Mvomero, Ulanga, Kilosa, Kilwa, Mtwara Rural, Tandahimba, Newala, Rungwe, Njombe, Iringa Rural, Mufindi, and Momba spanning across Lake zone, Northern zone, Eastern zone, Southern zone and Southern Highlands zone. The Councils were selected as a function of three criteria: ANSAF member existence, regions involved in agriculture and random sampling to get a nationwide representation.

[1] Lake zone, Northern zone, Southern zone, Southern Highlands zone and Eastern zone

The consultant successfully managed to collect both qualitative and quantitative data on the project whereby several methods in data collection such as questionnaires, interviews and observations were used. Furthermore, it is also important to note that, the quantitative data extracted from the MTEF books and other useful literatures from the LGAs, were focused and limited to the past three years of LGAs operations, covering years from 2015/16, 2016/17 and 2017/18. Below is the summary of the key findings from the study,

Although the Councils are as different as they come in terms of economic activities and resources – there are number of similarities and trends that were analyzed. The LGAs have collected an average of 77 percent of their projected revenues in the past three financial years, that is, 2015/16-2017/18. There is also an overall average growth of seven percent in terms of revenue collection during the reference period. The information collected from Councils, mentioned levies, taxes and licenses as their main source (8 out of 10 times) of revenue.

The findings show that, at least all Councils set aside some funds for Women, Youth and Children. Theoretically, all the councils claim to set aside a full 10 percent for the mentioned groups – however, a closer look at the numbers from various reports collected tell a different situation. Generally, the actual average of money set aside by the LGA is only a meager of about five percent (the information has been extracted from the LGAs MTEF, other relevant revenues and budget documents from the LGAs). Moreover, the survey results show that, almost 6 out of every 10 loan applications submitted to the LGAs were for projects related to agribusiness; small businesses and projects involving a manufacturing skills/craft represent the remaining percent. It is also useful to note that, the nature and terms of this study did not specifically required classification of agribusiness by type or category, hence, information are generally provided.

The study reached out to a total of 120 groups in all 25 councils, encompasses of women, youth and people with disabilities. It was observed that, Women were highly organized than all other groups and also it was a large loan recipient, whereby 49 percent of loan recipients went to women, followed by youth groups (41%) and the People with disabilities (10%). Two-thirds of loan beneficiaries (66.3%) are directly involved in agribusiness related projects as the group's main projects – these include farming, animal husbandry and agricultural-produce processing.

The data further indicated that, 3 out of 10 groups (29%) received loans with interest as of last financial year – and the interest ranged from 2 to 10 percent annually. Most occurrences of interest were encountered in Kilwa, Mtwara, Tandahimba, Newala, Kagera and Korogwe LGAs. Njombe, Iringa and Mufindi LGAs implement interest only as a 'discipline' for those who are late on their payments. Moreover, almost two percent of the groups interviewed reported that, their LGAs requested unmovable assets as collateral before disbursing the loans (2 groups from Karagwe explicitly mentioned that a group member's land had to be put as 'bond' before they could receive loans), and 1 out of every 5 groups (21%) received loan without any training whatsoever.

Moreover, the study discovered several underlying challenges related to loans accessibility, disbursement and repayment processes, which will be articulated at length in this report. The main challenges include, lack of proper/detailed plans and strategies by LGA on loans disbursed, inadequate trainings to the loan recipients' groups and lack of coaching and mentorship programs, low level of business acumen, especially in agribusiness for district officers, increasing number of loans defaulters, lack of proper mechanisms to enable beneficiaries' business to expand to higher level, to mention a few.

Based on the findings of the study, recommendations are put forward to better facilitate youth loan access and comprehensive strategies for successful use of these loans, such as regular trainings and financial management oversight, as well as strategies for availability of reliable markets for products produced.

Furthermore, this report will highlight in detailed manner recommendations as gathered from LGAs officers, loan beneficiaries, ANSAF member and consultants, which we believe will be invaluable and useful for improvement in the management of 10 percent revolving funds in the country and facilitate ANSAF with evidence towards policy advocacy at local and national level engagements and processes.

2. Introduction

2.1 Background

The Youth Development Fund was initiated by the Government in the financial year 1993/94 as stipulated in section 17 (1) of "The Exchequer and Audit Ordinance" section 439(21) of 1961. The purpose of this Fund is to help young people access affordable loans and build their economic capabilities. This in turn can establish or strengthen their projects with a view of empowering themselves and promoting the economy of the country. Due to the challenges that emerged, especially repayment and management of loans/credit offered to youth, the government decided to change the procedures of loans provisions. The new procedure, which started its implementation in 2013, required loans to be disbursed through youth projects approved jointly by the Ministry of Youth, Culture and Sports together with region and Councils and channeled through respective SACCOS.

With this new procedure, it was stipulated that the loan to the youth should be mobilized through different sources. One of them was for the LGAs to bolster the fund from their own sources. It was directed through budget guideline that the LGAs have to direct five percent each of their own sources to youth and women respectively (recently this have been revised to 4 percent for Women, 4 percent for Youth and 2 for disabled to include people with disabilities). However, it is not clear how many youths, women and disabled accessing these funds and for what businesses. It was with this observation that derived ANSAF to conduct this study.

2.2 Objectives of the study

This study is part of ANSAF's purpose to generate evidence and use the same to influence specific policies that targeting inclusive growth, in particular for youth and women in the agricultural sector. As a national body of advocacy in the agricultural sector, ANSAF seeks to assess various issues about these funds with respect to agriculture.

The specific objectives of the study were thus to;

a) ***Assess the capacity for LGAs to identify revenue sources including taxes, non- taxes and levies from their areas,***
b) ***Assess the capacity for LGAs to identify competing priorities and allocate 10 percent of own source revenues collection to support interventions by women, youth and people with disabilities;***
c) ***Identify the loan information, loan acquiring and loan payment procedures; and***
d) ***Ascertain the impact of the loans in agriculture.***

3. Study Approach and Methodology

3.1 Approach

3.1.1 Inception Report

The consultant communicated inception report to the Client (ANSAF) which presented the methodology and work plan for the study. The consultant also received feedback for the same from the Client before commencement of field visits. During field visits there were constant communication with ANSAF.

3.1.2 Data Collection Tools

We approached the survey by designing two data collection tools which were questionnaires, one for Council's officers and another one for the beneficiary's groups.

The LGA questionnaire sought to get from Council Officers: projected and actual revenue for the past 3 financial years, 2015/16, 2016/17 and 2017/18, main sources of income, assess whether or not they set aside the 10 percent, when they started setting it, and how much they set aside in the past 3 financial years. It further wanted to know the main types of business loan applicants have, number of beneficiaries in the past 3 year, how long it takes to get a loan, and how long until you start paying back, and finally it sought to know if they issue loans to individuals and collect their recommendations.

The groups questionnaire sought to get basic details of groups interviewed (the details of the questions include in a nutshell; category of the group, gender composition, year of founding, why they came together, what project they are working on, how they set prices and how they access their markets), their loan information (if they had applied for a loan, if they received it, how much, whether it was receive in a bank account, if there were any conditions pre- and post-loan, and how they acquired information about the loan availability), training information (if they received any training, from who, when, and what it was about) and finally articulate their challenges and recommendations.

3.1.3 Research Orientation Training

ANSAF through the consultant conducted a One - day research orientation training for 17 participants (6 assistant consultants from Diligent Solutions Consultancy firm and 11 representatives from ANSAF member organizations), which was conducted at Seashells Hotel, in Millennium Towers, Dar es Salaam. The training covered topics such as: Orientation to the Study and Its Objectives, Research Best Practices, How to carry out effective questionnaire interviews, Data quality management and finally all trainees were acquainted with the two questionnaires that would be used in the data collection.

3.1.4 Field work Debriefing

The response rate from the field was 100% since the ANSAF member organization personnel would visit and introduce themselves to the local government officials first before conducting the study. ANSAF had also received a permit from the NBS and an introductory letter from the PO-RALG, both of which helped the consultant to carry out the study smoothly. In most areas the project partners played an important role in introducing the consultants' team to the local government officials. LGA Officials were cooperative in responding questions from the consultant. The consultant also experienced considerable reluctance in few LGAs, whereby, LGA officials, despite the fact that, all the documents for permission were available yet cooperation was delayed for over a week or so, until further interventions were made.

Administering the questionnaire took approximately 30-35 minutes for LGA officers and 20 to 25 minutes for groups. Sometimes, though minimum, there would be unavoidable interferences like respondents picking-up calls during interviews and this would take more time to administer a single questionnaire. Since the questions were in Swahili there were no major issues in understanding the questions, however, where the respondents would not understand, the enumerators would rephrase the questions without distorting the intended meaning. There were no callbacks.

3.1.5 Field Observations

a) Most LGAs were too protective to release the MTEF documents, even with the NBS and RALG authorization letters, many officials hesitated to give access to these documents,

b) 92 percent of groups interviewed cited availability and access to markets as their main challenge,
c) 7 out of 10 LGA officials worry about the rate of loan repayment from the groups;
d) 11 of the 25 LGAs (equal to 44 percent) had not yet started offering loans to PWD groups as of the time of the study. These LGAs are Mvomero, Bukoba Urban, Momba, Babati, Njombe, Mufindi, Longido, Bukombe, Bariadi, Tandahimba, and Iringa Rural);
e) There is no clear 'grace period' being implemented, each LGA officer seem to have their own, based on their understanding of the people they deal with; and
f) The time it took for groups to access loans is at least twice as long as what the LGA officers said it takes.

3.1.6 Data Quality Control

For data related issues, the consultant team had a data specialist in the team. Capturing open ended questions was time consuming for the respondents and enumerators; it required a very close supervision by lead consultant to accomplish the assignment. Principal questions were clear and easy for the respondents, so there was no non responses to these particular questions but there were missing values for the follow up questions (which needed the response of preceding question to be Yes instead of No, for instance, whether or not the group receiving any training prior to or immediately after getting the loan). As such, no form was rejected. Language translation from Swahili to English was possible but also it consumed a lot of time during data entry.

For quality control approach the consultant set a meeting to review the data collection tools before their administering; the meeting involved the Lead consultant Mr. Lawrence Chuma and Mr. Samson Genya, a Data Scientist. After data collection there was a post meeting to review all the forms to see if there were any missing values. Some LGA forms came as late as last week of February. This in turn made consultant's work take longer.

For data cleaning and verification, the consultant first checked errors in the data files, and would verify with both field team and by cross-referencing LGA MTEF and other relevant documents supplied by LGA officials.

3.2 Data Analysis

For data analysis, all the data for specific questions was collected and grouped under the respective indicators where inferences were made based on the indicators. We used EXCEL and SPSS for data analysis. The following steps were taken during data entry in the SPSS:

i. Defining variable names
ii. Specifying type of variable (numeric or string)
iii. Width setting. The maximum width size of the numeric variable was 8 meanwhile with size for the string variables was above 8, it depended on the expected length of the responses.
iv. Decimals Setting for the data (numeric data)
v. Labelling. This column involved more description of the variable/question, this is because Variable names do not tell more about the question.
vi. Values specification. The consultant had to enter codes for all categorical questions in the column named "Label". All multiple choices which had letters the categories were coded with numeric values, for example, Variable: Gender (a. Male b. Female) became (1. Male 2. Female).
vii. Other specification included Size of the column (Max 9), setting alignment of the data and Measurement of scale. There were only two types of measurements: Numeric and nominal measurement.

Biasness was addressed with cross tabulation, and finally after data entry, analysis was done.

3.3 Sampling Methodology

The zones and LGAs were already sampled by ANSAF and consultant was only sampling the groups to interview from a list provided by LGA officials and the intent was to randomly select up to five groups – and get distributed representation of women, youth and people with disabilities at a 2:2:1 ratio whenever possible based on available population. Because of women forming majority of groups, the ratio could not be reached. Unfortunately, the questionnaires did not account for mean age and/or age range of group members, and as such we cannot ascertain group composition.

A total of 120 groups were interviewed of which 59 groups are formed by women, 50 are youth groups and 11 are groups of people with disabilities. The summary of the number of people of all groups is given as here under; -

Table 1: Groups Reached

Region	Council	Number of Groups			
		Women	Youth	People with Disabilities	Total
Mwanza	Nyamagana	2	2	1	5
	Sengerema	2	2	1	5
Mara	Musoma Rural	2	2	0	4
Kagera	Bukoba Urban	2	3	0	5
	Muleba	5	0	0	5
	Karagwe	2	2	1	5
Geita	Bukombe	2	2	1	5
Simiyu	Bariadi	2	2	0	4
Arusha	Karatu	2	2	1	5
	Longido	2	3	0	5
	Monduli	2	2	0	4
Tanga	Korogwe	1	1	2	4
Manyara	Babati	2	2	1	5
Morogoro	Ulanga	5	0	0	5
	Mvomero	2	2	1	5
	Kilosa	2	3	0	5
Lindi	Kilwa	2	2	1	5
Mtwara	Mtwara Rural	0	5	0	5
	Tandahimba	2	2	1	5
	Newala	4	0	0	4
Mbeya	Rungwe	0	5	0	5
Njombe	Njombe	2	3	0	5
Iringa	Iringa Rural	2	3	0	5

	Mufindi	5	0	0	5
Songwe	Momba	5	0	0	5
	Total	**59**	**50**	**11**	**120**

4. General Findings from Councils

4.1.1 Estimated revenue and actual revenue

All LGAs showed a certain level of capacity in planning for and collecting revenue. In the past 3 years only 4 of the 25 LGAs have ever reached or surpassed their target revenue at any year, it is fair to say that most of them are working on and are improving their revenue collection capacities. Below are council's performance vs projections

a) Nyamagana (2017/18), Muleba (2016/17 and 2017/18), Longido (2017/18), and Babati (2016/17 and 2017/18) are the only LGAs which had surpassed own source revenue projections. Babati and Muleba LGAs had consecutively achieved this target for two years in a row (2016/17 and 2017/18);

Table 2: Projected and Actual Revenues for LGAs that exceed projections goal

Council	Financial Year	Projected Revenue	Actual Revenue	% of success
Nyamagana	2017/18	TZS 13,440,200,000.00	TZS15,367,884,335.47	114%
Muleba	2016/17	TZS 2,517,972,259.00	TZS 2,659,903,714.37	106%
	2017/18	TZS 2,751,282,843.00	TZS 3,068,961,247.47	112%
Longido	2017/18	TZS 1,200,000,000.00	TZS 1,207,408,693.80	101%
Babati	2016/17	TZS 2,441,255,130.00	TZS 2,690,867,079.00	110%
	2017/18	TZS 2,656,715,000.00	TZS 3,072,413,527.00	116%

b) Bariadi is below 50 percent for 3 years in a row, and Sengerema has 2 years below 50 percent;

Table 3: LGAs with less than 50% in revenue collection

Council	Financial Year	Projected Revenue	Actual Revenue	%
Sengerema	2015/16	TZS 1,935,385,970.00	TZS 911,539,525.09	47%

	2016/17	TZS 2,659,215,000.00	TZS 916,331,426.85	34%
Bariadi	2015/16	TZS 1,907,458,000.00	TZS 930,860,750.00	49%
	2016/17	TZS 1,979,123,350.00	TZS 870,244,200.00	44%
	2017/18	TZS 1,714,447,000.00	TZS 779,439,000.00	45%

c) Karagwe's revenues have been dropping year after year for 3 years in a row as data articulated here under,

Table 4: LGA with revenue dropping for 3 years in a row

Council	Year	Projected Revenue	Actual Revenue	%
Karagwe	2015/16	TZS 1,932,585,504.00	TZS 1,564,374,000.00	81%
	2016/17	TZS 2,139,521,000.00	TZS 1,507,486,718.00	70%
	2017/18	TZS 1,928,589,000.00	TZS 943,559,256.00	49%

4.1.2 Main sources of own income

It was also noted that LGAs collect their revenues from service levy, penalty and other various levies, fees and licenses they issue and charge on industries, mines, and on products available in their localities such as gas, cashew nuts, animals, and crops. This is well described in the following figure (Figure 2).

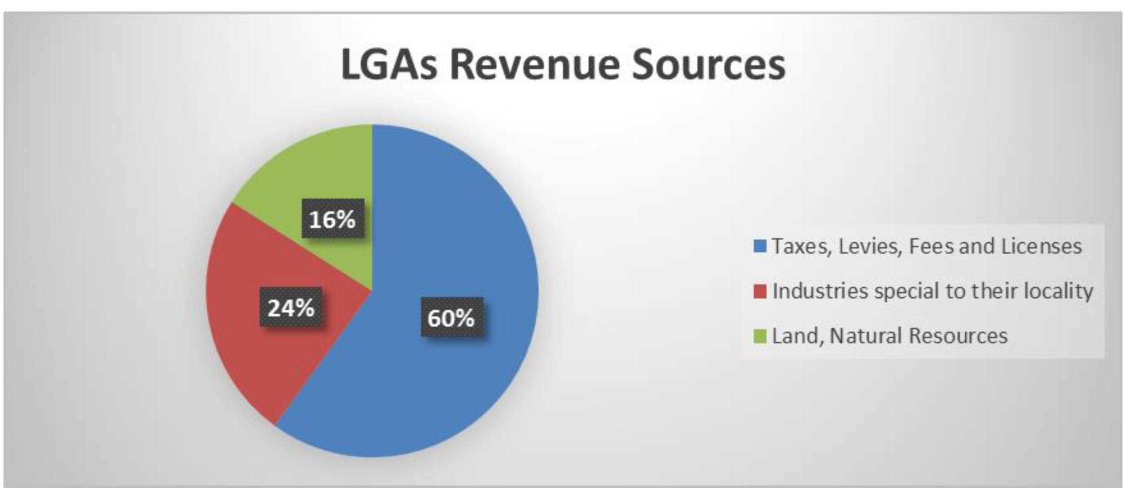

Figure 2: LGAs Revenue Sources

There was no LGA that reported a revenue source that is peculiar to themselves as a reason of innovativeness or creativity in their LGA. All LGAs are reliant on traditional fees, levies, taxes and licenses model of revenue. As such, when an industry specific to that location, such as Cashew nuts for Southern Zone is hit – revenues for LGAs plummet.

4.1.3 Setting aside the 10%

All LGAs claimed that they set aside 10% as required by law. But most LGA officers were reluctant to provide supporting documents for their stated amounts in the questionnaire. The survey result shows that, 14 out of 25 LGAs claimed that they had set aside the complete 10% each of the 3 years. 7 of these 14 have refused to and/or gave ANSAF personnel the runaround when asked to produce the MTEF and relevant documents. The other 7 provided other documents, like revenue documents but not MTEF.

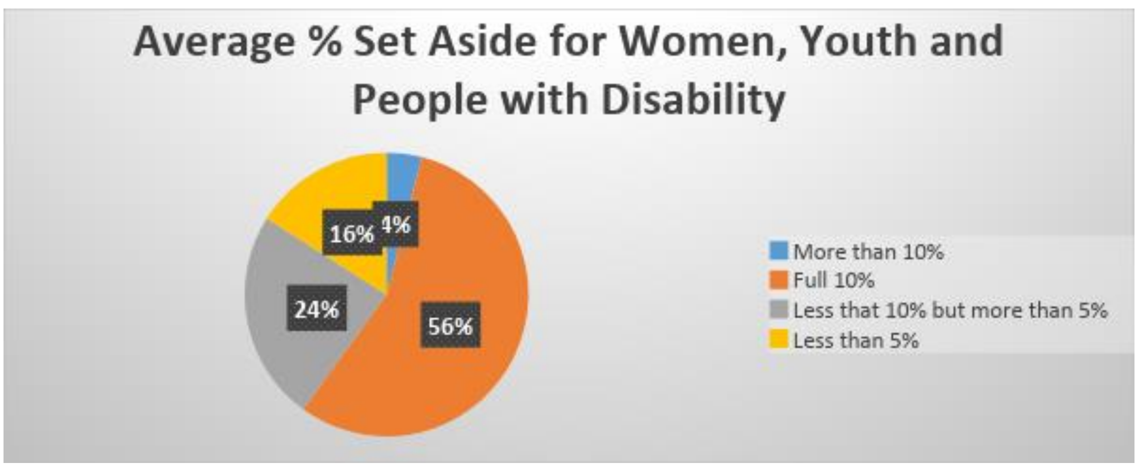

Figure 3: Percentage of own income set aside

For LGAs that were transparent, it was very evident that most don't really set aside the amount, but rather just service whatever loan applications they currently have and any remaining amount is circulated into other LGA activities.

4.1.4 When they started to set aside the 10%

The period the council started setting aside money for women and youth (and later on for women, youth and people with disabilities), the answers where as diverse as they come. Part of the reason is that some LGAs have been formed by the government only of recent, and some have existed for a longer period of time. By 2015, 9 out of 10 had already been formed. Therefore, between 1993 and 2000, about 44% of the LGAs had been setting aside 10 percent for the Youth and Women and other years followed.

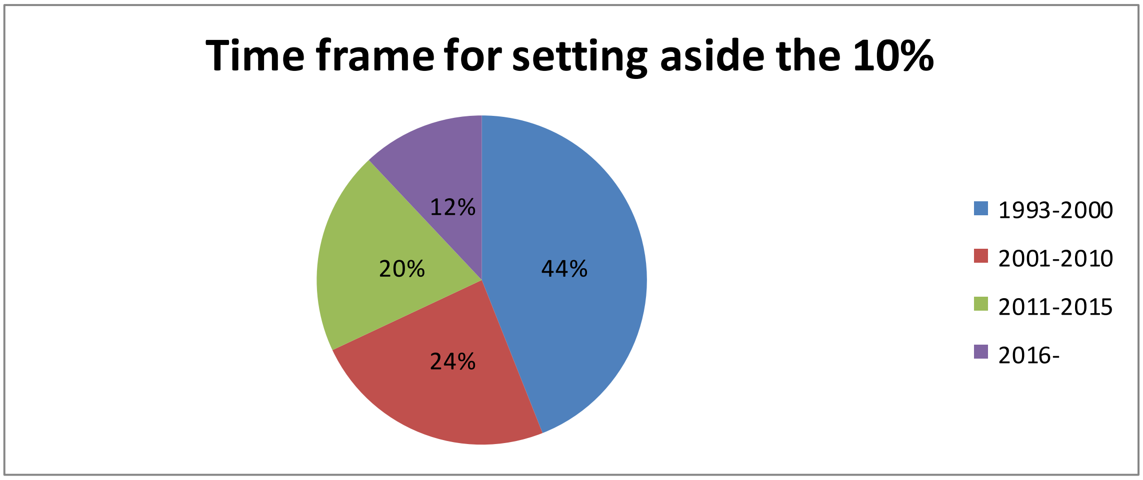

Figure 4: Distribution of Districts with 10 percent for Women, Youth and Disables people since 1993 – 2016

4.1.5 The percentage set aside by the LGAs for each of the three groups

Women are the ones who have benefited the most with the loans, at an average of 4.31 percent of LGA revenues set aside for them. Youth follow with 3.77 percent. People with disabilities received an average of 0.48 percent for the past three years.

11 of the 25 LGAs (44 percent) in the study had not started offering loans to PWD groups as of the time of the study. These LGAs are Mvomero, Bukoba Urban, Momba, Babati, Njombe, Mufindi, Longido, Bukombe, Bariadi, Tandahimba, and Iringa Rural;

4.1.6 Number of beneficiaries in the past three years

All LGAs had kept good records of the number of people who have benefited them in each of the three categories.

A total of **18,314 women, 10984 youths and 320 people with disabilities** have been beneficiaries through their groups in the past three years, that is, 2015/16, 2016/17 and 2017/18 in the 25 LGAs of the study (Figure 5)

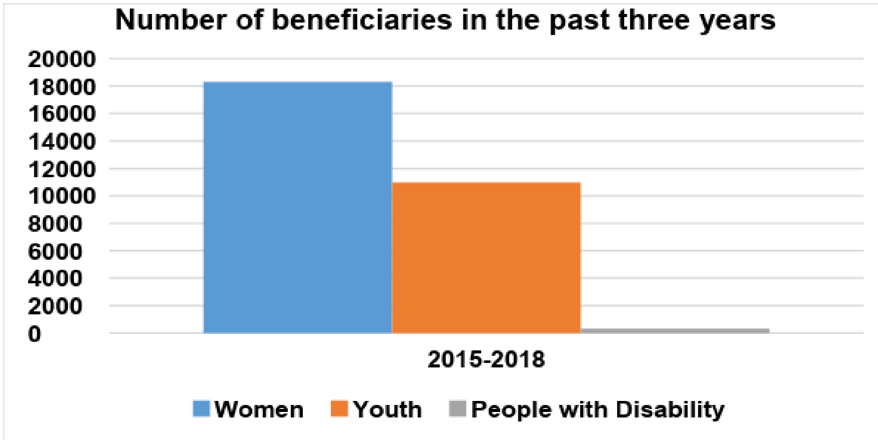

Figure 5: Number of beneficiaries

4.1.7 The type of businesses that most frequently seek loans

The Loans amount asked are mostly between Tshs 1,000,000/- and Tshs 5,000,000/- constituted 48 percent of loans issued to the groups studied. Loans that were Tshs 1,000,000/- or less constituted 28 percent and loans that were Tshs 5,000,000/- or above constituted the remaining 24 percent. However, Tshs 10,000,000/- was the highest amount issued, no group said they were issued a loan beyond this. Agricultural activities were the majority in loan applicant's business. Combined, animal husbandry, apiculture, cultivation (which includes horticulture) and direct processing of agricultural produce constituted 61 percent of businesses. The funds invested into projects are diverse, as shown below:

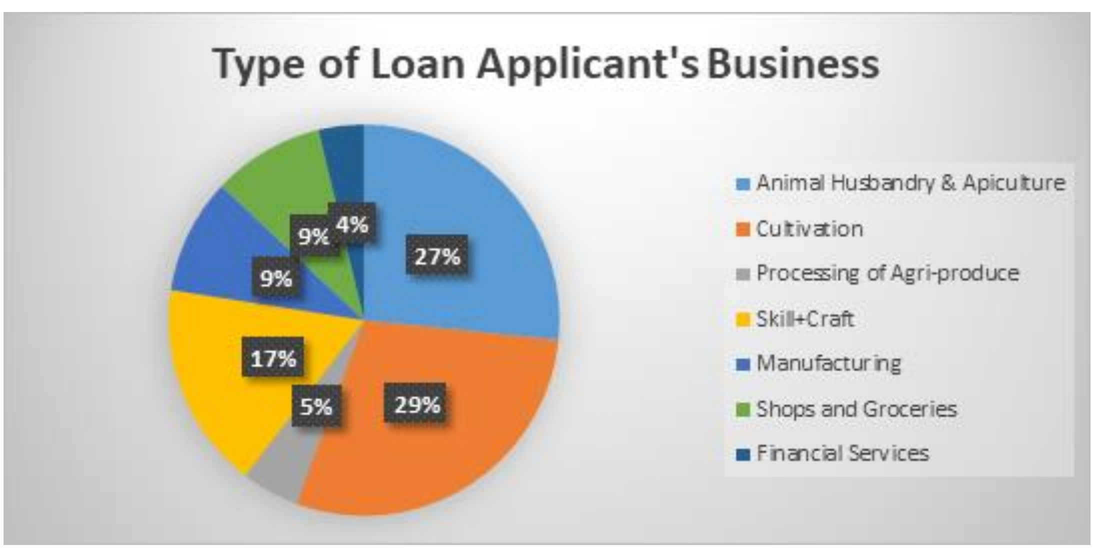

Figure 6: Type of Business engaged

4.1.8 Time taken for Loan Disbursement

On average it takes 2 months and 2 weeks to get a loan. Some loans were issued within 14 days from application date, and yet another took 2 years. It looks like there is no specific period defined, but each LGA deals with each loan request separately. Some LGAs (especially in the Southern Highlands zone) have set aside 4 times in year where they issue loans (they issue loans on quarterly bases) – so any request that comes in between quarters will have to wait with others applications until next loan disbursement period.

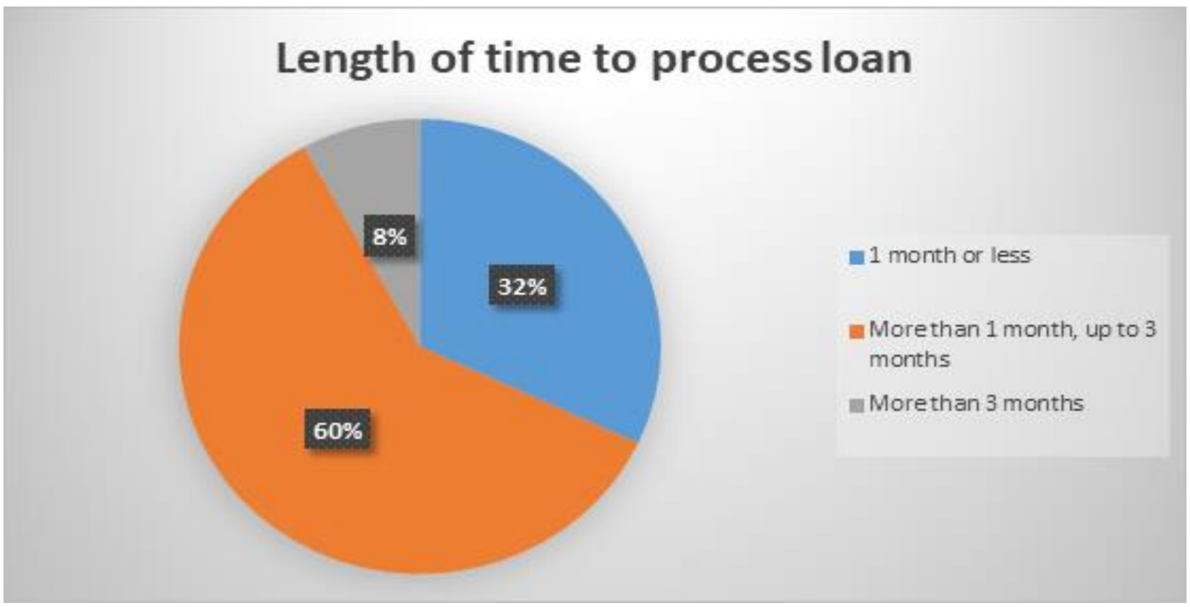

Figure 7: Duration for processing and obtain loan

63 of 120 groups interviewed indicated and showed concern on the length time it takes to process and disburse the loans, and recommended for the improvement.

4.1.9 Loan's 'Grace Period'

While 4 out of 10 LGAs (44%) said the 'Grace period' (an ample time given to recipient groups before starting paying back the loaned sum) is 12 months, when interviewing the groups of beneficiaries, it was observed that the maximum any LGA offers is 3 months, and in practice every LGA provides for only a month as the grace period, and soon after that they start to collect monthly (or quarterly) payments.

The responses gathered from the interviewees and the LGAs authorities are summarized in the tables as provided here under for reference;-

Table 5: Grace period according to LGAs Versus beneficiary groups

District Council	Nyamagana	Sengerema	Musoma Rural	Bukoba Urban	Karagwe	Muleba	Bukombe	Bariadi
Grace Period (in months)	Within 12	6	1	Within 12	Within 12	10	Depends	Within 12
Actual time the groups experienced (months)	1	1	1	1	1	1	1	1

District Council	Karatu	Longido	Monduli	Korogwe	Babati	Mvomero	Ulanga	Kilosa	Kilwa
Grace Period (in months)	2	Within 12	1	6	1	12	12	4	3
Actual time the groups experienced	2	1	1	1	2	3	3	3	3

District Council	Mtwara Rural	Tandahimba	Newala	Rungwe	Njombe	Iringa Rural	Mufindi	Momba
Grace Period (in months)	24	12	12	1	3	3	12	2
Actual time the groups experienced(months)	6	3	1	1	3	3	1	2

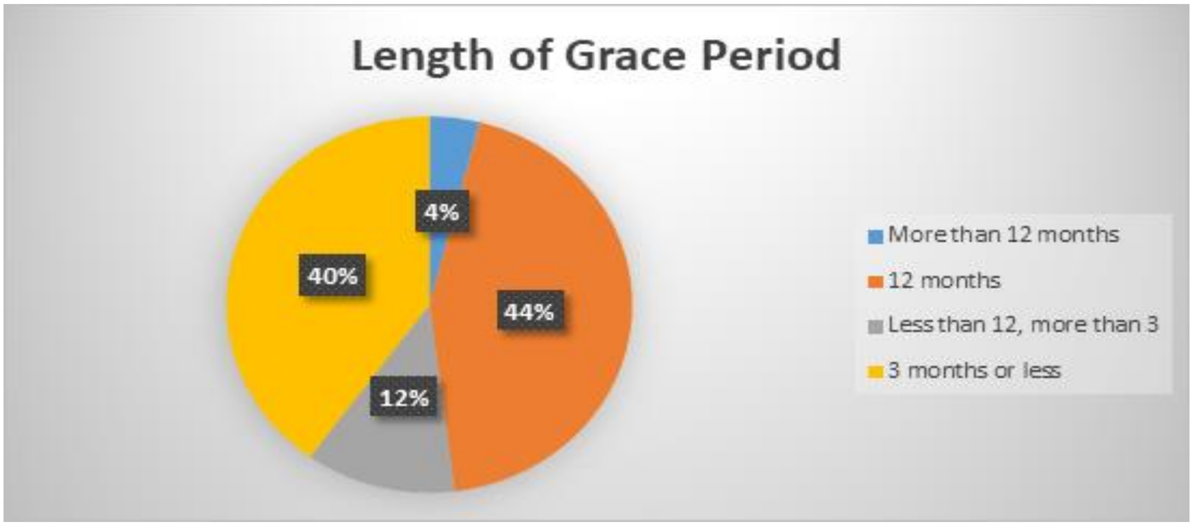

Figure 8: Time for Grace Period

50% of groups interviewed felt that the grace period was too short, and 40% would want to pay back their loan in a space of 2 years instead of one. Moreover, 33% would like to have the option of asking for 2 loans within the year, as long as they have paid back the first one.

4.1.10 Modality of loans Disbursement

All LGAs said they issue loans to groups only and loans are deposited to the group's bank account. This was stated by all beneficiaries to be the case. It is evident that loans are not yet being issued via SACCOS or otherwise as some directives require. It was further leant that, LGAs have handled over the loan responsibility to the commercial banks that would do the operations on behalf of the LGAs and mostly, the commercial banks would require tangible assets for collateral from the beneficiaries.

LGA officers also just estimate what amount a specific group can recoup – specific metric they used to calculate said amount. 65% of groups also noted as part of their recommendations that LGAs should disburse the amount of loan applied for, not less which is what has been the case.

4.1.11 Conditions for the loans

It was found that some LGA officials give loans with interest attached, whereby, 29 percent of all groups explicitly said they were asked to pay the loan with interests. For some groups, the interest was required only if they were late in paying back their loan.

Generally, the interest rate ranged from 2% to 10%, while only 2% of groups were asked for land as collateral for loans.

All beneficiaries mentioned a business plan, a bank account and a letter from WEO as relevant things that groups were supposed to have before getting a loan from any LGA. The survey results reveal that, 31 percent of the groups reported that the procedure to get loans was too tenuous.

4.1.12 The Process of Loan payment

28 groups of the 120 are late on their current payments – 23%. LGAs are also facing issues in collection of payments – 15 groups (12%) have that they are located far from the nearest bank which makes loan payment an expensive process. At the same time 5 LGAs have stated that they don't know what to do when recipients do not pay back their loans, especially when the beneficiaries are People with Disability (Musoma, Ulanga, Korogwe, Kilosa and Nyamagana) – it gives them a moral dilemma as to which course of action, legal or otherwise to take.

4.1.13 The Information about loans availability

Through the interviews, Information regarding loans reached groups mostly through their local government channels. District Development Officers were most mentioned as the source of the information about availability of loans (54 groups), followed by WEO and other local government personnel (32 groups) and the Ward's Notice Board (22 groups) have also been identified as a source of the information. Workshops and trainings organized by NGOs/CSOs (12 groups) and organized by the District Office have also been mentioned as source of information.

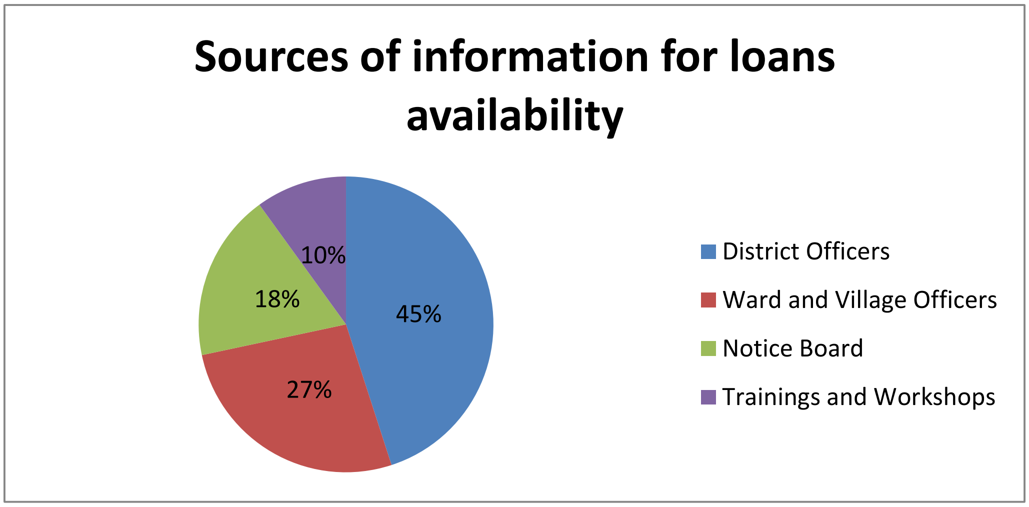

Figure 9: channels for information about loans to groups

Moreover, it was found out that while information is somewhat readily available, most groups feel that they don't easily qualify for the loans given the conditions for a bank account and business plan.

4.1.14 Beneficiaries trainings

Since the groups received the money as a loan to which they must pay back, it only follows logic that they should receive some sort of trainings on how to manage the loan on how to run their projects successfully so that they will in turn pay back the loans in full.

When asked whether or not they received any training before or immediately after getting the loan, their responses were as follows:

75% of the groups responded positively, though they did not specify how long the trainings took and whether the training was helpful to them. 21% responded that, they never received any training, and 4% did not need any training because they had adequate experience in managing funds. The results further showed that, there were no regular trainings provided to beneficiaries once the disbursement of funds had been made to them.

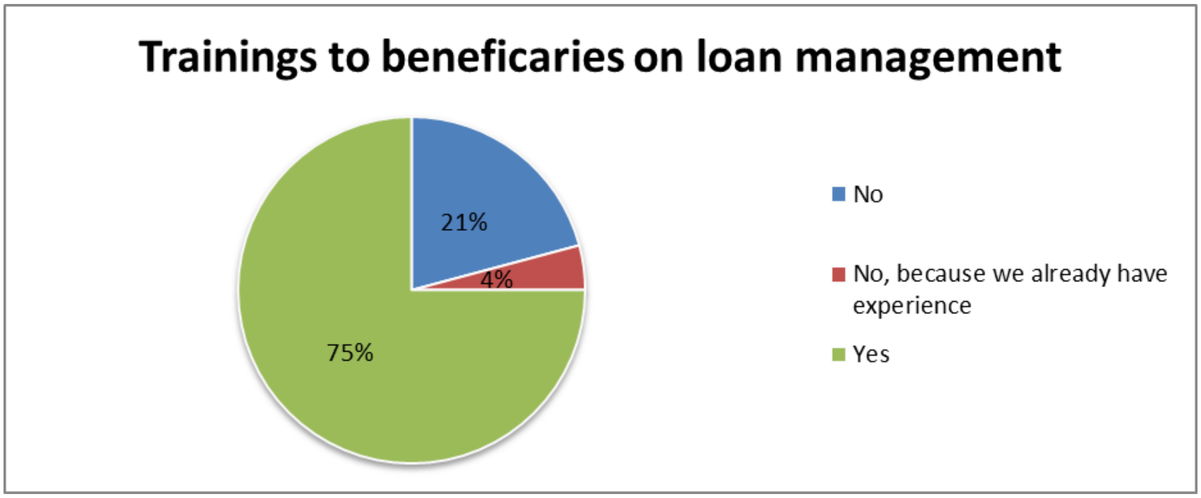

Figure 10: Trainings to beneficiaries prior and after disbursement of loans

Moreover, an overwhelming response of 69% of groups interviewed requested more trainings and/or capacity development in project management and financial management.

4.1.15 The most common challenges encountered

As expected every business project face certain challenges – some within its capabilities to tackle, and some that need interventions from the government, local or central. Here are most common challenges that the groups interviewed identified:

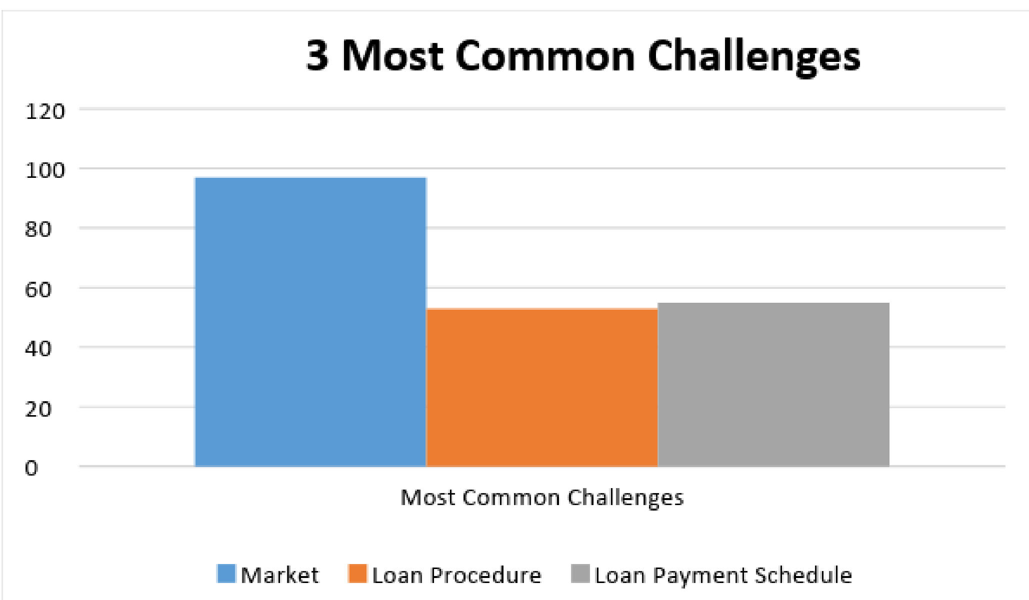

Figure 11: Most Common Challenges

The responses indicated that, 97 groups interviewed mentioned access to or availability of markets to their produce as main challenge, 54 groups mentioned loan process as a challenge, and 55 groups said loan payment schedules are not realistic based on their type of business undertaken – for instance asking for a monthly payment from a group that is engaged in rice farming in their paddy field, it was not realistic. Every month the payment takes more money from productivity. Such loans would better be gauged against harvest, where people actually sell their good for profit.

5. Key Findings

Considerable issues were identified during the survey and findings that were noticed after the analysis are presented below;-

a) There is still a huge gap between the 2013 directives and most recently issued directives by the Ministry of Finance and what is being implemented on the ground. Generally, the mechanism for loan disbursement to intended beneficiaries is yet to be in full operations. The approaches employed seem to be more traditional and the use of technology in the whole process, particularly, for information dissemination seems to be of low use;
b) It was noted that, the LGAs would do only bare minimum by providing some loans to few applications they get in order to be seen that they also implement directives;
c) Most agricultural projects have not yet incorporated technology in their process and they still use traditional and poor equipment. Technologies such as green houses, or drip irrigations, and machines such as tractors or combine harvesters are none-existent in these projects. Some of the products were far from reaching the average standards;
d) The significant number of beneficiaries in agribusiness projects observed indicate that, women and youth groups have positively responded to the call of engaging in agribusiness for a living, however, the study did not find any tangible and viable plans in place that will develop the beneficiaries projects to the different levels;
e) Through the interviewing process, it was noted that, there was no clear mechanisms or process that was being followed to select the best applicants especially where

considerable number of applications were received, one would expect that there would be an independent board to select competent applicants, but no such mechanisms were available; and

f) It is the consultant's observation that these loans can make a positive impact in the lives of Tanzanian women, youth and people with disabilities – we have met groups that are on their way to starting their own small industries, thanks for these loans.

g) Women groups made 49 percent of all groups reached, accessed most loans and are more disciplined in paying their debts more than mixed groups or other groups interviewed – 7 cases of loan defaulters that were explicitly mentioned by the interviewed District Community Development Officer, none involve a women group, against 5 defaulting groups for PWD and 2 for youth groups; The quick observation with regard to women groups is that, most of them have been engaged in other similar arrangements related activities, they also seem to be matured and eager to lean and implement what they are taught.

6. Conclusions and Recommendations

From the field work undertaken for this study, the following are commendations proposed as results of different responses gathered during the study accompanied by the views of the consultant, articulated here under;-

1. It will be useful that, the 10% fund which is set aside by the LGAs for loans to Youth, Women and People with Disabilities be included in the LGAs plans so that the projected amount can be easily ascertained and related costs for running the loan activities be estimated prior.
2. Equally, there is a need for LGAs to develop comprehensive strategies for the loan funds, for each Council, whereby, projected amounts for loan will be anticipated and outcomes clearly set out on what the funds will achieve in the specified period of time.
3. There is a need for PO-RALG to issue a clarity communiqué to LGAs to clarify on whether LGAs should abolish the interest rates on loaned sum (as it was earlier

intended) or include the costs of running the loans in their respective financial plans. However, penalty may be imposed to groups that delay to repay the loan

4. There is a need for the LGAs to clearly communicate the procedures for the loans availability so that intended and potential recipients will have adequate knowledge on the funds.
5. We further recommend that, the LGAs to seriously conduct regular radio, TV programmes and use the social media to reach the wider audience with the information on funding available.
6. We also recommend that the LGAs to set aside adequate budget for capacity building programmes for intended beneficiaries. This will enable groups of beneficiaries to acquire and enhance their knowledge in running their projects.
7. It is also recommended that, the LGAs could set aside a budget for regular follow ups and visits to beneficiaries in order to be aware of the challenges encountered and assist them on time.
8. It is further recommend that, the PO- RALG/LGAs to find mechanisms to engage the Development partners and private sectors in supporting the groups with unique ideas, or those with sound and viable business ideas which can be scaled up or replicated profitably;
9. It is also recommended that, LGAs may find a mechanism to disburse the funds to beneficiaries through the SACCOSS this will not empower the community but enable them to learn issues on financial management.
10. It is further recommended that, the Loans advanced could focus more on acquiring assets instead of operational expenses; this helps in sustainability.
11. We also do recommend that the LGAs need to develop viable strategies for production and marketing of their beneficiary' groups, there must be business mechanisms for value addition to the products they produce – for instance advising one group to have chicken producing business and another group a meat chicken business, while another chicken feed business, etc. This way there will always be a primary market for goods produced;
12. It will also be useful that, without affecting the due diligence, the LGAs improve loan application procedures without much red tape and establish an

independed technical team that will be responsible for capacity building and follow up on the projects that have received funds;

13. The LGAs may also wish to establish mechanisms that will be continuously and regularly coaching and mentoring the groups that have received loans on management and production issues so that to keep them growing and expand their projects.
14. Much as the current requirements for accessing loans require applicants to be in groups, it will be useful for LGAs to establish a separate window for loans which will be targeting innovators from any groups with innovative and viable ideas who will be facilitated with the loan irrespective of them being either in a group or individually. This will boost morale and spark innovation especially in agribusiness;
15. Finally, it will be useful that, the LGAs find way of recruiting and capacitate more people of disabilities to access funds and payback the loans, as found in the study, some LGAs have not issued funds to PWD and even for the LGAs that have managed to issue loans to PWD their defaulting level is very high compared to other groups.

7. Annexes

7.1 LGAs Matrix

S.No.	LGA	Number of Groups Interviewed	MTEF and/or relevant document	LGA report
1	Nyamagana	5	Yes	No
2	Sengerema	5	Yes	No
3	Musoma Rural	4	No	No
4	Bukoba Urban	5	Yes	Yes
5	Karagwe	5	Yes	Yes
6	Muleba	5	Yes	Yes
7	Bukombe	5	Yes	No
8	Bariadi	4	Yes	No
9	Karatu	5	No	Yes
10	Longido	5	Yes	Yes
11	Monduli	4	Yes	Yes
12	Korogwe	4	No	Yes
13	Babati	5	No	Yes
14	Mvomero	5	Yes	Yes
15	Ulanga	5	Yes	Yes
16	Kilosa	5	Yes	Yes
17	Kilwa	5	Yes	Yes
18	Mtwara Rural	5	Yes	Yes
19	Tandahimba	5	No	No
20	Newala	4	No	No
21	Rungwe	5	Yes	Yes
22	Njombe	5	No	Yes
23	Iringa Rural	5	Yes	Yes
24	Mufindi	5	No	Yes
25	Momba	5	Yes	Yes

Table 2: LGA Matrix

7.2 Selected Photos

Figure 12: Tausi Women Group - Iringa LGA

Figure 13: Showcasing the product, Babati LGA

Figure 14: Taking Notes, Momba LGA

Figure 15: Agricultural Project by PWD group, Karagwe LGA