

Management and Governance of the Women, Youths and People with Disabilities Empowerment Fund in Tanzania

POLICY BRIEF

October 2022

Introduction

Women, Youths and People with Disabilities Empowerment Fund abbreviated as WYPWDF is a revolving fund whereby all LGAs are required to allocate 10% of their annual own-source revenues for providing interest free loans to registered groups of women, youths, and people with disabilities at a ratio of 40% to women, 40% to youth, and 20% to people with disabilities (CAP. 290 R.E.2019).

The fund was firstly introduced by Government of Tanzania through the Parliament in 1993 for the purpose of uplifting economically underprivileged women and youth because it was difficult for them to access loans from financial institutions due to (i) lack of collateral as security for loan, (ii) spearheading to the inclusive growth and poverty reduction, (iii) empower women and youth economically and socially through improved livelihood, (iv) contribute to job creation.

By then the LGAs were required to set aside 5% of their revenues for seed money for women and youth only, until 2019 when the Local Government Finance Act, Cap 290 [R.E. 2019] was amended by adding section 37A specifically to facilitate loan accessibility to women, youth, and persons with disabilities (CAG 2022).

A total of 631 billion TZS that was loaned to 1,194,155 Tanzanians (60% women and 40% men) under the empowerment funds in financial year 2020/21 resulted into creation of about 2.7 million (49% women and 51% men) jobs, out of which 878,898 were direct jobs (NEEC 2022).

Performance of The Funds

For the past two consecutive financial years, PO-RALG reported that the LGAs' contribution to WYPWDF was averaged at approximately 9% of their own source revenue.

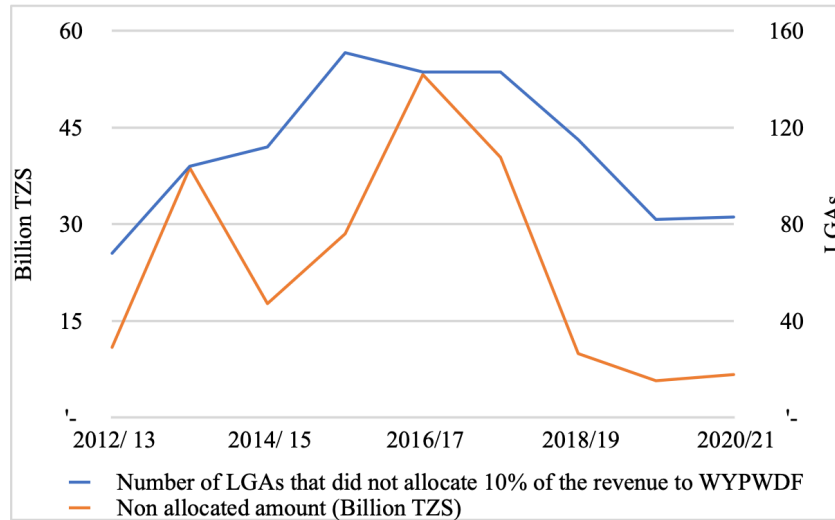
In financial year 2020/21, LGAs disbursed 53.8 billion TZS (8.5%) to WYPWD groups out of 626.8 billion TZS revenues.

In financial year 2021/22 LGAs disbursed 59.2 billion TZS (8.8%) to WYPWD groups out of 674.8 billion TZS revenue while 34.81 billion TZS was paid back from 29,443 WYPWDF groups and out of it, 28.80 billion TZS was disbursed to 2,950 groups of women, 1,334 groups of youth and 322 groups of PWDs.

However, there are challenges in the law enforcement: First, some LGAs do not comply with the legal directive to allocate 10% of their revenues to WYPWDF and secondly, a significant amount of fund that is provided as interest free loans to WYPWD beneficiaries groups is not paid back, hence limiting the fund from achieving its intended target of reaching more beneficiaries, improving WYPWDs livelihoods and alleviating poverty (CAG 2022).

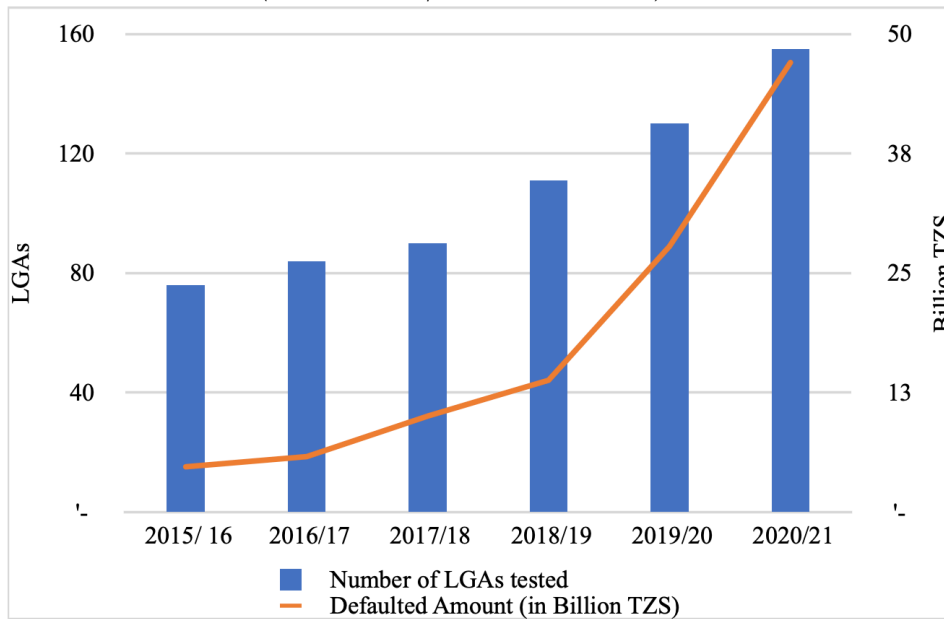
For instance, in the financial year 2021/22, only 48 LGAs contributed at least 10% of their own revenue to WYPWDF, 135 LGAs contributed from 5% to 9% of own source revenue to WYPWDF and 1 LGA contributed less than 5% of own source revenue to WYPWDF (PO-RALG 2022). 5 LGAs disbursed 178.61 million TZS to non-qualified groups, 17 LGAs disbursed loans of about 3.26 billion TZS without considering the agreed loan disbursement ratio of 40% to women, 40% to youth, and 20% to PWDs and in 11 LGAs, 1.24 billion TZS was not transferred from the deposit account to the special account of WYPWDF, contrary to Regulation 22 (1) and (2) of the WYPWDF (CAG 2022).

Figure 1: LGAs Non-Compliance With 10% Allocation To WYPWDF From Financial Year 2012/13 To 2020/21. (Source: CAG Reports from 2014 to 2022).



According to the Controller and Auditor General, over 50% of yearly disbursement to WYPWD groups was not repaid for the past six consecutive years.

Figure 2: Unrecovered WYPWDF Loan From Financial Year 2015/16 To 2020/21. (Source: CAG Reports from 2014 to 2022).



Moreover, a study by ANSAF (2019) that aimed at assessing LGAs' capacity to meet the legal directive of allocating 10% of revenues from own sources revealed significant failure due to lack of clear mechanisms or processes to identify, select qualifying loan applicants and ensure sustainability of their businesses; limited realization of the actual funds; limited resources to support many groups qualifying for the loans; limited information among beneficiaries on how to access the loans; low level of business

acumen among government officials responsible for managing the fund and increasing number of loan defaulters in 25 districts namely 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.

To address these challenges, ANSAF with support from the Finnish Embassy is currently implementing a two-years project dubbed “Strengthening Management and Governance of the Women, Youths and People with Disabilities Empowerment Fund in Tanzania” that intends to contribute to enhancing WYPWDF effectiveness and performance to increase employment creation and incomes as well as promote gender equality. Through the project ANSAF has:

- Engaged Ministries, Departments, Agencies and Members of Parliaments to reflect on the status of WYPWF including success and challenges. This also included review of findings and recommendations from ANSAF 2019 study on the 10% specifically stock taking of the status of the implementation of the recommendations, challenges identification and producing informed recommendations for further engagement with policy and decision makers.
- Conducted 2022/23 pre-budget analysis to generate findings and recommendations in which low LGAs compliance with 10% allocation to WYPWDF was one of the key issues presented and discussed. Thereafter, ANSAF organized a meeting with the relevant parliamentary committees to influence the government budget.
- Engaged the Media to create awareness on WYPWDF and organized multi-stakeholders’ platforms to enhance linkages between WYPWD with government and private sector agencies for financial access and technological support.
- Facilitated capacity building for LGA Community Development Departments

and key staff involved in WYPWDF management using a training manual for LGAs that was prepared in consultation with PO-RALG and NEEC.

Promising Signs

1. The government has increased budget allocation to WYPWDF from 67.7 billion TZS in financial year 2021/2022 to 75.98 billion TZS in financial year 2022/2023. Moreover, LGAs own source revenue has significantly increased whereby in April 2022, it was 759.0 billion TZS equivalent to 104.8% of the targeted 724.1 billion TZS (MoF 2022) and 151.6 billion TZS more compared to 2021’s which was 607.4 billion TZS (MoF 2021).
2. PO-RALG has recently introduced a new online system for WYPWDF named [TPL-MIS](#) through which a qualified WYPWD groups register for loan applications. To enhance loan disbursement control, transparency, equity, accountability, and inclusion; the system regulates lending criteria, business specifications and beneficiaries’ details and is integrated with other systems including NIDA and banks. Moreover, PO-RALG is preparing a guideline for WYPWDF loans provision and management.
3. The trend of LGAs compliance with the legislation over the last few years has been improving as the number of LGAs that do not allocate 10% from own source revenue to the WYPWDF significantly decreased. However, there was a slight increase in the financial year 2021/21.
4. Currently, all LGAs have a separate account for the 10% WYPWD funds as per the regulation. This responds to a recommendation from ANSAF study of 2019.

Table 1: LGAs Non Allocation Of 10% Revenue To WYPWDF From 2012/13 To 2020/21.

(Source: CAG).

Financial Year	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
No. Of Non-Compliant LGAs	68	104	112	151	143	143	115	82	83

5. Loan range has grown from TSH 1,000,000 – 5,000,000 per group to TSH 100,000,000. For example, in the financial year 2020/2021 PO-RALG reported that 380 million TZS was disbursed to Juhudi Women Group for establishing soap and detergent products industry, 150 million TZS to Hand Product of Tanzania women group that owns a batik industry, and 100 million TZS to Nuru Disabled Group that deals with cargo transportation. All these groups were based in Dar es Salaam.

Remaining Challenges

Through implementation of the “Strengthening Management and Governance of the Women, Youths and People with Disabilities Empowerment Fund in Tanzania” project from 2021, ANSAF disclosed the following major challenges:

1. Poor knowledge and capacity in designing sustainable projects, technical skills of evaluating projects and loan monitoring among LGAs community development officers who are responsible for WYPWDF management
2. Poor capacity in project designing, business and financial management among WYPWDF beneficiaries leading to low loan recovery.
3. Poor loan monitoring due to limited human resource and insufficient budget for WYPWDF management in LGAs.
4. Poor linkage among WYPWDF beneficiaries and service providers including government extensionists for technical support.
5. Untimely loan disbursement.
6. Lack of adequate information on WYPWDF among WYPWDF beneficiaries.
7. LGAs allocating less than 10% of the revenue to WYPWDF.
8. Failure of the allocated 10% WYPWDF to fulfill exceeding loan demands among

groups of women, youth, and people with disabilities for some LGAs, hence WYPWDF groups get far less amount than what they requested or none.

9. Youth age limit of 35 years disqualifies some active group members from benefitting from the WYPWDF therefore disintegrates youth groups and distort existing businesses/ projects.
10. The WYPWDF loan principles do not allow provision of loans for business/ projects outside LGAs that provide the loan.

Recommendations

1. Creating awareness and building capacity especially on WYPWDF loan qualification requirements and application procedures to the intended beneficiaries, and in project designing, business and financial management to the LGA officers responsible for management of the WYPWDF.
2. Enforcing LGAs compliance to the 10% allocation to WYPWDF through strengthened supervision and close follow up with LGAs.
3. Strengthening regulations on the delivery and management of WYPWDF lending procedures and timing for loan issuance. This includes detailed analysis on WYPWDF group repayment history, business/ project proposals review, performing due diligence and close follow up.
4. Effective monitoring of the WYPWDF especially by increasing budget for WYPWDF management and employing more community development officers (CDOs).
5. Reviewing the WYPWDF loan provision principles to allow implementation of projects/ businesses outside the municipalities that provide the loans.
6. Extending the age limit for youth groups from 35 years to a least 45 years.

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