

Challenges experienced by women in accessing loan from women development fund in Arusha: A case of Arusha district council-

ABSTRACT: Different economic empowerment programs and strategies have been initiated to promote the welfare of the marginalized groups in the community, including women. Arusha district council is part of Tanzania, where the Women Development Fund was introduced targeting women in a particular area. However, in the process of accessing loans, women tend to experience different forms and kinds of challenges in all sectors, namely public and private. This study therefore sought to trace challenges women experienced in the process of accessing loans, specifically from the Women Development Fund in Arusha district council. A sample of 60 women's beneficiaries was included as targeted respondents where household surveys were employed for data collection. While community development officers engaged as key informants, interviews were employed as a method of data collection. The data was analyzed both qualitatively and quantitatively and presented through frequency tables and percentages. Finally, the findings revealed that women beneficiaries confessed the existence of the challenges where loan delay took the lead, while others mentioned are like too much bureaucracy, low risk-bearing capacity, sexual harassment, financial bribery, and erotic bribery. This paper recommends that local government authorities, including Arusha city council, install feedback mechanisms for loans' beneficiaries, including women, while women's beneficiaries should improve their financial literacy and knowledge concerning financial products and services, including WDF loans.

Key words: *Challenges, women, Women Development Fund and Loan*

1. Introduction

Women gain a great deal from strategies that emphasize economic empowerment, including protection from social and economic injustice, amplification of their voices, meaningful involvement in economic decision-making at all levels—from the household to the global—and assistance in meeting their basic needs and launching or extending their businesses. Unfortunately, about 780 million women worldwide lack access to official financial services and products, such as loans. Most women encounter a variety of challenges when applying for loans, such as those related to social and cultural norms, lack of collateral, high levels of financial illiteracy, inappropriate delivery methods, inability to access information about financial products and services, and inadequate services and products for women as opposed to men (UN, 2024; WEF, 2024; UNWOMEN, 2024, and FAO, 2019).

Since 11.1 percent of Asian women are less likely than males to borrow money, the government of Thailand and UN Women collaborated to support economic and livelihood initiatives for women through the WeEmpower program. The program strengthened private sector engagement to promote women's economics in various ways, including business opportunities and leadership among women in Asia. Empowering women economically leads to greater gender equality and social cohesion because it gives them financial independence and decision-making power,

enabling them to challenge stereotypes and traditional gender norms. However, in different regions of the region, women faced various obstacles when trying to access credit to invest in their economic ventures, including lack of access to land and property rights (Lyons et al., 2024; Mulla, 2024; and UN, 2022).

Economic empowerment for women in the European Union is a significant pillar in terms of providing both financial and non-financial support, including credit, insurance, technology, energy, health services, and enhancing business and regulatory settings. This work is performed in conjunction with the government, civil society, social partners, entrepreneurs, and other relevant organizations. One of the initiatives aimed at advancing women's economic empowerment and gender equality in the European Union is EU 4 gender equality. The European Investment Bank (EIB) will also allocate 650.8 million pounds in 2023 to female entrepreneurs, female-led businesses, and companies that promote employment opportunities and offer services to women via regional banks, microfinance organizations, and private equity funds beyond the borders of the European Union. That being said, 51% of female employees in formal financial institutions (EIB, 2024; UN, 2024; and ICAEW, 2019)

Half of Africa's population are women, and they are widely regarded as one of the key drivers of economic growth worldwide. One of the essential tactics for women's empowerment that has been shown to work in the African environment is economic participation. Unfortunately, women's economic empowerment is at low levels in Africa, which means 3 out of 9 averages, and the gender gap to access finance in North Africa is 18 percent, the largest in the world. Credit rationing through high interest rates discouraging women entrepreneurs from applying for loans, lack of collateral due to less access to loans than their male counterparts, stringent loan arrangements than men, low financial literacy, risk aversion, and fear of failure, while other women are discouraged from applying for loans due to their own perceptions (Okunade et al., 2024; Williams, 2022; Klaa, 2020; and Morsy, 2020).

In Tanzania, women made up 30.3% of the population who were financially excluded, and 9.0% relied on informal financial services. In 1995, the government launched the Women Development Fund, which was intended to support women's income-generating activities by lending money. By funding these activities, women were able to improve their standard of living and gain economic empowerment, which in turn increased their self-confidence, varied their livelihood security strategies, and ultimately increased their income. Nevertheless, women face several obstacles that prevent them from achieving economic empowerment, including inadequate funds and financial literacy, collateral requirements, lack of documentation, and social and cultural barriers (IFC, 2022; Nafziger, 2020; Were et al., 2021; and Mtenga, 2018).

One of the programs initiated by a hand-in-hand organization that dealt with providing business skills, training, mentoring, and support to enable them to access credit succeeded in increasing the income of women by an average of 117%, which

amounted to USD 59.72 per month. However, in the process of accessing economic empowerment, including loans, customary law, high interest rates, low financial literacy, marital status, and family, it was found to prevent women from achieving their goals. Different women empowerment programs in Arusha have supported women in reaching their basic needs and have made significant contributions to household decision-making, particularly those related to their personal needs and the use of treatment and recreational facilities (Mchembe et al., 2023; ICRW, 2023; Aunga, 2019).

Several studies in relation to women and access to loan such as challenges facing women in accessing credit from microfinance institution (Rathirane, Y. & Semasinghe, 2016) and analysis of challenges faced by women entrepreneurs in accessing finance in Kenya (Kabukuru & Ofunya, Afande, 2016). However, little attention has been given to challenges facing women to access loans in local government authorities. Thus, the current study, came up with an intention to evaluation challenges experienced by women in accessing loan from women development fund in Arusha. A case of Arusha district council.

2. Research Methodology

2.1 Research Design

The study adopted a cross-sectional research design. Both quantitative and qualitative, a mixed approach whereby data is collected through a questionnaire survey and an in-depth interview. A cross-sectional research design is employed due to the fact that it allows data to be collected at once, therefore saving time and funds.

2.2 Description of the Study Area

The study was conducted in Arusha district council, which is among 7 councils that constitute the Arusha region found in Northern Tanzania. Arusha district council has 27 wards, 67 villages, and 256 suburbs. According to a 2022 Census, Arusha district council has a total population of 449,518 people, of whom 211,650 are male and 237,868 are female. The study area is selected due to the fact that it is one of the areas that empowers many women to access fund through WDG compared to other council in Arusha Region (URT, 2022; Arusha district council, 2017).

2.3 Sample size and Sampling techniques

2.3.1 Study population

The targeted population for this study was women at the household level who benefited from the Women Development Fund ([WDF](#)) through groups from different wards of Arusha District Council. According to the available data in Arusha District Council, a total of 175 women benefits from the [Women Development Fund](#)WDF, who then forms the population for the study.

2.3.2 ~~Research s~~Sample selection

This study attained a sample size of 60 respondents who are the beneficiaries' women of ~~Women Development Fund (WDF)~~. Thus, Taro Yamane (1967) was employed to determine the sample size of women in this study.

Now, the Taro Yamane formula is ~~known-written~~ as:

$$n = \frac{N}{1 + N(e^2)}$$

~~Wherebywhere~~;

"n" represents sample size

"N" represents the total population of the target population while "e" stands for margin of error

That means in relation to our study, N = 175 and e = 0.1

Thus, as determined using Yamane (1967), the study sample were 60 **women** accessing funds from the ~~Women Development Fund~~WDF.

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2.3.2 Sampling techniques

During the study, both probability and non-probability sampling techniques were employed. In the process of identifying and engaging beneficiaries' women, cluster sampling was employed in the sense that women from different groups were randomly included in the study. While for non-probability sampling techniques, purposive sampling was employed to select key informants who were community development officers.

2.4 Methods of data collection

2.4.1 Household survey

This is one of the methods applied in data collection, where a questionnaire is used as a tool for data collection. The nature of the questionnaire was the closed one in the sense that it saved time and focused on the information required by the study. This method was applied to collect information from the beneficiary's women of WDF.

2.4.2 Interview

In this study, a structured interview with open-ended questions targeted community development officers in a particular area. The structured interviews were adopted to focus the study within its variables, while open-ended questions were applied to

avoid interviewer bias by asking lead questions. Data collected from this method was analyzed using thematic analysis.

UNDER PEER REVIEW

3.0 Results and Discussions

3.1 Demographic and Socioeconomic Characteristics of Respondents

3.1.1 Education level of the respondents

It was the intention of this study to obtain information on the level of education attained by a beneficiary's women of WDF. Thus, education was grouped into three portions namely primary level, secondary level and tertiary level.

Table 1: Education level of the respondents

Levels of education	Frequency	Percent
Primary level	13	21.7
Secondary level	41	68.3
Tertiary level	6	10.0
Total	60	100.0

Source: Research findings, 2024

The findings presented in Table 1 show that 68.3 percent of women attained secondary level education, while only 10 percent were able to attain tertiary level education. Therefore, the majority of beneficiaries' women of WDF attained secondary education. Now, based on their education, they have the capacity to make rational decisions in different issues associated with WDF loans and even their income-generating activities.

Contrary to these findings, a study by Ijaza et al. (2014) done in Vihiga County, Kenya, found that the majority of the women borrowers interviewed had completed primary education as their greatest level of education. Based on their educational background, it is clear that WEF (Women Enterprise Fund) has a responsibility to improve the financial literacy of its female borrowers in order to increase their potential for economic success. Nonetheless, this result makes it clear that the beneficiaries' educational attainment has a significant impact on their financial literacy, including how they use credits.

Table 2: Respondents' marital status

Marital status	Frequency	Percent
Married	48	80.0
Single	12	20.0
Total	60	100.0

Source: Research findings, 2024

From the findings of Table 2, only 20 percent of the women claimed to be single, while 80 percent of women confessed to be in marriage. That means the majority of beneficiaries' women of WDF are married. Based on their marital status, it implies

that these women have a family burden, which could affect loan usage and business performance in general.

A study conducted in Tanga City by Malamsha (2023), where women were the targeted respondent, revealed the same findings regarding the marital status of the respondents. The study discovered that the majority of the respondents were married, which implies that they will have a heavy burden of responsibilities against their families depending on the size of the households as well as the income status of the family.

[The study showed the beneficiary's women if they had seen any kind of difficulty in the process of accessing a loan where they had only two options, namely, yes or no. The table 3 below represents the findings.](#)

Measured variable	Frequency	Percent
Yes	40	66.7
No	20	33.3
Total	60	100.0

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Table 3. Women confession on the existence of challenges

[The study asked the beneficiary's women if they had seen any kind of difficulty in the process of accessing a loan where they had only two options, namely, yes or no. The table 3 below represents the findings.](#)

Source: Research findings, 2024

The respondents were drawn from groups in order to obtain the responses from appropriate loans' beneficiaries. The majority of sampled beneficiary's women, amounted to 66.7 percent, confessed the existence of challenges in the process of accessing loans in WDF, while only 33.3 percent denied, as indicated above in Table 3. Now, from this respondent, it assures the researcher on the existence of different difficulties women's beneficiaries experienced in the process of accessing loans, particularly from WDF.

3.2 Difficulties women experienced in accessing WDF loan

The main agenda of this study was on difficulties women experienced in the process of accessing WDF loans. This study categorizes possible difficulties women encountered into six parts, namely, too much bureaucracy, delay, sexual bribery, corruption (money), sexual harassment, and low risk-bearing capacity, as indicated in Table 4.

Table 4: Difficulties women experience in accessing WDF loan

Difficulties experienced	Frequency	Percent
Too much Bureaucracy	11	11.7
Loan delay	28	46.7
Erotic bribery	4	6.7
Financial bribery	5	18.3
Sexual harassment	5	8.3
Low risk bearing capacity	7	8.3
Total	60	100.0

Source: Research findings

The 46 percent of respondents' women who benefited from WDF loans listed "loan delay" as the difficult experience, while 6.7 percent listed erotic bribery as one of the difficult experiences in the process of accessing WDF loans, as shown in Table 4 above.

This finding also resembles the study focused on the performance of WDF to the women of small-scale entrepreneurs, and it was conducted in Dodoma city council by Ngoyo *et al.* (2023), where delay of loan disbursement, inadequate entrepreneurship training to beneficiary groups, and limited supportive supervision to credit beneficiaries were mentioned as the challenges.

The study conducted in Kenya by Ijaza *et al.* (2014) noted that the ministry of finance sometimes delayed in disbursing the money to the constituencies, which results in delay among women borrowers, while at the level of fund managers, they had to wait for other women making repayments so as to give the money to other women since it is a revolving loan fund.

Also, Kilonge (2024) conducted a study on the impact of the Women Development Fund on livelihood improvement among women in Geita town council and noted the bureaucracy system as one of the challenges associated with WDF. Now, this finding is related to some extent to this study since bureaucracy was one of the variables measured on the challenges experienced by women in the process of accessing loans in WDF in a particular study area.

Furthermore, the qualitative information complements the quantitative findings, where the first interviewee responded to the above question by saying;

"In the process of accessing a loan from WDF, women experience different challenges where most of them are associated with their knowledge on the procedures to be followed and required criteria." RP₁. Another interviewee responded to that:

"For the Women Development Fund, loan applicants, namely women, experience very few challenges compared to the private sector only because it is the

government fund. However, the major challenges are connected to the lack of knowledge and the capacity of the fund to meet the demand of the targeted applicants." RP₂.

The results pertain to a study carried out by Paya (2021) in Botswana's Youth Development Fund, with a focus on women fashion entrepreneurs. By allowing the genuine voices of the female youth entrepreneurs to be heard, the study sought to identify the difficulties faced by female entrepreneurs in Botswana who have received funding through the Youth Development Fund (YDF). One of the difficulties mentioned was the lack of funding and the burden of numerous strict requirements when applying for funding. Tight guidelines may therefore be a sign that borrowers are unaware of the conditions and guidelines of the loan.

4.0 Conclusion and Recommendations

4.1. Conclusion

The study was conducted in the Arusha region, particularly in Arusha district council, focusing on the challenges women experienced in accessing loans from women development fund. Women experience different challenges in the process of accessing various opportunities, including WDF loans. Delay in loan is the major bothering challenge to women of Arusha district council. Not just only that, but also women in the process experience too much bureaucracy, erotic bribery, sexual harassment, financial bribery, and even low risk-bearing capacity.

4.2. Recommendations

4.2.1 To local government authorities

Local government authorities are the targeted platforms where different government economic empowerment interventions tend to be allocated. This is because the designation of local government authorities all over the country focuses on promoting economic empowerment and enhancing service delivery to the local community, including women. Therefore, to encounter those challenges women's borrowers experience in the process of accessing loans from WDF, local government authorities, including Arusha district council, should install a feedback mechanism and conduct regularly training to empower community development officers and women at all levels, as well as create a more inclusive and supportive environment for women seeking loans.

4.2.2 To women's beneficiaries

Women's beneficiaries and even those expected to access loan services at the local government authorities in the country should confidently express their concern for the sake of improving the services as well as to acquire timely and quality services. Women at their individual level should improve their financial literacy and knowledge associated with financial products and services.

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