The Social Impact of Microfinance: What Changes in Well-Being are Perceived by Women Group Borrowers after Obtaining a Group Loan? A participatory rural appraisal in Dar es Salaam Region, Tanzania

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List of abbreviations
MFI  Microfinance institution
NGO  Non-governmental organization
PRA  Participatory Rural Appraisal
Sacco Savings and credit co-operative
TZS  Tanzanian shilling
UNDP  United Nations Development Program
WAT  Women Advancement Trust
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**Abstract:** Worldwide, poverty remains to be an obstacle to achieve sustainable development and improve the well-being of people. Microfinance has become a popular tool for poverty alleviation and it can now be found in poor countries across the world. Microfinance is based on the principle that poor people can initiate their own development out of poverty, given they have the starting capital to do so. The capital can be invested in income-generating activities and it is assumed that this will lead to a higher income and additional positive effects, like an increase in well-being, will follow. However, others argue that the focus on income is only one aspect of poverty, other forms of deprivation and constraints are excluded. This thesis aims to address how microfinance, the provision of credit in particular, has an influence on the well-being of women. A participatory rural appraisal was conducted in order to explore how women define well-being. The perspectives of four women groups from the Dar es Salaam Region, Tanzania were included in understanding the local definition of well-being, the developments in their lives and the changes in well-being they have perceived. The results show that the group loans may contribute to positive changes in the well-being of women, but these changes cannot be attributed to the loans alone. The changes in well-being caused by the loan intertwine with other factors like group dynamics and family life; therefore the results need to be interpreted considering the specific context. Furthermore, the results show that the changes in well-being are not necessarily related to an increase in income, thus contesting the assumptions on which microfinance is based.

**Keywords:** Poverty alleviation, well-being, microcredit, women, participatory rural appraisal, sustainable development

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Summary: Worldwide, poverty remains to be an obstacle to achieve sustainable development and improve the well-being of people. Despite various development initiatives, poverty remains to be a worldwide problem. It also affects Tanzania, an African country with low human development, according to the United Nations Development Program (UNDP). Since the 1980s microfinance has increased in popularity as a method for poverty alleviation. It is based on the principle that poor people can initiate their own development out of poverty, given they have the starting capital to do so. Microfinance institutions (MFIs) provide credit to poor people who are not eligible to acquire loans from traditional commercial banks, because they lack collateral. MFIs specifically target poor women; the majority of clients are female. It is assumed by promoters of microfinance that the credit is used to invest in income-generating activities and that this will increase the women’s income. It is also assumed other positive effects will follow, including improvements in well-being and women’s empowerment. In this concept poverty is defined as a lack of capital and money, while others claim that income-poverty is only one form of poverty; other forms of deprivation are excluded. It is also argued that the well-being of women does not solely depend on her income, but on the opportunities they have to increase their capabilities. The social and cultural context in Tanzania offers some constraints which may prevent women from increasing their income, e.g. the role of women in the household. Second, these constraints may also prevent women from increasing their well-being with the income they make. Therefore microcredit might not lead to an improved well-being of women. This thesis aims to address women’s perception on how microcredit has an impact on their well-being. A participatory rural appraisal (PRA) was conducted in Dar es Salaam Region, Tanzania, to gather qualitative data and include women’s perspectives. With the use of PRA tools women from four different women groups defined well-being, the developments in their lives and the changes in well-being they have perceived. The results demonstrate the rich definition given of well-being and the complex processes which influence the well-being of women. The results show that the group loans may contribute to positive changes in the well-being of women, but these changes caused by the loan intertwine with other elements from the lives of women, like the group dynamics. This shows that it is important to consider the context in assessing the impact. The results also show that the changes in well-being are not directly derived from a higher income, thus they contest the basic assumptions on which microfinance is based.

Keywords: Poverty alleviation, well-being, microcredit, women, participatory rural appraisal, sustainable development

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1. Introduction

Poverty and deprivation remain to be a worldwide challenge for the improvement of the well-being of people and to achieve sustainable development in poorer countries. The latest Human Development Report recognizes that sustainable development is not possible without equity. In the definition given by the United Nations Development Program (UNDP) equity includes social justice and having the opportunity to improve the quality of life (UNDP, 2011). Despite various efforts for economic and social development, countries in Sub-Saharan Africa continue to be the least developed with the highest levels of poverty and deprivation worldwide. In the UNDP report this development is determined based on health, education and standard of living (UNDP, 2011).

The report ‘Our common future’ from 1987 has defined sustainable development as ‘meeting the needs of the present without compromising the ability of future generations to meet their own needs’ (World Commission on Environment and Development, 1987). This definition remains to be a leading guideline in the debate on sustainability. Sustainable development considers economical, ecological and social aspects to ensure that the future generations will be granted the same opportunities as the present generation. The report emphasizes the need for equity in the present as well. Poverty forms a threat to the environment and to the social development of people. Poor people need to be able to meet their personal basic needs first, like having adequate nutrition and housing (World Commission on Environment and Development, 1987). This definition of sustainable development has allowed poorer countries, where the majority of the population is unable to meet these needs, to focus on poverty alleviation and reduction of deprivation as their main priorities (World Commission on Environment and Development, 1987).

Thirty years after ‘Our common future’ the UNDP also stresses the threats of poverty and inequity to sustainable development. According to the UNDP poverty has negative effects on the environment, because the poor often depend on natural resources to make a living. At the same time, poor people are affected most by environmental deprivation. This prohibits people from meeting their needs and to create a life they value (UNDP, 2011). Once people are able to meet their needs and improve the quality of their life, it is anticipated that they will be able to start considering environmental aspects as well. This will eventually lead to a positive effect on the environment and it contributes to sustainable development (Vallance et al, 2011).

1.1 Introduction to microfinance

In the past three decades microfinance has increased in popularity as a tool for poverty alleviation. It is now commonly used in developing and developed countries across the world. Over an estimated 2500 institutions provide microfinance services (Armendariz and Murdoch, 2004). Besides fighting poverty, microfinance also targets social and gender inequality (Murdoch, 1999; Mayoux, 1999). Microfinance institutions (MFIs) actively try to involve women and disadvantaged groups as their main clients. The popularity of the provision of microcredit, also called microloans, started in the late 1970s. Professor Muhammad Yunus is most famous as the initiator and promoter of microcredit and the founder of Grameen Bank. In 2006, he and Grameen Bank were awarded the Nobel Peace Prize ‘for their efforts to create economic and social development from below. Lasting peace can not be achieved unless large population groups find ways in which to break out of poverty. Micro-credit is one such means.'
Development from below also serves to advance democracy and human rights’ (Nobel Peace Prize, 2006). From microcredit microfinance has emerged which includes other financial services to benefit the poor. These services include for example micro-savings, pensions and insurance. Since the early 2000s the term ‘financial inclusion’ is also used to describe the access to financial services for the poor, however the majority of literature used for this thesis continues to use the term microfinance.

Through microcredit MFIs provide capital to poor people who lack assets to use as collateral, therefore they often do not qualify for regular loans at traditional commercial banks (Yunus, 1999). Microcredit gives poor people the opportunity to invest in income-generating activities and to start businesses. It is also used to diversify the income, for example people with a small farm might also start a shop. This decreases vulnerability, because if the productivity of one activity decreases, the other income forms a safety net (Hermes and Lensink, 2011). The entrepreneurial activities enable the poor to increase their income which can be used to invest in the expansion of the business and the accumulation of assets, for example livestock, tools or housing. Because of the lack of assets people are stuck in a situation of poverty and they are unable to increase their well-being (Azevedo, 2007; Ellis and Mdoe, 2003).

Studies have shown that microcredit may make a contribution to an increased income and improve the economic situation of the poor (Murdoch and Haley, 2002). At the same time it should be noted that others are very critical of the evidence regarding microcredit and poverty alleviation. They claim the evidence is mainly anecdotal, but it cannot be proven that microcredit has a positive impact on poverty alleviation (e.g. Chowdhurry, 2009). Critics of microcredit say that it is not a suitable tool to alleviate poverty and increase equality since the poorest people are not included in the programs. They are either deliberately excluded by MFIs because the financial risk they form is too high, or the poor do not assess themselves as suitable candidates for microcredit or other financial services. This can for example be caused by lack of confidence or knowledge; they do not know how to get the loan (Murdoch and Haley, 2002).

Since the introduction of microcredit there has been an emphasis on the inclusion of women in the programs. Women in general are poorer than men and often have little opportunity to start a business, at the same time women are more reliable clients (Yunus and Weber, 2007). This way MFIs are able to meet both their financial and social goals. The focus on women has also caused a lot of criticism on microcredit, since it might increase dependence and vulnerability. Nowadays, it is common to also provide microcredit to men and to allow men to become members of the support groups. Worldwide the majority of the clients is still female and MFIs continue to target women specifically (Armendariz and Murdoch, 2004).

1.2 Poverty and microfinance in Tanzania

Tanzania is one of the poorest countries in the world. According to the 2011 Human Development Report of the UNDP, the United Republic of Tanzania is one of the countries with low human development. It is ranked number 152 out of 187 included countries (again, this is based on health, education and standard of living) (UNDP, 2011). Poverty is most severe in the rural areas, where an estimated 39 per cent of the population is unable to meet their basic needs. Poverty rates are lowest in the urban areas and especially in Dar es Salaam, Tanzania’s biggest and most developed city (Ellis and Mdoe, 2003). Even though poverty rates are lower, approximately 20 per cent of Dar es Salaam’s population requiring financial services cannot
meet the prerequisites set by traditional commercial banks (Oikocredit Tanzania, 2009). This part of population is depended on MFIs to provide financial services. The expansion of microfinance programs in Tanzania was a reaction on the decreasing economic situation. Women were stimulated to become active in the economy to prevent the situation from worsening (Sigalla and Carney, 2012). There are now over 600 registered MFIs and non-governmental organizations which provide financial services in Tanzania. The majority of these institutions are concentrated in urban areas like Dar es Salaam (Ssendi and Anderson, 2009).

1.3 Objectives

The popularity of microcredit makes it a popular subject to study and the research which can be found is elaborated, but the results are often contested. Positive to negative impacts have been demonstrated, while others represent a more nuanced perspective on the impact of microcredit (Hulme, 2000). The impact of microcredit programs is depended on the context where the program is situated, this complicates impact assessments. The results from studies cannot be generalized, but need to be interpreted considering that specific context (Hermes and Lensink, 2011). The majority of the research on the impact of microcredit done in the past focuses on economic development and wealth, using indicators like income, tangible assets or consumption. Although this can be useful to determine whether or not microcredit is an effective tool to improve the economic situation of the poor, it does not automatically mean an improvement in the well-being of people. Broader and more qualitative indicators will be required. Chambers claims that the emphasis on economic development is mostly of use to people in power, e.g. development professionals, and does not reflect the views of the poor. They have different priorities than represented in the indicators the people in power might use (Chambers, 1995). Poverty and deprivation are complex concepts which may have different meanings in different contexts.

The purpose of this thesis is to look at the impact of microfinance beyond the economic development; the focus will be on the changes in well-being from the perspective of the women group borrowers themselves after they have obtained microcredit. In this study well-being will be defined according to the views of the women, which is subsequently used to define the impact of microcredit. This study will only focus on the provision of credit and it will not include other elements of microfinance, like savings or insurance. Furthermore, this study will only include women who already have access to credit to be able to discuss the changes they have perceived since obtaining a group loan.

The main research question to be addressed will be:
• What changes are perceived by women group borrowers in their well-being, according to their own definition of well-being, after obtaining microcredit?

Sub questions to address this research question are:
• What are indicators of well-being for the women group borrowers?
• Which interventions and changes have taken place since the introduction of the microcredit?
• Which changes in well-being can be attributed to the introduction of the credit?
• What are significant differences and similarities between different women groups with group loans?
To address these questions Participatory Rural Appraisal (PRA) was conducted with four women groups from Dar es Salaam Region, Tanzania. Gathered data was triangulated, using different PRA tools and semi-structured interviews to investigate the same subjects. A literature review was conducted to develop the conceptual framework and to consult sources on microfinance, PRA and well-being. More information on the use of PRA, the participants, cases and procedures can be found in the Methodology-section.
2. Conceptual framework

Microfinance is based on the principle that lack of capital and resources, causes poverty and deprivation. Different arguments are used to advocate for microfinance, ranging from social justice to financial sustainability. Regardless of these arguments, the main goal of microfinance is poverty alleviation to improve the quality of life for poor people and credit is the tool to achieve this. The notion that poverty is caused by a lack of capital and resources is based on the monetary approach, where poverty is assessed based on income and consumption. Poverty is defined by lack of physical resources and assets (Hårsmar, 2010). However this approach only focuses on income-poverty. Chambers argues that the economic perspective and the emphasis on income-poverty are only one aspect of poverty; other forms of deprivation like dependence or physical disabilities are excluded. An improved quality of life and well-being entails more than having access to money and assets (Chambers, 1995). According to Sen, there are several constraints which may prevent people from increasing their well-being despite an increased income; these include e.g. personal heterogeneities or variations in social climate (Sen, 1999). In his book, Development as Freedom, he argues that well-being is not only derived from the income one makes, but from the opportunities someone has to increase their capabilities. The assets enable poor people to start developing human capital by investing in e.g. education or health to increase well-being. However, this is only possible given the right circumstances which enable this development (Sen, 1999). From Sen’s theory the capabilities approach was derived. This approach emphasizes the capabilities and the opportunities one has to increase their well-being, instead of placing an emphasis on material wealth and assets like in the monetary approach (Hårsmar, 2010). Sen’s views are now commonly integrated in the debate on poverty reduction and development (Bérenger and Verdier-Chouchane, 2007). A broader definition of poverty, including the local context, will have a positive effect on interventions and it might increase efficiency in poverty alleviation. This broader definition is not only focused on what people lack, but in includes the everyday lives of people (Allister McGregor, 2004).

2.1 Interventions leading to the introduction of microcredit

Thus, poverty alleviation and increasing well-being requires more than access to capital, but MFIs are mostly, if not only, focused on providing capital in the form of credit. The popularity of microcredit is a consequence of the emphasis on market-led growth in a liberal economy. In the 1960s, after many African states gained independence, the new governments attempted to alleviate poverty through redistribution programs. The involvement of the states in redistribution of wealth was supposed to free the country from inequality and benefit marginalized groups like women and ethnic minorities (Mbaku, 2007). The first Tanzanian government chose a socialistic system, where the state controlled agriculture, markets and other sectors (Ellis and Mdoe, 2003). These interventions did not alleviate poverty and bring the development which was anticipated. In reaction to that, wealth creation was brought forward as a solution in the 1980s. Under the pressure of the international community Tanzania liberalized the economy, but influences of the old system can still be found in the country. For example there are still several cooperatives supported by the state which continue to have a strong position at the cost of private entrepreneurs (Ellis and Mdoe, 2003). In the new attempts to alleviate poverty the states were supposed to create institutions to stimulate entrepreneurship and to enable poor people to increase their wealth (Mbaku, 2007). This for example should be done by developing laws and
regulations to benefit poor people. Critics claim that the goal to ‘enable’ poor people is too vague; it is not clear which measurements need to be taken and how this will lead to poverty alleviation (Ellis and Mdoe, 2003).

The introduction of microcredit in Tanzania and elsewhere also counteracted the ‘free giveaways’ non-governmental organizations (NGOs) and (foreign) governments had used before to fight poverty and increase well-being (Mayoux, 2001). These ‘giveaways’ were supposed to support poor people in meeting their basic needs, for example by providing food aid (Mbaku, 2007). It has been criticized to be unsustainable development, since it did not lead to effective poverty alleviation and as a consequence more aid was required. It is even said that this form of aid is harmful, because it makes the poor dependent and it does not give them incentives to take initiative (Murdoch, 1999). Previous interventions were seen as a continuous cycle, often determined by external actors. Microcredit aims to break this cycle and to structurally lift people out of poverty. It is intended to be a financially sustainable development tool. Microcredit emphasizes the opportunities of all people to alleviate poverty themselves and improve the quality of their lives, given they have the starting capital to do that (Yunus, 1999). They do not have to be dependent on external aid or decisions of other people, but they are enabled to initiate their own development. This emphasis on being independent and eliminating external donor aid has increased the need for MFIs to become financially sustainable. Some say that this is the real motivation to focus on women; they are more reliable clients, increasing the chances of the MFIs to achieve financial sustainability (Rahman, 1999). Others say the social goals of microcredit, empowerment and increase in well-being, are the main motivation to focus on women (e.g. Yunus and Weber, 2007).

2.2 The social and cultural context

According to Yunus the move out of poverty requires ‘creating an enabling environment’ where the poor are able to ‘unleash their energy and creativity’ (Yunus and Weber, 2007). As described by Mayoux, it is assumed that providing credit to women will lead to ‘virtuous spirals’ of positive impacts, where economic development, well-being and social, legal and political empowerment reinforce each other (Mayoux, 1999). It is expected that the women are able to successfully invest their credit in entrepreneurial activities and that this results in a higher income which can be used to accumulate assets. And, as a consequence, this should have a beneficial influence on the well-being and quality of life of women. There are several constraints, or other forms of poverty, which prevent women from escaping poverty and/or increasing their well-being. First of all, not all women will be able to invest their credit in a profitable manner. Second, if the women are able to invest and make a profit, this might not automatically result in an increased well-being. Besides individual differences, for example related to health, reasons for these constraints can be found in the social and cultural context where the women live; the ‘enabling environment’ is not a given in each context.

In Sub-Saharan Africa, as in many other countries, poverty is often related to gender; in general women are poorer than men. Women are disadvantaged in escaping poverty, since they have fewer opportunities to make an income or increase their income (Jiggins, 1989). Women are traditionally responsible for unpaid labor. They are often the prime caretakers in the household and besides taking care of the children they also have the most responsibility in other household
chores like cooking and cleaning (Tinker, 2001). Their obligations in the household are an obstacle for women to find paid work. At the same time women receive less formal education and vocational training on average; this decreases their chances of finding employment. Therefore most women end up, being self-employed (Berger, 1989). As self-employed entrepreneurs the women still remain the prime caretakers, this limits their chances to develop a business, for example because they need to stay close to their children (Tinker, 2001). Women also have less access to services and opportunities to boost their productivity and develop a profitable business (Berger, 1989). The cultural and social context prevents women from working in more profitable businesses. There are reports of cases where women were prohibited to work in businesses which were traditionally seen as work for men and switched to work which is socially accepted for women, like selling second-hand clothes, even though this pays less (Rugasira, 1997 in Mayoux, 1999; Sigalla and Carney, 2012). Adding paid labor to the tasks of women can lead to a so called ‘double burden,’ where women have to run a household and earn an income at the same time (Tinker, 2001; Garikipati, 2008). All this makes that women have to work more, to earn the same income as men.

Besides the fact that women earn less money, they are also more restricted in the way they spend their money. Men are often the dominant decision makers over the household budget; women are less involved in financial decision making (Tinker, 2001). In the case of microcredit this might also lead to the fact that men decide how women should spend the money. Women can be urged or even violently forced to obtain microcredit by their husbands or other male relatives who are not eligible to join the programs. The credit is then used by the men, who take the profit and provide the women with enough money for the repayment of the debt (Rahman, 1999). In case the male relatives are unable to make the repayments or if they do not share the profits with the women, the women are solely responsible for the debt. Also in Tanzania there have been studies which show that some of the money given to women is used by men (Locke, 1997 in Mayoux, 1999). Some even say that this way microcredit can lead to increased violence and a new form of dominance over women (Rahman, 1999). Contrary to that is the claim that when women earn an income and contribute to the household budget this might increase their bargaining power and influence in financial decision making (Mayoux, 1999; Bali Swain and Wallentin, 2007).

Furthermore, women are more likely to spend their money on the household, e.g. food and school fees, instead of keeping the money for her personal gain. Some say this will not automatically be in the benefit of the women (Garikipati, 2008), while others argue that the well-being of women is connected to the well-being of the household (Mayoux, 1999). When women start making a contribution to the household finances, this might decrease the contribution of the men, who will spend the money to benefit themselves (Mayoux, 1999).

The formation of groups was introduced as an internal monitoring system to ensure repayments. It was also promoted as a method for women to come together to share ideas and give advice (Yunus, 1999). Developing networks enables women to meet new women and to discuss gender issues (Mayoux, 1999). However the group mechanism may also lead to social pressure of group members to repay debts and increase the stress of individual women (Rahman, 1999). Participating in a group usually requires attending regular meetings and it limits the women’s time further. This might lead to pressure from husbands or in-laws to quit the group and the group’s activities. In case a woman is unable develop a successful business and repay the loan,
the close relations between group members, family and community contribute to the feeling of shame (Sigalla and Carney, 2012). This adds to the stress of women and it might have a negative impact on their well-being.

2.3 A broader approach in microfinance to increase impact

Within these restrictive environments and mechanisms, providing credit might not be sufficient to alleviate the poverty of women and subsequently (as assumed) influence their well-being positively. Women face great challenges in their attempts to improve their lives, with or without credit. Only credit might not be powerful enough to influence the patriarchal structures and to enable women to use their credit in the most profitable manner. A study from Sigalla and Carney (2012) has shown that women were able to benefit in spite of the environment and social context, not because of it. This has led to the belief that microcredit should be accompanied by other strategies and policies to increase gender equality, for example by developing gender strategies focused on men (Mayoux, 1999). And the programs can be expanded with education, for example focused on literacy and business skills, to increase the ability of women to make a profit (Berger, 1989). This combination of microcredit and additional policies is called ‘microcredit plus,’ and it is believed to have more beneficial impacts (Sigalla and Carney, 2012).

The Grameen Foundation, one of the pioneers in microcredit, now also recognizes that besides the lack of capital, there are also other constraints which cause poverty. In a report from 2007 health, natural disasters and education are mentioned as the main factors which might prevent poor people from lifting themselves out of poverty, despite having access to capital. The author advocates for an integrated approach, combining financial and social services, to increase the potential of microcredit to alleviate poverty (Magner, 2007). These new recommendations seem to contradict with the trend among MFIs to work towards financial sustainability, which conflicts with social goals (Midgley, 2008). As explained before there is a great variety of MFIs in Tanzania and while some promote social goals, the actual focus of most MFIs is on economic growth (Sigalla and Carney, 2012).
3. Methodology

A Participatory Rural Appraisal (PRA) was conducted to gather qualitative data in order to grasp the women’s perception of well-being and to include their views as borrowers in study on the impact of microcredit. The gathered data was triangulated, using different PRA tools and semi-structured interviews with the women and other stakeholders, like loan officers, to investigate the same subjects (Narayanasamy, 2009). And a literature review was conducted to develop the conceptual framework of the research and to consult sources on microfinance, well-being and PRA.

The understanding that poverty has many dimensions is becoming more important in the new impact assessment agenda and it has led to a new focus on the priorities of the poor, differences in context and causality. Participatory research aims to include these multiple dimensions (Mayoux and Chambers, 2005). Participatory research has recently entered the field of microfinance, but this mostly includes participatory wealth ranking (Murdoch and Haley, 2002). This method places a bigger emphasis on wealth than well-being, where wealth is mostly focused on assets. Wealth is a part of well-being, but well-being also includes social, emotional and other subjective aspects (Narayanasamy, 2009). To include these other aspects of well-being a broader set of PRA tools was used as described below. PRA initially focused on studying rural conditions in collaboration with rural people, but the tools can also be applied in urban settings as was the case in this thesis.

3.1 Applied PRA tools

The book Participatory Rural Appraisal: Principles, Methods and Application by N. Narayanasamy (2009) was consulted on the purpose and procedures of appropriate PRA tools. The applied PRA tools are explained below, but variations were made to accommodate the different women’s groups.

Well-being brainstorm
A brainstorm was used to come up with different indicators for well-being.

Well-being ranking
The participants were asked to rank indicators for well-being in three categories from a tough life to a good quality of life.

Timeline
A timeline was created with the groups to get an overview of important steps in the development of the group. The groups were asked to indicate when important changes occurred from the beginning until present. Information was asked about gaps in the timeline, periods on the timeline when nothing important was noted. This timeline was also used as a tool to stimulate discussion about their progress and future plans.

Flow diagram for social impact
A flow diagram was created showing the links between the loan, use of money and the tangible and non-tangible impact. Also challenges and negative impacts were included if applicable.
Trend analysis
Several categories from the well-being brainstorm and the flow diagram for social impact were further investigated in the trend analysis. The participants were asked to describe a certain category, like food or housing, before and after obtaining a microloan to demonstrate the changes.

For one relatively small group of three female members, of which two had time to participate in the research, a semi-structured interview with the members replaced the PRA tools.

3.2 The cases

The study was conducted in Dar es Salaam Region, Tanzania in collaboration with Oikocredit Tanzania. Oikocredit is an international NGO which supports local MFIs in Latin-America, Africa and Asia. In East Africa, the Regional Office is based in Nairobi, Kenya, with Country Offices in Tanzania, Uganda and Rwanda. Two partner organizations of Oikocredit Tanzania will function as the point-of-entry for the study; WAT Sacco (savings and credit cooperative) and Tandale Market Traders Sacco.

WAT Sacco stands for Women Advancement Trust, it is an MFI based in Dar es Salaam. Initially the trust only focused on women, but now men can also have access to the services. WAT does continue to actively involve women; they still form the main clientele with 55 to 60 per cent membership. The members are the poorer to middle income class of Dar es Salaam with a monthly income of 20,000 TZS (Tanzanian shilling) to 500,000 TZS (approximately 13 to 314 US dollars). WAT Sacco’s services include emergency loans, business loans, saving services and other services. To improve the access to land and housing of people WAT also started to provide housing loans (Oikocredit Tanzania, 2009).

Tandale Market Traders Sacco started as a sacco for the trader’s community on Tandale Market, a busy market in Dar es Salaam. The sacco has expanded with two branches, one in Tip Top, in the city, and one in Buza, outside of Dar es Salaam. The sacco provides salary loans, emergency loans and individual and group business loans. The main objective of the sacco is to reach clients who are not eligible to receive services from traditional banks due to lack of assets or guarantees. The sacco mostly targets small and medium sized entrepreneurs, which are the main entrepreneurs in the market area and the sacco has a strong focus on women (Oikocredit Tanzania, 2011).

3.3 Participants PRA

The participants in this research are female entrepreneurs from the Dar es Salaam Region, Tanzania. The participants come from urban areas, the city of Dar es Salaam, and the peri-urban areas, near the city. The women have received a group loan from a local MFI. Four women groups were included in the study; the Amani Group, the Buza Women Group, the Mashuka Group and Women in Faith against Poverty. The women are poor compared to other women in Dar es Salaam, but they are not the poorest women in the region. As explained above the poorest

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1 At the exchange rate of 1,- TZS = 0,0006274 USD (15th of February, 2012) Available at [http://www.exchangerates.org/Rate/TZS/USD](http://www.exchangerates.org/Rate/TZS/USD)
women do not have access to microcredit and this thesis will only focus on women who already have obtained a loan. However, the women who participated in this research do not qualify for a regular loan or other financial services from traditional banks in Dar es Salaam and therefore become members at the MFIs to apply for a group loan. This means they have received the money as a group. The members hold each other accountable for making contributions for repayment. Some groups use the loan to set-up a group-based income-generating activity, while other groups divide the loan among the members to develop individual activities. In Appendix A an overview is given of the groups and the participants in the study including the dates and locations of the visits.

3.3.1 Non-response

One group from WAT Sacco started participating in the study, but not all the PRA techniques were used and relevant research questions remained unanswered. Like the other groups the PRA techniques were facilitated by the researcher and three sessions were planned in collaboration with the group leaders. However, over time it became more complicated to revisit the group meetings; sessions were cancelled or rescheduled by the group leaders, despite initial commitments. Also the time available decreased from one hour in the first meeting to 30 minutes during the second meeting. Therefore the data gathered from this group is unfortunately not complete. This group was bigger than the other groups that participated in the study. The group also received a group loan to use for housing specifically, acquiring plots and constructing a home, unlike the other groups who have applied for a loan to develop entrepreneurial activities.

3.4 Procedures

In the initial planning each group would have been revisited three times to spread out the PRA tools and to reduce the time of each PRA session to one hour. However scheduling multiple visits to each group turned out to be more complicated for the groups compared to planning one longer visit. The majority of the participants are self-employed entrepreneurs and spending time on the research means time away from their work. Therefore longer sessions were scheduled where all the PRA tools were used and all the required information was gathered. These sessions took four to five hours and they were planned at a convenient moment for the group members. In all PRA sessions the author participated as a facilitator and she was assisted by an interpreter. The majority of the participants understood English, meaning that they could understand the facilitator, but preferred to speak Kiswahili themselves, which was translated to English. After each PRA session and use of PRA tools the facilitator recaptured the main elements and conclusions to validate if the information derived from the PRA tools was interpreted correctly. The participants were asked to add, clarify or alter things if they felt the information was not yet complete or incorrect. In the end, as a sign of appreciation for participation, all the participants received a small souvenir and print-outs of the group photos.
4. Results

The groups all have experienced some changes in well-being, according to their own definition of well-being, which is elaborated below. The impacts are caused by different factors; the group loan, the profit and the social support. The results also include negative impacts on well-being, which is mainly caused by time constraints.

4.1 The development and work of the women groups

Three of the women groups; the Amani Group, the Buza Women Group and Women in Faith against poverty, started as a social support group for women from the same area in or outside of Dar es Salaam. The groups of 8 to 12 members have weekly or monthly meetings and come together to share ideas, knowledge and to help and support each other. The members make a financial contribution to save for the group or to use when a group member faces an emergency.

These three social support groups started an income-generating activity when they realized they wanted to invest the group savings to increase the financial benefits of the group for the members. The group savings alone were not enough to start up a new business and therefore the social support groups applied for a group loan at an MFI. Two of the women groups mentioned they had a discussion with their husbands on the start-up of the new business to ensure their support during the process. The money from the loan is used to invest in a new group-based business where the women work together and divide the tasks. The women of all groups also continue to work in their own businesses or on their jobs, for example as hoteliers or in their own shops and food stalls. One group decided to decrease their activities as a social support group to focus on the business, while the other two groups combined the business with the social support group. Two groups started a business which is commonly found in Tanzania, poultry raising and producing stoves for food stalls and households. The third group, Women in Faith against Poverty, started something less common: the production of fresh juice and chips for hotels in and around Dar es Salaam. Currently this is only done by one big multinational company in Tanzania.

![Fig. 1: Stove production Amani Group](image1.png)
![Fig. 2: Poultry business of the Buza Women Group](image2.png)
Unlike these three social support groups, the fourth group, the Mashuka Group, came together with the goal to get a group loan. The women in this group are neighbors and individually they are not eligible to get a loan, because they lack collateral. The women wanted to expand their individual businesses and at that time Tandale Market Traders Sacco encouraged groups of small business owners to apply for a loan. This group does not have a group-based business, the women split the money from the loan among the group members to invest in their individual, already existing businesses like selling fish and preparing food. The women come together to monitor the businesses and the repayments, but they do not focus on aspects of social support, nor do they make monthly contributions for the group’s savings. Compared to the other groups, this group is a lot smaller with only three members and the members are older.

![Fig. 3: Mwanaisha of the Mashuka Group at her fish stall](image)

4.1.1 The profit from the loan

Two out of four groups have been able to make a profit from the investments of the group loan. The Buza Women Group and the Amani Group have been able to run their business, repay their loan and divide the profit among the group members or keep some of the profit for the group savings. Women in Faith against Poverty have not yet started making a profit, because they are still starting up their business. All the money they make now goes back into the business or towards the repayment of the loan, therefore the group members do not receive any profit yet. The members from the Mashuka Group were always able to repay their loans in the last six years and they got a little profit, but lately this has become more difficult. Tanzania is facing a financial crisis and despite the hard work people have no money to buy the food the women sell.
Also the women can buy fewer ingredients, for example one woman used to buy 10 kilos of flour to make chapatti, but now she can only afford to buy 3 kilos. The women say that life in Tanzania has become more difficult.² Before they had general problems, like facing good months and bad months, but now they struggle more.

4.2 Well-being according to the women

The four groups included material, emotional and social aspects in their description of well-being. Some criteria of a tough, moderate and good life were mentioned by all groups, like education for children, nutrition and access to healthcare. These criteria were specified according to the category of well-being, e.g. going from struggling to pay school fees, to children attend governmental school, and to children attend good private schools. Table 1 below gives a complete overview of the results of well-being ranking.

A tough life was described as people not being able to survive or just able to survive. The Amani group wanted to focus on the basic needs to describe a tough life. However this led to a discussion on the meaning of basic needs. Some felt that education for children needed to be included, while others did not see this as necessary for survival. The social criteria of a tough life are dependency on other people; the need to ask others for help and money. Especially the Mashuka Group emphasized the dependency on other people in the society and they related this to the negative way society views poor people. The Buza Women Group mentioned lack of direction in a tough life. The women groups also included several social groups with problems like orphans, prostitutes and widows. The women from the Amani Group mentioned the poor rights of widows; after the husband dies, his relatives can come to take all the possessions of the widows and they are left with nothing. The emotional criteria of a tough life are a lot of stress and worries, caused by the challenges mentioned above.

In a moderate life, according to the women, people are able to take care of themselves and they are able to fulfill their needs without worries. The women have a certain level of security, knowing they can provide for the needs of their families and themselves. The women from the Amani group used themselves as an example to describe a moderate life. This category was mostly described in material criteria and except for Women in Faith against Poverty, the groups did not mention social criteria. None of the groups included emotional criteria to describe a moderate life.

And the women describe a good life as a life with luxuries and comfort and includes everything which is above a moderate life; owning a good house, owning a car, good education for children, a good business, etc. It was difficult for the groups to distinguish between a good life and a very good life, so everything went into the same category. This could be caused by the fact that Kiswahili does not offer a good translation to describe this. Some women said that with a good life ‘you will get everything you want.’ And other women gave examples of the president of Tanzania or Bill Gates as people who live a good life.

² The inflation rate in Tanzania for the month March 2012 was 19.0% and for food specifically, the area in which the women have their businesses, the inflation rate was 25.7% (National Bureau of Statistics of Tanzania, 2012).
4.2.1 The well-being of children

The majority of the women in this research are mothers, only two women have no children, and the well-being of the children was included and emphasized in each category of well-being. For example, one woman said that the children should have good healthcare and eat three meals per day. When asked what the rest of the family should get, she said that it was the same. But the well-being of the children was often mentioned first and it is important for the women.

Table 1: Results from well-being ranking

<table>
<thead>
<tr>
<th></th>
<th>Amani Group</th>
<th>Buza Women Group</th>
<th>Mashuka Group</th>
<th>Women in Faith against Poverty</th>
</tr>
</thead>
</table>
| **Tough life**        | - Hunger, no food  
- Live in a shelter (not a real house, improvised housing)  
- Bad health, no healthcare  
- No education  
- Need to lend money from other people  
- Bad clothing  
- Gender problems, domestic violence, aggressive husbands  
- Orphans  
- Widows (husbands family can come to take all the possessions) | - Hunger, lack of three meals per day  
- Homeless  
- No healthcare  
- No money for school fees  
- No work  
- Physically weak  
- A lot of problems to think about  
- No friendships or good relationships  
- Lack of direction in life  
- Can be a thief  
- Prostitution | - Depend on other people for food, healthcare (e.g. the children go to the neighbors to eat)  
- Stay idle  
- No business  
- Borrow money from others and hide from the people who you have borrowed from  
- Depend on other people like the husband, children or neighbors  
- Mental stress, which makes you age quickly  
- The people will not love you because you depend on them  
- The people will think you are stupid | - Hunger  
- Rent house  
- Homeless  
- Sickness  
- Unemployment  
- Begging  
- Bad infrastructure  
- Orphans  
- Drugs  
- Stress |
| Moderate life | - Simple food like beans and rice or ugali (maize porridge)  
- The family eat 2 meals a day  
- Children attend public schools  
- A basic house  
- 50 Tsh to buy water per day (1 bucket per day)  
- Able to pay rent (plan in advance)  
  10,000 Tsh/month (one room)  
  20,000 Tsh/month (two rooms)  
- Small wages  
- Transportation is taking the dala-dala (minibus) | - To have food, 3 meals per day  
- Education for children  
- Basic housing, shelter  
- Self-employed or employed somewhere  
- Secure income  
- Capable of solving problems | - You do not feel happy  
- Possibility of eating three meals per day, but very little diversity in the diet  
- Educate the children in governmental school  
- No good place to live  
- Run a small business  
- No car for transportation  
- Use 3 buckets of water per day instead of 6  
- No electricity  
- ‘God has created you well’ (meaning in good health, no disabilities) | - Help family  
- Challenges  
- Help community  
- Freedom  
- Fame  
- Give advice |
| Good life | - Children attend private education  
- Own a house  
- Transportation (own a car)  
- The family eats 3 meals/day  
- Good health and access to good healthcare  
- Good work (secure income)  
- Money  
- Peace in the family  
- Time to relax  
- Enough water and electricity | - Good education for children  
- Own a modern house  
- Own a car  
- Have enough food  
- Good health care  
- Own a good business  
- Have security in life  
- Have a lot of farms and cattle | - Good education for children, children go to boarding school  
- Own a big, good house  
- Own a car  
- Run a big business  
- Access to a big loan  
- Get everything you want | - Good education children  
- Own house  
- Car/transportation  
- Good health  
- Run good business  
- Income  
- Security  
- Peace  
- Good relationship with family  
- Savings  
- Pride  
- Good education for myself  
- TV, computer, phone  
- Faith in God  
- Opportunity to develop yourself  
- Confidence |

### 4.3 Positive changes in well-being

Even though only two groups have been able to make a profit from their business, all groups see some positive changes caused by the group loan. The group loan enables the women to start a business and to gain new entrepreneurial skills and knowledge. This contributes to their...
confidence, as Women in Faith against Poverty describe it ‘We now see ourselves as able to run a business.’ For example the women from this group attended a fair for entrepreneurs where they presented themselves; they received positive feedback, expanded their network and had the chance to meet the president. The women now also have more ideas and they have become more active in the development of their business. This has contributed to their sense of pride.

The members of the Mashuka Group say the group loan helps them to run their business without needing help from neighbors or relatives. They feel more independent and they feel like they can take care of themselves. The women say that the loan gives them a motivation to work hard and to develop their business. The women think negatively of being idle and therefore see it as a positive thing that they can manage their businesses. The women are proud of their businesses and that they are able to provide the basics for their families. Without the loan the women think they would live a poor life, emphasizing that they would be more dependent on others. The groups that do make a profit also see changes in their skills, goals (direction in life) and confidence as positive impacts.

Fig. 6: Women in Faith against Poverty working on their timeline

4.3.1 The changes caused by the profit

The Buza Women Group and the Amani Group have gained profit from their businesses and they experienced the most changes in material well-being. Women in Faith against Poverty did not see any changes in their material well-being. And the Mashuka Group only saw some small changes in the period they were making a profit, for example they would have 100 TZS extra to spend on their children’s school lunch. In this case the loan officer confirmed that the changes for these women were very small, especially considering the long time the women have been a member at the sacco.

The Amani group divides all the profit among its members and they spend it individually on the categories they said to value for well-being, like education, food, housing and healthcare. For example the women now eat three meals per day, instead of two and they have a more diversified diet, including meat, bananas and vegetables. One woman from this group mentioned that this also affected how the community views her ‘First I would only cook rice and beans, but now my neighbors see that I can also cook meat and other vegetables and they see that I can take good
care of my family.’ The women also invest their share of the profit into their individual businesses, like shops and food stalls, to increase their profit even more.

The Buza Women Group uses another system than the Amani Group; they do not split all their profit at times when they have to repay the loan, but they use the extra money for the group’s savings. This way the women are better capable of dealing with emergencies. When the group does not have a loan to repay the women do split the profit and use it to develop their homes and improve their facilities, pay the school fees and improve their nutrition. The trend analysis of the Buza Women Group shows some of the changes the women have perceived because of their business and profit. To illustrate the contrast; the members of the Mashuka group were not able to mention changes they have noticed in the different categories.

Table 2: Trend analysis of the Buza Women Group

<table>
<thead>
<tr>
<th>Category</th>
<th>Before the microloan (before 2005)</th>
<th>After the microloan (present)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing</td>
<td>All the women were already house owners, they had a plot of land and they were developing their homes. The houses were very basic, for example they had no doors or windows.</td>
<td>All the houses are completed with doors, windows, floors. The women also furnished their homes with sofas, TVs and fridges. Some women also bought a shamba (plot of land, usually used for small-scale farming)</td>
</tr>
<tr>
<td>Transportation</td>
<td>The women would take a dala-dala.</td>
<td>The women still use the dala-dala, they do not have enough money to travel far outside of Dar es Salaam.</td>
</tr>
<tr>
<td>Food</td>
<td>Eat 1 or 2 meals per day, simple foods like ugali (maize porridge) and beans.</td>
<td>Eat 3 meals per day, more mixed food including chips, eggs, chicken and meat</td>
</tr>
<tr>
<td>Facilities</td>
<td>Go to the well, less than 1 Km away, use traditional lights like candles and paraffin lamps</td>
<td>The houses have electricity and water taps are installed outside of the house.</td>
</tr>
<tr>
<td>Healthcare</td>
<td>Visit the government hospital if needed</td>
<td>Visit the government hospital or a private hospital; the women now choose what is best for them depending on the situation.</td>
</tr>
<tr>
<td>Education children</td>
<td>Difficulty to pay the entrance fees, all children were in governmental schools</td>
<td>Some children attend university, some children attend private secondary</td>
</tr>
</tbody>
</table>
Leisure

The women all worked in their own businesses, they had no free time

The women can hire employees to work in their businesses, the women have more free time to meet each other, help each other, exchange ideas, etc.

Peace in the family

The women had no means to solve problems, this causes stress in the family

The women now have security in life and they are capable of solving problems; they are supported by the group. This has brought more peace to the families.

Being able to meet their needs and improve their standard of living also has beneficial impacts on the social and emotional well-being of the women as can be seen in the diagram for social impact of the Amani Group below. The women from the Amani Group say that they receive more respect from the community because they were able to create a successful business quickly. The women say that their husbands also respect the work and success of the women and this has changed the gender relations. Their husbands appreciate that the women are able to make a contribution to the household income, which is traditionally a men’s task in Tanzania. This also led to more freedom and independence of the women. Before the group loan the men were the main providers and they had control over the household budget. This also gave the men more control over the women, for example when they did not provide money for transportation. Now the women can provide for themselves and they are less dependent on the decisions of their husbands.

The women from both groups have mentioned the profit has helped to decrease their worries. The word which was often used by the Amani Group to describe the impact of was ‘relief.’ The women are better capable of providing for themselves and for their families and facing difficult times. The women now have more options and freedom to make choices, e.g. private hospital or governmental hospital or to hire employees or to work themselves. The decrease in worries has led to more peace in the lives of the women and they have more peace in their families.

The safety net the groups have created with their savings also has a positive impact on their well-being. For example if a member unexpectedly struggles to pay the school fees, the group helps out. This also has contributed to a decrease in worries and a bigger sense of security. As one woman from the Amani Group described it she is now better capable of facing difficulties, because she knows that the group will support her.
Flow diagram for social impact – Amani group

Group loan

↓

Invest in business stove production

↓

Costs
Pay rent workshop
Pay rent employees
Repay the loan
Save money for the next month in case less stoves are sold

↓

The rest of the income is the profit divided among the group members.

Use of profit
Education children
Buy supplies for school (e.g. books and uniforms)
Food, eat more meals per day
Healthcare children
Clothes
Improvements for the house
Furniture, utensils, carpets
Develop their own business
Individual profit

Constraints
The women lack some tools to make the stove production more efficient, in the future they hope to purchase these tools.

Social impact
Respect from the community; they wonder how the women became so successful
The husbands are happy the women can make a financial contribution to the household
The women can take care of the household when the men are away
The children are happier
Capable of facing difficulties
The women feel relief

Fig. 7: Flow diagram for social impact Amani Group (digital)
4.4 Constraints

The groups mentioned few negative aspects of the group loan which affects their well-being. The subject did probe the women to talk about the constraints they encounter in running their business. All the groups want to continue the development of their business and increase the benefits gained, but they encounter some challenges. For example the Amani Groups lacks the extra capital they need to buy machinery. The Women in Faith against Poverty experience similar constraints saying their loan is too small to expand their business further. The women struggle to get access to extra funds or assistance in the development of their business. This does not have a negative impact on their well-being, but the women do feel prohibited in further development. Only the women from the Mashuka Group say that they worry more and experience negative impacts in their well-being; they are affected by the economic situation in Tanzania and they struggle to repay the loan.

4.4.1 Time constraints

The members from Women in Faith against Poverty have to continue working on their regular jobs, because the business does not yet earn enough money to employ all the women. Only one group member is permanently employed by the group. It is the hope that once the business brings in enough money, all women will be able to leave their regular job and only focus on their business. At the moment however this means that the women have two jobs. Including the household, the women now have to combine three tasks and this has decreased their time to rest and time to spend with their families. The husbands do support the work of the women, so the extra work of the women does not cause any conflicts. Once the business makes enough money to employ all the women they will be able to leave their jobs and manage their time better. The women prefer working for themselves compared to working for a boss, because it will pay more and the women will have more freedom and security. Right now the women struggle with their time, but they feel it is for a good cause and the benefits will pay off in the future.
5. Discussion

The impacts of the group loan on the well-being of women are broad and range from negative to positive. The changes in well-being are subjective and they are depended on the circumstances as well, like family life and group dynamics. The impacts on well-being caused by these external factors intertwine with the impacts which can be attributed to the group loan. Therefore the results need to be interpreted considering these other impacts as well in order to get a better understanding of the changes in well-being and the context in which this occurs. The success of the business also plays a role in the changes in well-being, but this success is not always guaranteed. Not all group loans have led to an improvement of the economic situation of the women, and even though this may also cause negative impacts, all women groups do also see positive changes in their well-being. The results contest the assumed ‘virtuous spirals’ and demonstrate that the impact derived from microcredit cannot be simplified. Regardless of profit and success, the group loan has a positive impact on way the women perceive themselves; they have gained more confidence as business women and they have a direction in life. But, the groups who are able to make a profit have experienced the biggest impacts, not only in their material well-being, but also in their social and emotional well-being.

The different dimensions of poverty have been an important element in this study. According to the women, well-being is about more than money and material assets, it also includes love, friendship, respect from the society, the care for their family, the absence of stress and other aspects which cannot be measured using monetary indicators. The other dimensions of poverty which were brought forward in this study are the lack of independence of women and their weaker position in society which prevents them from increasing their well-being. This research therefore shows the complexity of indicators needed to define the impact on well-being. For example the social impact of group loans cannot be defined by ‘access to education,’ because this indicator is too broad. For the women well-being is not influenced by their children’s access to education in general, but by their ability to plan to pay the school fees, the stress and shame if the children are send home, the type of school the children attend, if they can take the school bus, what they can provide for the school lunch, etc. This example is a good demonstration of the relevance of Sen’s capabilities approach (Sen, 1999; Härsmar, 2010); the women focus on what they can and cannot do with a certain amount of money and this influences their level of well-being. This complexity can also be found in other categories like healthcare, housing and nutrition. The broader, qualitative set of indicators used in this study gives a richer representation of the impact on the women’s well-being. More simple indicators might have seemed suitable, had it not been for the involvement of the women in defining well-being.

This study shows the influence of the social support groups. The groups that started as a social support group seemed to have experienced more positive impacts in well-being. The group loan enables these social support groups to develop a financial safety net for emergencies; this decreases the vulnerability of the women. However this safety net can only be created in case the group is able to make a profit from their business, something which was not the case for all the groups included in this study. But more importantly, the presence of the social support groups also contributes to the social and emotional well-being of women. The members felt more secure, loved and supported. Some of these changes probably also would have occurred without obtaining the group loan, like feeling loved and having good friendships.
5.1 Discussion of the results in relation to previous studies

The results are in line with previous research which demonstrated that microcredit contributes to the confidence and pride of women and this study shows that this means a positive impact on their well-being as well. The results regarding the empowerment of women are more complicated. The women in this study now also contribute to the household income and they say they can provide for themselves when the husbands are away, thus the groups challenge traditional roles which might empower women and the women have become more independent. However there is a possibility that women replace the income of the men, as was also brought forward by Mayoux, who can continue to spend their own money on themselves (Mayoux, 1999). At the same time the women also remain to be the prime caretakers in the household, which is considered to be their traditional role. These results seem to be contradicting and no clear conclusion about empowerment can be drawn. However it should be noted that the choice and ability of women to join a social support group, regardless of a group loan and business, could already be seen as a form of empowerment on its own; it has enabled the women to come together and exchange ideas and support. A study by Mayoux has also demonstrated that the women groups can contribute to a stronger position of women. This impact will increase if the MFIs incorporate strategies for women empowerment (Mayoux, 2001).

The results of this limited study do not support the claim that a group loan might increase the vulnerability and dependency of women and lead to the dominance over women. This could be caused by the fact that the three social support groups invest their group loan in a group-based business. The men are not involved in these activities and they have no access to the loan itself. This cannot be guaranteed for the profits as well, because part of this does go to the individual women. However, according to the women, the men do not use this profit for their personal gain. The women say they have been spending the money on aspects they value, including the household and their personal businesses. The group mechanism protects the money against unintended use, like emergency consumption, and actually is in the benefit of the women. This is also contrary to previous studies, for example by Rahman, which showed that the group creates pressure and stress. Important difference is that those studies were not focused on social support groups. The groups in this study came together with the primary goal to help each other, where in regular group loans the group has the function to monitor the members.

Previous studies of Garikipati and others have also shown that the impact on the women is small, because they intend to spend the money on their children and family. The women from this study have emphasized that the well-being of their children is connected to their own well-being. Being able to take care of their children and families makes the women feel more secure and it decreases their worries. Even though they might not spend all the money on themselves, it does have a positive impact on the well-being of the women.

All women who participated in this study are dealing with a ‘double burden’ and the majority of the women even combine three tasks. All women combine the care for the household and children with one or two jobs, but not all women experience this as a burden. In fact, in this study this double burden cannot be attributed to the group loan, since all women already combined the household and work, before getting a group loan. In some cases the women even have more time now combining the businesses, because they are able to help each other and they divide the work. For only one group combining three tasks formed a burden and it impacts their well-being negatively.
5.2 The role of microfinance in sustainable development

In terms of sustainable development the group loan has the potential to contribute to the social and economic development of the women. The environment was not a focus point in this study, nor was it brought up during group discussions. The women from two groups were able to lift themselves from a tough life up to a moderate life, according to their own definitions. These women are now able to meet their needs and the needs of their family comfortably, thus the group loan has contributed to equality. Meeting basic needs is considered to be a prerequisite for sustainable development according to ‘Our common future’ and the UNDP. However the concept that people will start showing concern for the environment and become less dependent on the environment once they are able to meet these basic needs is debatable. For example the women in this study use charcoal to prepare their meals and continue to use charcoal after they have increased their income. Alternatives which are affordable for the women are not available, so even though the women have increased their income it does not mean they have other options to choose from. Nor is it a given that they would want to do so; the women are less poor now, but continue to work towards a better quality of life. Perhaps it could be argued that once one set of ‘basic needs’ is fulfilled a new set of ‘basic needs’ emerges, which becomes the next priority. Further research would be required to make a statement regarding the relationship between poverty alleviation, e.g. through microcredit, and the effects on the environment.

5.3 Methodological discussion

It should be noted that the MFIs were involved in the selection of the women groups included in this study. Selection was primarily based on the requirements that the women have a group loan, that they participated voluntarily and that they were available during the research period. There is a chance that the MFIs have introduced the researcher to their ‘success stories’ to receive a positive response from the groups and to get a positive image of the MFI. This bias might be reinforced by the fact that groups who have gained little benefits, might struggle more, have less free time and less interest in participating in a study. For example the group Women in Faith against Poverty combines three different tasks, they have little free time, therefore it was more complicated to schedule a meeting compared to the other groups. This also contributed to the non-response of one group. However the diversity which was found among the four groups and the inclusion of groups which were unable to make a profit give the impression that a fair selection was made. This could also be caused by the fact that MFIs define success based on proper repayment; they have a different focus than the scope of this thesis.

The chosen methodology of PRA techniques and the focus on qualitative data has the constraint that the results are specific to the context of Dar es Salaam and it is influenced by the presence of the social support groups. The results cannot be generalized for situations in other countries or with other groups. Even within Tanzania there will be differences between the urban and rural areas, these are likely to occur in indicators concerning housing and work. Therefore this study cannot make any claims about the impact of microcredit on the well-being in general. The study does reveal the diversity of the changes in well-being and relates this not only to the group loan, but also to the social support groups, the women and the context.
6. Concluding remarks

This thesis started with the statement that poverty alleviation is required to achieve sustainable development. In line with that thought this thesis has aimed to address if and how microcredit contributes to poverty alleviation. The focus has been on well-being to include different dimensions of poverty. MFIs provide microcredit with the goal to improve the quality of life of people through assumed ‘virtuous spirals’ where investments lead to poverty alleviation, increased well-being and empowerment. This study has shown that group loans do contribute to the well-being of women; the perceived changes include material, emotional and social aspects of well-being. However the changes the women have perceived in their well-being cannot be attributed to only the microcredit. Some changes even seem to be unrelated to an increase in income, thus the results contest some core assumptions on which microcredit is based. The relation between credit and well-being is more complicated and interacts with additional factors, like family life, circumstances and especially the group dynamics.

The presence of the social support groups has emerged as an important element in this study which was unexpected. It seems to have the potential to prevent harmful effects of women group loans shown in previous research and it increases the beneficial impacts of the group loans. Or perhaps reversed; the group loans enable the development of the social support groups and that increases the well-being of women. In my interpretation the group loan might also legitimize the women to continue to come together over a longer period of time.

Microcredit has the potential to contribute to the economic and social development of women and to increase equity. Of course microcredit alone will not automatically lead to sustainable development, just like the impact of microcredit itself is also dependent on the circumstances. However by enabling women to meet their basic needs, microcredit can be a step towards sustainable development. This study has been an attempt to get a better understanding of how the women are influenced by the group loan, group processes and the context. Better understanding of the direct beneficiaries can lead to more appropriate interventions, based on the reality of women, instead of assumptions of change and impact. For example the MFIs could develop strategies to address the position of women in society or provide business training to increase the social impact and to enable women to get the most out of their group loan. This will give the women better chances to improve the quality of life through the use of credit.
7. References


Oikocredit Tanzania, Electronic Project Thesis Tandale Sacco, 2011

Oikocredit Tanzania, Electronic Project Thesis WAT Sacco, 2009


## Appendix A: PRA participants

### Group 1

<table>
<thead>
<tr>
<th>Group name</th>
<th>Amani Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFI</td>
<td>Tandale Market Traders Sacco</td>
</tr>
<tr>
<td>Loan</td>
<td>4 million Tsh</td>
</tr>
<tr>
<td>Date visit</td>
<td>30th of March 2012</td>
</tr>
<tr>
<td>Location</td>
<td>Buza, Dar es Salaam</td>
</tr>
<tr>
<td>Setting</td>
<td>Peri-urban environment</td>
</tr>
<tr>
<td>Group size</td>
<td>9 members</td>
</tr>
<tr>
<td>Activity group</td>
<td>Stove production</td>
</tr>
<tr>
<td>No. of PRA participants</td>
<td>8 members</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Family</th>
<th>Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salome (leader)</td>
<td>35</td>
<td>Husband 2 children</td>
<td>Sells pili pili</td>
</tr>
<tr>
<td>Mariam</td>
<td>41</td>
<td>Husband 5 children</td>
<td>Envelop production</td>
</tr>
<tr>
<td>Elisabeth</td>
<td>36</td>
<td>Husband 2 children</td>
<td>Shop owner</td>
</tr>
<tr>
<td>Juliette</td>
<td>40</td>
<td>Husband 3 children</td>
<td>Prepares and sells meals</td>
</tr>
<tr>
<td>Rukia</td>
<td>40</td>
<td>Husband 4 children</td>
<td>Prepares and sells cakes and snacks</td>
</tr>
<tr>
<td>Agnes</td>
<td>28</td>
<td>Husband 1 child</td>
<td>Moneylender</td>
</tr>
<tr>
<td>Zaitun</td>
<td>35</td>
<td>Husband 4 children</td>
<td>Sells tomatoes</td>
</tr>
<tr>
<td>Save</td>
<td>34</td>
<td>Husband 3 children</td>
<td>Seamstress</td>
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### Group 2

<table>
<thead>
<tr>
<th>Group name</th>
<th>Buza Women Group</th>
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<tbody>
<tr>
<td>MFI</td>
<td>Tandale Market Traders Sacco</td>
</tr>
<tr>
<td>Loan</td>
<td>200,000 Tsh (1st loan)</td>
</tr>
<tr>
<td>Date visit</td>
<td>3rd of April 2012</td>
</tr>
<tr>
<td>Location</td>
<td>Buza, Dar es Salaam</td>
</tr>
<tr>
<td>Setting</td>
<td>Peri-urban environment</td>
</tr>
<tr>
<td>Group size</td>
<td>8 members</td>
</tr>
<tr>
<td>Activity group</td>
<td>Chicken raising</td>
</tr>
<tr>
<td>No. of PRA participants</td>
<td>5 members</td>
</tr>
<tr>
<td>------------------------</td>
<td>-----------</td>
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<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Family</th>
<th>Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rosie (chairman)</td>
<td>47</td>
<td>Husband 5 children</td>
<td>Teacher at a nursery school</td>
</tr>
<tr>
<td>Lilian</td>
<td>47</td>
<td>Single 1 child</td>
<td>Shop owner</td>
</tr>
<tr>
<td>Kirima</td>
<td>55</td>
<td>Husband 3 children</td>
<td>Farmer (grows vegetables and keeps cattle)</td>
</tr>
<tr>
<td>Rema</td>
<td>35</td>
<td>Husband 6 children</td>
<td>Housewife</td>
</tr>
<tr>
<td>Mwajuma</td>
<td>45</td>
<td>Husband 3 children</td>
<td>Chicken farm</td>
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**Group 3**

<table>
<thead>
<tr>
<th>Group name</th>
<th>Mashuka Group</th>
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</thead>
<tbody>
<tr>
<td>MFI</td>
<td>Tandale Market Traders Sacco</td>
</tr>
<tr>
<td>Loan</td>
<td>900,000 Tsh</td>
</tr>
<tr>
<td>Date visit</td>
<td>12th of April 2012</td>
</tr>
<tr>
<td>Location</td>
<td>Tandale, Dar es Salaam</td>
</tr>
<tr>
<td>Setting</td>
<td>Urban area</td>
</tr>
<tr>
<td>Group size</td>
<td>3</td>
</tr>
<tr>
<td>Activity group</td>
<td>None, the loan is divided among the group members for individual activities</td>
</tr>
<tr>
<td>No. of PRA participants</td>
<td>2 (semi-structured interview was conducted instead of PRA tools)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Family</th>
<th>Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rehema Shabani Mseremu</td>
<td>59</td>
<td>Widow 3 children</td>
<td>Prepares and sells food like chapatti</td>
</tr>
<tr>
<td>Mwanaisha Hasani</td>
<td>62</td>
<td>Husband No children</td>
<td>Fries and sells fish</td>
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**Group 4**

<table>
<thead>
<tr>
<th>Group name</th>
<th>Women in Faith against Poverty</th>
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<tbody>
<tr>
<td>MFI</td>
<td>WAT Sacco</td>
</tr>
<tr>
<td>Loan</td>
<td>5,000,000 Tsh</td>
</tr>
<tr>
<td>Date visits</td>
<td>3rd of March 2012 21st of April 2012</td>
</tr>
<tr>
<td>Location</td>
<td>Mbezi Beach, Dar es Salaam</td>
</tr>
<tr>
<td>Setting</td>
<td>Peri-urban environment</td>
</tr>
<tr>
<td>Name</td>
<td>Age</td>
</tr>
<tr>
<td>---------------</td>
<td>-----</td>
</tr>
<tr>
<td>Mwana Amani</td>
<td>37</td>
</tr>
<tr>
<td>Grace</td>
<td>38</td>
</tr>
<tr>
<td>Rita</td>
<td>36</td>
</tr>
<tr>
<td>Sarah</td>
<td>36</td>
</tr>
<tr>
<td>Lilian</td>
<td>32</td>
</tr>
<tr>
<td>Jessica</td>
<td>38</td>
</tr>
<tr>
<td>Faith</td>
<td>26</td>
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<tr>
<td>Salama</td>
<td>37</td>
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<tr>
<td>Belinda</td>
<td>35</td>
</tr>
<tr>
<td>Sofia</td>
<td>40</td>
</tr>
<tr>
<td>Vera</td>
<td>38</td>
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