

**PARTICIPATION OF HOUSEHOLDS IN LOCAL ECONOMIC  
DEVELOPMENT PROGRAMME AND POVERTY REDUCTION:  
EMPIRICAL EVIDENCE FROM SUPPORT TO LOCAL  
ECONOMY IN MWANZA (SLEM)**

**By**

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**A Dissertation Submitted in Partial Fulfillment of the Requirements for Award  
of the Degree of Master of Science in Economics of Mzumbe University**

**2013**

## CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University a dissertation entitled **Participation of households in Local Economic Development programme and poverty reduction: Empirical evidence from Support to Local Economy in Mwanza**, in partial fulfillment of the requirements for award of the degree of Master of Science in Economics.

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DEAN

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## **LIST OF ABBREVIATIONS**

HCR	- Human Count Ratio
HDI	- Human Development Index
HPI	- Human Poverty Index
LM	- Lagrange Multiplier
NGO	- Non – Governmental Organization
PHDR	- Poverty and Human Development Report
PRS	- Poverty Reduction Strategy
PRSP	- Poverty Reduction Strategy Paper
SLEM	- Support to Local Economy in Mwanza
UNCDF	- United Nations Capital Development Fund
UNDP	- United Nations Development Programme
URT	- United Republic of Tanzania
SPSS	-Statistical Package for Social Science

## **ABSTRACT**

The main objective of this study was to assess the various factors that influence participation of households in local economic development income generating activities as well as poverty reduction in the study area of Mwanza region. Two districts were purposively selected basing on the availability of households who participated in local economic development projects. These districts are Misungwi and Sengerema. To better inform, this study employed a sample size of 240 households to determine the factors which influences household participation in local economy and poverty reduction.

The study revealed that most of the surveyed households participated in small business with participation rate of 38 percent and income share of 61.4 percent of the total income from household participation in local economy. Local economic development projects perceived to be important economic activities for income generation that assisted the households to finance some of their basic needs such as education 28 percent, food 29 percent, medical services 22 percent and clothing materials 21 percent. Tobit regression analysis was applied to investigate factors that influence households' decision to participate in local economic activities. The results indicated that household participation in economic activities is significantly influenced by land size, amount of loan, location, other income and age square of household head.

For the improvement of the programme there is a need to invest in education and rural infrastructure. Also, attention should be taken into account on the availability of sustainable markets, capital mobilization, accessibility of loans, women empowerment and support on research activities in local economic development programme.

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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background to the problem**

Worldwide, local economic development programme plays a great role of improving the quality life of the residents through improving skills, capacity building, creating job opportunities and alleviating poverty (Hampwaye, 2008). Regarding capacity building, local economic development project enhance competences, skills, knowledge, attitudes and behaviour gained by project actors through formal and informal education related to business entrepreneurial skills to enable the proper implementation of projects (Davis, 2006). Pertaining to creating job opportunities and alleviating poverty, project supports development of community, micro and small enterprises to participate in local economic activities with ability to produce sustainable quality jobs to the poor households which improve the standard of living and hence poverty alleviation (Ramafaba, 2009). According to Rodriguez-pose and Tijnstra (2009) the projects contributed in raising the Gross Domestic Product, reducing unemployment from 19 percent to 5.4 percent and reduction of inflation in Colombia. Another role of project is to empower the local communities by increasing their income, enhancing their knowledge and skills in production and involvement in decision making (Rodriguez-pose and Tijnstra, 2005). Budds (2005) reported that the projects in Albania empowered the communities as more citizens were involved in development process.

Several factors have contributed to the formation of local economic development projects. According to Egziabher and Clacey (2011) the local economic development projects were introduced in order to increase employment, raise income to the poor households and promote growth rate of the economy which was affected by the financial crisis of the year 1997. Egziabher and Clacey (2011) and Hayakawa and Rivero (2009) indicated that the local economic development projects emerged to

create new employment for the retrenched workers affected by the change of technology. Moreover, local economic development projects emerged to tackle the problems of rapid population, environmental degradation, cities growth, poverty, unemployment and decline of the local economy which was affected by apartheid racial segregation (Pettersen, 2008; Nel, 2005). Failure of some development policies to address poverty, mass inequality and violent conflicts are also reasons for the emergence of local economic development projects (Batema et al, 2011).

The assessment made on the use of local economic development projects in the world indicated an increase of employment opportunities by lowering the unemployment rate and that the project improved the standard of living (Rodriguez-pose and Tijmstra, 2009). The output of supported firms by the projects increased significantly as employment opportunities and networking between the firms helped the small business to penetrate the market both local and international, and that jobs and income have been provided for the poor (Rogerson, 2005;Pettersen, 2008). Local economic development projects contributed greatly to local poverty reduction, provided goods and services to the community, local owned and managed development approach, helped to mobilize resources from civil society, fostering market linkages, supporting business expansion and emergence of entrepreneurial talent (Egziabher and Clacey, 2011). Moreover, the local economic development projects revealed that projects failed to achieve the objective due to application of top-down approaches. The local authority had little resources capacity to handle the implementation of the local development economy and there were no clear municipal strategy on how to do with the local development (Asenfors, 2006).

At the macro level, the factors which influenced successful participation in local economic development projects include the entrepreneurial spirit such as leadership, attitude and willingness to take risk (Wirth, 2007; Greenberg, 2000). The presence of key leaders with positive attitude in taking risk, ready to invest time and energy to

improve local economic condition influences household participation in local economic development project plan (Dennis, 1991). Household participation from initial stage of planning process including setting the local economic development priorities up to the implementation of the projects motivates household participation in the local economic projects (Dennis, 1991). Another factor which encourages participation in the programme is household knowledge of its own local resources available such as availability of financial, physical and external resources. Financial resource enables household to participate in economic activities by investing in productive economic activities. Physical resources allow understanding of local potentials that can help household participation in economic activities and external resources supports the available local resources to enable the household participation in economic activities (Swinburn, Goga and Murphy, 2006). Also, participation of other stakeholders like political leaders can assist households in obtaining government support fund and technical advice that motivate households participation in local economic development projects (Rodriguez-pose and Tijmstra, 2009; Swinburn et al, 2006).

However, local economic development projects are also constrained by the amount of time needed in coordinating various local actors and inability to design or implement the most plausible development strategy which can reduce the speed of household participation in economic activities (Hampwaye, 2008 cited in Rodriguez- pose, 2001). Also Rogerson (2010) noted the main constraints as lack of local government capacity, poor infrastructure, and lack of funding and government capacity that negatively affect the rate of household participation in economic activities (Bartik, 2003).

Also, at the micro level, there are three factors which can influence the community participation in local economic development projects. The first factor which motivates household to participate in economic development activities is the availability of

physical factors (Liu, 2012). The physical factors includes infrastructure such as passable roads, transport system and communications, availability of markets to the local products. The physical factor motivates household around the project to participate in productive economic activities such as linking household to the markets for their local products (Mduma, 2003).The second factor which affects community participation in economic development projects is the social-economic factors such as income, health, amount of loan received by the community from microfinance institutions and the availability of employment in rural area (Mduma, 2003). Household income and availability of loans encourages household to participate in economic activities by investing in economic activities capable of generating more income. Poor household health reduces household energy to participate in economic activities and household employment in other sector of the economy reduces time for household to participate in local economic activities.

Moreover, the third factor which influences the community participation in economic activities is household factors such as education level of household, household size, marital status and age (Davies, 2012). Regarding the household size, the household with great number of people who reside in a particular house increase the probability of participating in economic activities in order to earn income for financing family basic needs. The age of household head up to certain limit like 60 years old household is considered to have enough energy to participate in economic activities. Household head with high level of education raises human capital stock thereby raising wages which contributes to the participation in economic activities (Zahonogo, 2011). However, married women influence household negatively to participate in economic activities since the women are overburdened by taking care of home activities (Kozel and Alderman, 1990).

However, it has not been established to what extent, household participation in local economic development projects has impacted on the reduction of household poverty in Mwanza region. Through empirical literature reviews little has been conducted to analyses household participation in local economic development projects and poverty reduction. For example, Rogerson (2005) assessed local economic development and support of small and micro enterprises in urban area. Also, Arseniuk (2010) investigated water supply, demand and local economic development in urban area. Therefore, this study intends to fill the gap left by conducting an empirical assessment of household participation in local economic development projects (SLEM) and poverty reduction in rural area Mwanza region so as to add knowledge in terms of its link with poverty reduction.

## **1.2 Statement of the Problem**

Like other less developed countries, for the last five decades Tanzania has been trying to reduce poverty which is facing the community (URT, 2005). This is due to the fact that over a time several policies, development strategies and programme have being formulated with the purpose of improving the standard of living of the people. The government pursued central planned economy, a programme which provided social basic services to the community free of charge as the way of improving the quality life of the people and poverty reduction. Due to unfavorable economic performance of the central planning economy the government was forced to liberalize the economic policies. The government moved to the market economic system with the expectation to enhance private sector development in the economy that would lead to improve efficiency in the production process. Apart from these programme, Tanzania also formulated the first Poverty Reduction Strategies (PRS) in the year 1997 and then announced in 1999 the Vision 2025. In year 1998 it prepared the Poverty Reduction Strategy Paper (PRSP) and during the period 2005 to 2010 it formulated the National Strategy for Growth and Reduction of Poverty (URT, 2006). In order to achieve the national strategy for poverty reduction, Tanzania initiated local economic

development projects (SLEM) in 2006. The purpose of the programme was to increase local commercial activities resulting in sustainable economy capable of creating employment and generation of income that can reduce the incidence of poverty to the marginalized and poor households (UNDP, 2006).

Despite of all development programme, policies and strategies for the poverty reduction promoted by the Tanzania government still the level of poverty in the country is higher and remains a critical economic problem. For example nearly 12.9 million Tanzanians are poor and the number of people living below the basic needs poverty line is estimated to be 33.6 percent of the total population (PHDR, 2009).

Although local economic development programme has gradually become a strategy for poverty reduction, there is lack of empirical evidence on the efficiency of achieving the desired objectives. To better understand, systematic research with empirical analysis of household participation in local economic development project is needed. Therefore, this study set out to assess empirically household participation in local economic development projects (SLEM) and poverty reduction in Mwanza region. This area has not been well researched hoping that the study extended some knowledge and suggesting some policy implications appropriate to the region.

### **1.3 Objective of the Study**

The general objective of the study was to assess factors that influence participation of households in local economic development programme (Support to Local Economy in Mwanza region) and poverty reduction.

#### **The specific objectives of the study are:**

- i. To examine the pattern of household participation in local economic development projects in the study area.

- ii. To identify and examine the factors which affect household participation role in local economic development projects in the study area.
- iii. To examine the effect of local economic development projects on poverty reduction indicators such as income and expenditure on household assets, health services, education, food and clothing materials.
- iv. To examine the perception of household regarding the performance of SLEM.
- v. To draw and recommend policies which will improve the performance of support to local economy projects in Mwanza region.

#### **1.4 Research questions**

- i. What is the pattern of household participation in local economic development projects in the study area?
- ii. What are the factors that affect household participation in local economic development projects in the study area?
- iii. What are the effects of local economic development projects on poverty reduction indicators such as income and expenditure on household assets, health services, education, food and clothing materials?
- iv. What are the perceptions of household regarding the performance of SLEM?

#### **1.5 Scope of the Study**

The study covered Mwanza region specifically Misungwi and Sengerema districts, basing on households in Misungwi and Sengerema districts to those supported by the projects and those not supported by the projects. The two districts have been selected because they are the only districts in the region where the Support to Local Economy programme was implemented.

#### **1.6 Significance of the study**

The study was conducted in Mwanza region covering two local governments supported by support to local economy in Mwanza on the reduction of poverty in

rural area. This study provides a useful information and knowledge which will assist policy makers from the government, development agencies like United Nations Development Programme (UNDP) and United Nations Capital Development Fund (UNCDF) to make corrections on their development Policies which guide the local economic development projects. Furthermore, the study help to know the economic status of the household that received financial resources from the programme, benefit the support to local economy in Mwanza which extended investment capital fund for loan facilities to the household to better serve the poor in rural area. Also as noted in the introduction there are few studies which are based on the local economic development projects; this study contributes to the additional literature to the researchers of the local economic development projects and poverty reduction.

### **1.7 Organization of Research Report**

The study is organized as chapter one covering the introduction of the study, the introduction serves to discuss the background to the problem, define the problem which the study attempting to address, provides objectives of the study, research questions, scope of the study and significance of the study. Chapter two covers the literature review of the study, the work consulted in order to understand and investigate the research problem, sections which fall under this chapter are theoretical part of literature review, the empirical part of literature review, the conceptual framework and research model. Chapter three covers the study methodology, this is the description of methods used in carrying out the research study, sections which are included in this chapter are type of study, study area, study population, unit of analysis, variables and their measurement, sample size and sampling techniques, data collection methods, and data analysis methods. Chapter four presents the findings using descriptive and empirical analysis. Chapter five provides discussion of findings while chapter six presents summary, conclusion, recommendation and policy implications of the study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter two is divided into three sections. Section one deals with theoretical part of poverty and local economic development. Also this section provides definition of key terms. Section two covers the empirical part of literature review dealing with various studies ever done in different parts of the world including Tanzania. Section three which is the last part covers conceptual frame work and research model.

#### **2.1 Theoretical part of literature review**

##### **2.1.1 Poverty concept**

There are no agreement on what the exactly definition of poverty should be, however most definitions seems to include in their definition that poverty is low level of standard of living below an acceptable minimum level in terms of minimal necessities of nutrition, health, education, housing, water and sanitation. Poverty can be defined as the state which the household and the individual cannot be able to meet their basic needs of the life such as food, water, cloth and shelter (Semboja, 1994). Government of Tanzania defined poverty as the state of deprivation of prohibitive of decent human life which is caused by lack of productive resources and capabilities to meet human needs (URT, 2005).

There various ways which poverty can be measured. Human Poverty Index (HPI) is one of the methods used in measuring poverty. This method consists of composite index using three indicators which are short life, lack of basic education and lack of access to public and private resources. The short life relates to vulnerability to death at early age for example in less developed countries like Tanzania the percentage of people expected to die before the age of 40 years. The second aspect is the lack of basic education which measured by calculating the percentage of adult in the country

who are illiterate and the third index relates to the overall standard of living which is captured by combination of three variables, that is the percentage of people without access to health services, safe water and the percentage of malnourished under five years children (UNDP, 1997). The Head Count Ratio (HCR) is the simplest and well most known measure of poverty, which indicates the proportion of poor people in the studied population (Fusco, 2003). It is calculated by taking the ratio between the poor units determined in the identification step and the total population.

Another method which can be used to measure poverty is the poverty line which focuses on the minimum standard of living. The population which lives below the poverty line is classified as poor and the population which lives above the poverty line is classified as rich or medium (Atal, 1999).

Also, the Gini coefficient is used to measure poverty by using income. The Gini coefficient is the measure of income distribution of a country's residents. The Gini coefficient is the number which range between zero and one based on resident income, which helps to define the gap between the rich and poor. With zero represent perfect equality and one represent perfect inequality. To be valid computed no negative goods can be distributed. If the Gini coefficient is used to describe household income inequality, then no household can have negative income. When used as measure of income inequality; the most unequal society will have value of one in which a single person receives 100 percent of the total income and the remaining receives none. The most equal society will have a value of zero in which every person receives the same income (PHDR, 2009).

## **2.1.2 Poverty theories**

### **2.1.2.1 Cultural theory of poverty**

The cultural theory argued that poverty is rooted in the deficient character and behaviour of the poor people which undermine economic well-being and success.

Moreover, poverty is associated largely with social and behavioural failure to develop the habit of education, reasoning, judgment, sacrifice and hard working to succeed in the world. This failure makes the households less economically viable within the society. This theory points to raise rates of crime, violence, drug misuse and family breakdown as the evidence of poor's dysfunctional values relative to the mainstream social norms of family, education and works (Aikaeli, 2010). As the consequences, poverty tends to perpetuate itself from generation to generation; children of impoverished parents are incapable and are unable to escape the vicious cycle of poverty. Poverty is created, sustained and transmitted to future generation which reinforces various social and behavioural deficiencies (Aminul, 2005).

Some of the criticism of the cultural theory is that much of the evidence presented in the support of the theory suffers from methodological fallacies as data and conclusion does not match (Valentine, 1968). The theory had a negative implication about poor people thus contribute to the racialization of the poverty. Another criticism is that the concept of culture used in the theory had little explanation power pushing scholars to abandon cultural justification. Also the theory assume that culture itself is relative fixed and unchanging, there is no intervention that will change cultural attitudes and behaviour held by the member of community (Gajdosikiene, 2004).

Household participation in economic activities in Mwanza could be negatively influenced by cultural practice such as laziness, averse to take risk to undertake economic activities and relying on traditional subsistence farming activities which undermine household economic well-being and success. Household Participation in local economic development projects (SLEM) such as small business enterprises helps the poor household to change their negative cultural practice. Participation in local economy builds cultural value system capable of generating employment and income. The extra income assist the household to save, borrow and ensure against an expected shock.

### **2.1.2.2 Structural theory of poverty**

The structural theory of poverty maintains that poverty can be traced back to structural factors in the economy or institutional environment that favor certain groups over the others (Aikaeli, 2010). For example, economic opportunities may vary between different locations with significant impact on income level and poverty. The poverty of an individual cannot be solely attributed to personal characteristics without paying attention to the circumstances prevailing where a person lives. The economic factors underlying impoverishment includes exposure to the available economic opportunities, the level of income and inequality (Jordan, 2004).

Furthermore, the cause of poverty is associated with groups of the people discriminated because of gender, age and other leading them to have limited resources and opportunities (Bagachwa, 1994). The financial institutions consider women and youth as smaller, less experienced and therefore less attractive clients, even the financial institutions does not finance the type of economic activities run by the discriminated group. The loans to the discriminated people are fewer than those granted for men for similar activities.

Among of the criticism raised is that the theory neither could account for the subgroup in the central characteristics claimed to be highly associated with poverty, the theory could offer little guidance for the poverty policy in general and income maintenance policy particular (David, 1970). Another criticism is that the theory does not contain mechanism capable of explaining poor who have the poverty syndrome. Also, the structural theory of poverty view poverty as historical exploitations by developed countries. However, this view suffers from sufficient evidence since some current rich countries were former colonies (Aikaeli, 2010).

Poor participation of households in economic activities Mwanza region could be the result of structural factors and discrimination of certain group of people such as women and youth to access economic resources, thereby making households economically poor. Household participation in local economic development programme (SLEM) promise to break the structural factors hindering poor household to participate in economic activities. Improvement of household participation in local economic development programme enables the poor women, youth and men to access economic resources such as loans. These loans will enable the poor households to invest in productive economic activities that capable of creating income.

### **2.1.3 Local economic development theory**

#### **2.1.3.1 Empowerment theory**

Empowerment theory is based on the explanations of the existing structural inequalities, imbalances, marginalization and oppression. It is guided by the thinking on the relationship between power and poverty shaped by the explanation of tackling poverty and underdevelopment around the world. It offers to empower people that lack access to resources which would enable them to compete more effective in struggle to sustain livelihood – development (Akah, 2008). The theory maintains to empower local community by increasing access to economic resources such as credit, income and their control over that income, enhancing their skills and knowledge in production and involvement in decision making from planning to implementation stage (Rodriguez-pose and Tijmstra, 2005).

The theory provides the theoretical arguments for poverty alleviation through collective efforts calling the redistribution of income and opportunities in favor of the poor. These includes provision of service subsidies to the poor below cost, support community in form of finance, technical skills training to enhance the ability of the poor identifies their needs in order to control development process (Akah, 2008).

The theory can be criticized as community empowerment projects which is an instrument to effect changes, yet most governments, development NGO's and multilateral organizations skews this theory by laying emphasize on projects rather than empowering the people (Akah, 2008). The problem of developing countries such as Tanzania is that power is centered to few elites by monopolized power at political, economically and socially within the system for their personal gains thus discourage community empowerment. The concept of empowerment is more theoretical than putting into application and much of the literature lack the firmness which is essential if the theory is put into operational terms. Empowering those who do not have power is very difficult to achieve because of the fear those with power their power to be taken by those without power.

The empowerment of low income and marginalized household such as women in Mwanza region stimulates household participation in local economic activities which guarantee sustainable employment, generation of income and promote favorable environment for the local household to improve the standard of living and hence help to reduce poverty. The empowerment of group of households those who lack access to economic resources in Mwanza region assist them to participate in economic activities, enabling households to develop small business enterprises that would help households to compete more effective in struggle to sustain livelihood- development and poverty reduction. Also, the empowerment of household to participate in economic activities help to reduce cultural behaviour and structural economic barriers which undermined the poverty reduction effort to large segment of the population by giving economic privileges to small segment of the population to control and manage the economic resources.

## **2.2 Empirical literature review**

### **2.2.1 Factors affecting participation in local economic development projects**

#### **Household factors**

##### **Gender of household head**

The gender of household head influences the household to take decision to participate in economic activities. The study done by Kozel and Alderman (1990) indicated that the presence of male members in the family tend to decrease the probability of women to participate in economic activities while the availability of other women with age more than seven years tend to increase the probability of women employment in economic activities. However, Rao (2011) found that male operator have a negative contribution to the participation in economic activities. The incidence of women labour force participation in economic activities in Pakistan is estimated to be 14 percent which is low as compared to men labour force participation in economic activities (Naqvi and Shahnaz, 2002).

##### **Age of household**

Another element which affects household participation in local economic activities is the age of household head. The assessment made by Brick (2005) indicated that age of the household have a high probability of participating in the economic activities. Davies et al (2012) assessment found that the age of household head was positively related to the participation in economic activities. The study done in Kenya found that age of the household head is positively and statistically significant to the participation in economic activities (Rao, 2010). Zahonogo (2011) revealed that the age of household is significant element that influences the participation of household in economic activities. Also, the study conducted by Yusuf (2011) showed that the age of household was significant influenced participation in economic activities. This is due to the facts that the more aged households are likely to participate in economic activities.

### **Household size**

Further more on the elements which influence the household participation in economic activities is the household size. The examination conducted by Davies et al. (2012) revealed that the household size is positively related to the participation of economic activities. The analysis carried out in Nigeria to determine the household characteristics which influence participation in economic activities observed that household size positively and significantly influenced the participation in local gadu economic activities (Yusuf, 2011). However, the study done by Rao (2010) showed that the household size have a negative contribution to the participation in economic activities.

### **Occupation of household**

The Occupation was reported to influence household to participation in economic activities. The investigation conducted by Naqvi and Shahnaz (2002) found that the employee household head reduce the probability of the household members to participate in rural local economic activities. Davies et al. (2012) research observed that the occupation of the household head negatively contributed to the household member to participate in economic activities. The number of working people in the household was found to be significant element that influences the participation of the household in economic activities (Zahonogo, 2011).

### **Marital status**

Additionally, the marital status of the household head was found to influence the household members to participate in economic activities. From the study done by Ntuli (2007) revealed that Unmarried women have a higher probability of participating in economic activities. Meanwhile the married women tend to reduce the probability of participating in rural local economic activities. Kozel and Alderman (1990) argued that the presence of married male in the family tend to decrease the probability of women to participate in economic activities and the availability of other

adult women tend to increase the probability of women employment in economic activities. The married couple had positive contribution to the participation in economic activities as they used higher number of hours than those non- married to work in economic activities (Brick, 2005).

### **Education and training of household**

Also, the investigation made on the labour force participation in local economic activities indicated that education of household have a high probability of participating in economic activities (Naqvi and Shahnaz, 2002). Kozel and Alderman (1990) found that the participation rate of household in economic activities increases with the presence of the educated household head. The positive participation in economic activities is attributed by number of years spent in Education by the household. Various investigations had indicated that the level of Education of the household influences positively participation in economic activities, for example the study done by Rao (2010), Zahonogo (2011) and Yusuf (2011).

### **Economic factors**

#### **Land**

The assessment carried out to determine the economic factor which influence household to participate in economic activities revealed that land owned by the household negatively contributed to the participation in economic activities (Rao, 2010). The study on the economic drivers to participate in economic activities showed that cropland has a positive effect on the likelihood of household to participate in economic activities (Liu, 2012). Furthermore, land size is found to have a positive influence on participation in economic activities (Demeke et al., 1996). Also, the research examined by Mduma (2003) found that the ownership of land is a contributing element of household participation in economic activities.

### **Income of household**

Naqvi et al (2002) in their study undertaken in Pakistan revealed that household with higher income reduces the probability of its members to participate in rural local economic activities but household with low income increases the probabilities of participating in economic activities. The economic factor examined by Davies (2012) found that the gross annual household income had a negative contribution to the household participation in economic activities. Liu (2012) examination showed that the annual income have positive influence on the household participation in economic activities. Also, the survey undertaken by Mduma (2003) on the factors influencing household to participate in economic activities in Tanzania pointed that the per capita income influence household to participate in economic activities.

### **Accessibility of credit**

Also, credit is one of the influential elements which motivates household to participate in local economic development programme. For example the assessment made by Rao (2010) showed that credit accessibility is positive and significant to the likelihood of household participation in economic activities. In the study of household participation in local economic development found that the credit and loan accessibility had a positive impact on household participation in economic activities (Akah, 2008). Not only that but also Tekle (2009) examination on the factors which influence household to participate in economic activities reported that credit is positively correlated with the household participation in local economic activities.

### **Physical factors**

#### **Passable roads**

The availability of passable roads in rural areas influences the household to participate in economic activities. The research undertaken by Rao (2010) indicated that the means of transport such as roads in the location of the study area positively statistically significant influencing the household to participate in economic activities.

Mduma (2003) determined the factor which contributes household to participate in economic activities. The findings of the study pointed that infrastructure such as roads motivate the rural household to participate in economic activities. Also, the study done by Liu (2012) revealed that the physical factor which was determined by physical cost to travel between the household and the closest key economic sites was negatively affected by the high cost of the household to participate in economic activities.

### **Water supply**

The analysis of determinants of rural community to participate in economic activities was carried out by Aikaeli (2010). The results found that the availability of water supply was positively significant to the participation in economic activities. Moreover, the analysis done by Mduma (2003) to determine the factor affecting participation in economic activities revealed that the variable safe water was significant element to the participation of the household in economic activities. In contrast to the other studies the variable household access to public piped water supply was negatively and significant influencing the household participation in economic activities (Rao, 2010).

## **2.2.2 Effect of household participation in local economic development projects on poverty reduction**

### **Household employment**

Pertaining to increase of employment, local economic development projects had a positive impact on creating employment to the poor household. The study conducted by Hayakawa and Rivero (2009) showed that household participation in local economic development supported tourism development generated employment to the communities around port Limon. Egziabher and Clacey (2012) argued that the Chemsite local economic development projects in Ruhr area German in partnership with the government, private companies, local community and several municipalities

enabled the creation of new employment opportunities to the households locally in the city.

Furthermore on the creation of employment, local economic development pro-poor intervention projects in Cape Town South Africa households were employed by using public works community contractors (Nel et al, 2005). The examination carried out by Tekle (2009) on local economic development handlooms sector enterprises in Ethiopia using quantitative technique revealed that Business Development Services has contributed to the performance improvement of small and micro enterprises as more household employment opportunities was generated. Thornton and Gibbs (2005) found that the local economic development projects of Umsobomvu pineapple pulping factory and Isitema brick making created a number of household jobs in local area of Ndlambe small municipality South Africa.

Also in Tanzania, the local economic development projects in Dar es Salaam taken with a partnership of private sector, community and City authority in improving living condition by increasing access to urban services, creating employment opportunities and managing the solid waste to small and medium enterprises community based resulted in an increase of disposal rate from 6 percent to about 40 percent daily generation. The project created several thousands of household jobs and most of the beneficiaries were women (Lubuva, 2005).

### **Household income**

Likewise, local economic development projects play a key role in generating income to the poor households around the world. The investigation presented by Egziabher et al (2011) in Indonesia cities observed that local economic development projects contributed greatly to raise the income of poor households. Local economic development programme in poor region of Bolivia empowered the communities by expanding income generating opportunities to the poor (Hayakawa and Rivero, 2009).

Rogerson (2002) researched for the pro-poor intervention of local economic development projects using productivity index and the results found that the projects facilitated the expansion of the economy to local area by providing development opportunities that have improved the income of the project beneficiaries. Also, local economic development programme reported to have a positive income change to poor communities in Philippines (Wirth, 2007).

### **Household assets and expenditure**

The assessment made on the use of household increased income from participation in economic activities indicated that the increased income used to cover the expenditure on social services such as children education, financing family health services, food and clothing materials (Rogerson, 2005). Furthermore, the increased income reported to increase the household asset value like rehabilitating their houses (Tekle, 2009). The research conducted showed an increase of assets for households who participated in economic activities (Akah, 2008). The analysis made by Ramafaba (2009) on the role of service delivery for local economic development revealed that household supported by the projects improved their service delivery which is reflected by the increase of household expenditure on the basic services.

Conversely, the analysis carried out on small rural towns and local economic development business enterprises in India using statistical method observed little household labour and income due to their very small scale enterprises. Majority of employed labour recruited within the family and project town itself (Wandschneider, 2004). Local economic development programme revealed that the programme failed to achieve the objective due to the application of top-down approach giving power to the public sector for the management of local economic development and that the local authority had little resources capacity to handle the local economic development programme (Asenfors, 2006).

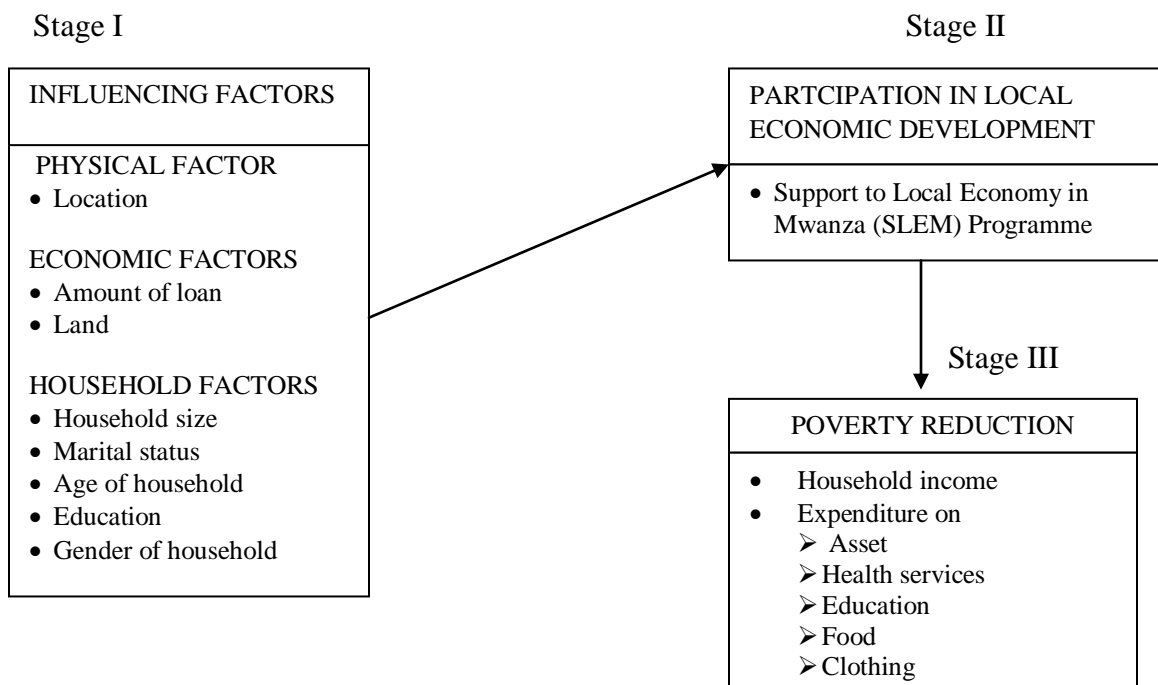
## 2.3 Conceptual Framework and Research model.

### 2.3.1 Conceptual Framework

A concept is an abstract or general idea derived from specific instances. It is the word or phrase that symbolizes several interrelated ideas. While framework is the plans and important detail which give the way of understanding something, therefore a conceptual framework can be defined as set of broad ideas and principles taken from the relevant fields of study and used to structure a sub sequent presentation (Kombo, 2006).

Therefore, based on poverty theories, empowerment theory and empirical literature reviews, it is possible that the conceptual framework can be constructed to show on how household's participation in local economic development programme can be used as an intervention force for rural poverty reduction.

**Figure 2.1: Conceptual Framework**



Source: Adapted and modified from Hayami and Ruttan (1985)

Figure 2.1 shows the conceptual frame work that guide the assessment of household participation in local economic development projects (SLEM). The conceptual framework indicates the factors and variables influencing household to participate in the Support to Local Economy in Mwanza region. The variables are chosen basing on the poverty theories, empowerment theory and the empirical literature reviews. The variable which is coming from cultural theory of poverty is education; the theory argues that education is an effective instrument that can affect norms, value and attitudes to promote the household participation in economic activities. Moreover, the variables income, age and gender of the household head are coming from structural theory of poverty, the theory point that these variables can affect the structural factors to influence the household participation in economic activities. The variables which are coming from empowerment theory are education and amount of loan, according to this theory the variables provide the base for the redistribution of income and other opportunities in favor of the poor to participate in economic activities. The variables education, age, gender, household size, marital status, location, amount of loan and land size are coming from the empirical literature reviews. These variables are most frequently referred in the available empirical studies and that these variables were found to influences the household participation in economic activities.

The study has adapted a conceptual frame work developed by Hayami and Ruttan (1985). According to this framework, participation in economic activities is influenced by physical factors, social-economic factors and institutional factors. The physical factors covered transport and communications while social-economic factors included income, literacy and occupational of household. Institutional factors comprises of user group, NGOs, government organization and presence of leadership.

The present study of household participation in local economic development is influenced by physical factor, economic factors and the household factors. The physical factor being represented by location while the economic factor represented

by accessibility of loan and ownership of land. Also, the household factor comprises of household size, marital status, age of household, education and gender. This is shown in stage 1 of the conceptual framework.

Household participation in local economic development project is influenced by the physical characteristic which is captured by the location. The location captures the key physical attributes of the local area such as the availability of roads that influences household to participate in local economic development projects. Moreover, household participation in local economic development is influenced by amount of loan and land size. The amount of loan is the total finance received by the household to enable him or her to participate in local economic development programme. The availability of loan stimulates the household to participate in a local economy. Household head who own large land size for agriculture increases the probability of participating in economic activities.

Furthermore, household participation in local economic development projects is influenced by household size, marital status, age, education and gender of household head. Household size which is the total number of the people who reside in particular house, influence the household to participate in local economic activities. Large household size influences its members to participate in economic activities. The marital status of the family head influences the household to participate in local economic activities, the unmarried women tends to increase the rate of participation in economic activities. Moreover, age of household influence participation in economic activities, the more aged of the household head up to certain limit of age influence positively to participate in local economic development project. Education level of household head affect household members to participate in local economic development project, with an increase of number of years spent in schooling influence household to participate in economic activities. Also, gender of household head like women encourages the participation in local economic development projects.

Having in place the influencing factors for the household to participate in local economic activities, the household resorts to participates in local productive economic activities such as small business, small scale industries, fishing, agriculture and livestock keeping. Household participation in local economic programme stimulates high productivity that is capable of generating extra income which increases the household income, as presented in stage 11.

Also, the increased and improved level of household income from local economic activities give household ability to purchase assets and make expenditure on basic needs like food, financing family health, children education and clothing materials thereby improving the standard of living (Poverty reduction), as it has been portrayed in stage 111.

Taking into consideration of this study, the empirical literature reviews and conceptual framework the dependent and independent variables can be identified. The independent variables are amount of loan, land, marital status, education, household size, gender, age and location of the area where the programme takes place. While on the other side the dependent variable is the income of the households from participation in local economic activities.

From the empirical literature reviews, the amount of loan, land size, marital status, education, household size, gender, age, income and location is expected to influence positively the household participation in economic activities. However, the variable location can also influence negatively household participation in local economic development projects.

### **2.3.2 Research Framework Model**

The study used Tobit model which was proposed by James Tobin in 1958. It is the probability model designed to estimate statistically the relationship of limited

dependent variable to the other independent variables in testing the hypotheses. The dependent variable takes on a wide range of values above or below the limit for a substantial number of respondents. Therefore, the model is used to estimate the linear relationship between the variables when there is either the left or the right censoring in the dependent variable (Carson, 2007).

The study adapted the Tobit model because the assessment involved both local economic development participants and local economic development non-participants in order to produce consistence estimates of the parameters. Local economic development non-participants are expected to have zero income from local economic development income generating activities which can be observed and censored easily by Tobit model. Moreover, the main purpose of applying the Tobit model in analyzing data in this investigation was to find out which of the variables under investigation are significant in influencing the household participation in various local economic development income generating activities in rural area of Mwanza region.

Pertaining to the application of the model, there are three cases for which the analysis of Tobit model is not allowed. Amemiya (1973) indicated the restrictions imposed on the use of Tobit model. These assumptions include:

- (i) If the dependent variables takes on the negative values.
- (ii) If the dependent variable takes only the positive values.
- (iii) If the dependent variable takes on non-negative, with some of the dependent variable zero, but the dependent variable integer valued.

However, the model is constrained by a problem of estimating parameters by regressing the observed  $y_i$  on  $X_i$  which can produce inconsistent estimates. If we include the censored observation ( $y=0$ ) the estimates will yield under estimates of the intercept and over estimate of the slope. If we exclude the censored observation and just use the observation for which ( $y>0$ ) that is truncating the sample, the estimates

will yield over estimate of the intercept and underestimate of the slope (Amemiya, 1973). Furthermore, the degree of bias in both estimates will be increased if the number of observations that take on the value zero increases. Therefore the Tobit model is estimated by using log maximum likelihood estimation techniques in order to capture all the information, including the information on censoring which provides the consistent estimates. Moreover, the standard Tobit model estimation problem is related to the estimation of censoring threshold. It is normally that the censoring threshold typically assumed and recorded to be zero while in facts it is not zero. This can provide also inconsistent estimates of the regression analysis of the data. For a consistent Tobit model estimates the unknown censoring threshold should be estimated by using minimum of observed dependent variable  $y_i$  (Curson, 2007).

Following several problems with the model, various tests have been developed to test the existence of inconsistent estimates in the Tobit model which is reflected by the presence of heteroscedasticity and non normality of the disturbance term. When the disturbance term in the equation exhibits heteroscedasticity characteristics then the Tobit model estimates of the regression analysis is inconsistent. Also, when the disturbance term in the equation assumed to be normality distributed but in fact have different distribution then Tobit model estimates is inconsistent. The Likelihood Ratio test is used to test the restrictions imposed on the model. The Likelihood Ratio test is just twice the difference between the unconstrained maximum value of the likelihood function and the maximum subject to the restrictions. The Likelihood Ratio test is simple to compute if both of the restricted and unrestricted estimates are available which provide an immediate feedback on whether the restrictions are compatible with the data. Another test is the Lagrange Multiplier which is based on the vector of Lagrange Multipliers from the constrained maximization problem. The LM test statistic is computed based on the gradient vector of the restricted log likelihood function and evaluated at the restricted estimates. It is often computed by means of artificial regression such as Double-Length artificial Regression (DLR). If the tests

lead to the rejection of the null hypothesis, this means that the Tobit model is not correct specified at all level of significant implying that one or more of the Tobit assumptions are violated and thus an alternative model can be used (David and MacKinnon, 2004).

This study uses the variables to influence the decision to participate in local economic activities by specifying the household income from local economic generating activities as the dependent variable. The income from local economic activities will be measured by taking the income from the sampled households.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

In this chapter three, deals with the research methodology of study which is the descriptions of the methods that used in conducting the research. It covers the study area, research design, target population, sample size, sampling techniques, validity and reliability, data collection and data analysis.

#### **3.1 Study area**

The study was carried out in Mwanza region particularly in Misungwi and Sengerema districts. The region is located on the northern part of Tanzania between Latitude  $1^{\circ}30'$  and  $3^{\circ}$  South of the Equator and between Longitude  $31^{\circ}45'$  and  $34^{\circ}10'$  East of Green wick, it borders the Kagera region to the West part, Shinyanga region to the South and South East part, Mara region to the North East and the Northern part of Mwanza is surrounded by water of lake Victoria which in turn separates the region from neighboring countries of Uganda and Kenya. Mwanza region has a total area of 35,187 sq km, out of this area 20,095sq km is covered by dry land and 15,092 sq km is covered by Lake Victoria which is approximately to be 43% of the region surface area. In terms of land dimension, Mwanza is the fourth smallest region after Dar es Salaam, Kilimanjaro and Mtwara.

**Figure 3.1: Map of Mwanza region**



Administratively Mwanza is reorganized into eight districts with 33 divisions which are subdivided into 168 wards. The wards are furthermore subdivided into 682 villages (Table 3.1).

**Table 3.1 Mwanza Region Administrative Units**

District	Land area km <sup>2</sup>	Divisions	Wards	Villages
Magu	3,070	6	27	116
Kwimba	3,903	5	25	110
Misungwi	1,947	4	20	78
Geita	6,775	7	27	163
Sengerema	3,335	5	25	124
Ukerewe	640	4	24	74
Ilemela	225	1	10	9
Nyamagana	200	1	10	8
<b>Total</b>	<b>20,095</b>	<b>33</b>	<b>168</b>	<b>682</b>

Source: Mkakati wa Maendeleo Mkoa wa Mwanza 2005-2010

**Table 3.2: Population Distribution of Mwanza Region**

District	Male	Female	Total	Density	Number of Households
Ukerewe	129,547	132,397	261,944	409	23,723
Magu	202,077	214,036	416,113	136	41,455
Nyamagana	105,316	105,414	210,735	1,053.7	35,122
Kwimba	152,733	163,447	316,180	81	50,542
Sengerema	254,733	247,182	501,915	150.4	78,280
Geita	355,823	356,372	712,195	105	49,139
Misungwi	125,970	131,185	257,155	132	40,180
Ilemela	133,371	132,540	265,911	1,181.8	44,318
<b>Total</b>	<b>1,459,570</b>	<b>1,482,578</b>	<b>2,942,148</b>	<b>146</b>	<b>362,759</b>

Source: Mwanza profile (2008)

The main ethnic groups in Mwanza region are the Sukuma, Zinza, Haya, Sumbwa, Nyamwezi, Luo, Kurya, Jita and Kerewe. The Sukuma dominate by constituting over 90% of the population while other groups constitute small proportion. Mwanza region has the largest population in Tanzania which according to 2002 National Population and Housing Census, had unevenly distributed population of 2,942,148. This can be depicted by observation from Mwanza population profile in (Table 3.2) above.

Mwanza region receives the average annual rainfall of about 930mm varying from 1,800mm in the Western part of Ukerewe Island to 750mm in the Southern and South Eastern parts of the region. Under normal condition the rainfall is distributed mainly during the two periods, namely short rain period in November – December and long rain period from march to may which tend to fall in localized storm rather than in generalized down pour with unevenly distributed in some of the small area.

One of the main economic activities carried out in Mwanza region is agricultural production which employs about 85 percent of region population. There is no commercial farming in the region, most of the people are involved in subsistence farming basing on family producing food crops like maize, cassava, sweet potatoes, sorghum and paddy to meet food requirement, few people are involved in producing

cash crops such as cotton. Due to unfavorable weather, adverse soil condition and scarcity of land to meet family needs the region most of time unable to feed itself therefore the region has to import food from other regions like Rukwa and Mbeya.

The second main economic activity in Mwanza region is livestock keeping especially in rural area for the purpose of fulfilling their social as well as their economic needs. The region has approximately 2,889,955 livestock comprises of cattle, goats, sheep, pigs and donkeys which provide one of the greatest potentials for the development of the region.

Another main economic activity in the region is fishing which is the major occupation for the people along the shores of Lake Victoria. The region has more than 56,321 artisanal fishermen using about 16, 911 planked boats and dug out canoes. The principal fish caught by the fisherman are Nile perch, dagaa, tilapia, African lungfish and cat fish. They are mainly not only for consumption in the region but also the surplus is exported to countries like Rwanda, Burundi, Europe and other parts of the world.

Other economic activity in Mwanza region is employment in the public sector (government and parastatal) and in the private sectors. Employment in private sector is found in industries operating in Mwanza region, employment in mining like Geita Gold mine, employment in small scale industries such as carpentry, brick making, and welding (Mwanza profile, 2008).

### **3.2 Research Design**

The cross – sectional study design was used in this study because it aimed at finding out the prevalence of the overall picture of Support to Local Economy in Mwanza region and reduction of poverty as it stand at that time, and that the study design comprised one cross- sectional observation data collection. The design has the

advantage of saving time and make cheap to undertake. Also, the study design is capable of estimating the relationship between different variables used in the investigation. However, the research design is constrained by not capable of revealing the causation (Gray, 2009).

### **3.3 Target Population and Unit of Analysis**

The unit of analysis which was used in this study is the households and the target population covered the rural households being involved in Support to Local Economy in Mwanza programme, approximately 550 households in Misungwi district and 1,145 households in Sengerema district making a total of 1,695 households in Mwanza region. The study included also other households who are not involved with the Support to Local Economy in Mwanza in the two pilot districts of Mwanza region.

### **3.4 Sample size**

The sample size ensures that the sample is the representative of the target population which should be at least 10 percent of the target population (Hampwaye, 2008). In this case study the target population is the Support to Local Economy in Mwanza programme beneficiaries. Due to financial constraint, time and manageability of sample, a total sample size of 240 households were used for all the two districts that is Misungwi and Sengerema, 145 respondents from local economy participants and 95 respondents from local economy non-participants. Misungwi district had 117 respondents and Sengerema district had 123 respondents (Table 3.4).

**Table 3.3 Region allocation of respondents**

Type	Number of households
Local economy participants	145
Local economy non-participants	95
Total	240

Source: The researcher view, 2012

**Table 3.4 District allocation of respondents**

Type	Number of households
Misungwi	117
Sengerema	123
Total	240

Source: Own researcher view, 2012

### **3.5 Sampling Techniques**

Both probability and non- probability sampling techniques were applied to select a sample of 240 households from local economy participants and local economy non-participants. The purposive sampling was used to select the two districts and households who participated in local economic development projects in the study area. Simple random sampling technique was used to select households from local economy participants and local economy non-participants who were included in the sample in order to avoid bias in research.

### **3.6 Type of data and collection methods**

The research study collected primary data. Primary data was collected using questionnaires and direct observations to the households who participated in the programme and households who did not participate in the programme particularly Misungwi and Sengerema districts in order to get the general characteristics of the households and information related to the extent to which participation in SLEM programme contributes to the household generation of employment, income, poverty reduction and constraints to the performance of the programme. Also, primary data captured the variables that affect household participation in local economic development projects.

### **3.7 Validity and reliability**

Validity is the degree to which the outcome reflects what is intended to be measured and reliability refers to the consistence and accuracy of the research findings (Kothari, 2004). To ensure validity and reliability the study used multiple sources of data such

as field visits and discussion with local people who gave the insight of reliability of documented data. Also with combined both qualitative and descriptive methods of data analysis increased the strength of drawing inferences.

### **3.8 Data Processing and Analysis**

Kothari (2004) defined data processing and analysis involve editing, coding, classification, tabulation of collected data and estimating the value of unknown parameters of the population in order to test hypotheses for drawing inferences. Descriptive and quantitative methods of data analysis were applied in this study. Calculation of descriptive statistics like frequencies, means and percentages of some the critical variables was analysed by using computer statistical package for social science (SPSS). The quantitative statistics was analysed by using STATA computer programme.

### **3.9 Econometric model**

In this study we used the Tobit model which is defined by the relationship between dependent variable  $y_i$  and independent variable  $X_i$ , assuming that there is latent (unobservable) variable  $y_i^*$  which linearly depends on  $X_i$  via parameter  $\beta$  which determine the relationship between independent variable (vector)  $X_i$  and the latent variable  $y_i^*$  (just in the linear model). In addition, there is a normal distributed error term  $\varepsilon_i$  to capture the random influence on the relationship (Greene, 2003). The observed  $y_i$  is equal to the latent variable whenever the latent variable is above zero or otherwise.

Therefore, the standard Tobit model is defined as;

$$\begin{aligned} y_i^* &= \beta X_i + \varepsilon_i \\ y_i &= y_i^* \text{ if } y_i^* > 0 \\ y_i &= 0 \text{ if } y_i^* \leq 0 \end{aligned}$$

Where;

$y_i^*$  = Latent dependent variable

$y_i$  = Observed dependent variable

$X_i$  = Set of independent variables

$\beta$  = Coefficient of independent variable

$\varepsilon_i$  = Error term

In estimating the Tobit model regression analysis, the maximum likelihood estimation technique was applied. Therefore, from the foregoing analysis and the variables considered in this study, the following specification model was employed in assessing the household participation in Support to Local Economy programme and poverty reduction.

$$Y = \beta_0 + \beta_1 AL + \beta_2 L + \beta_3 Mr + \beta_4 Ed + \beta_5 Hs + \beta_6 G + \beta_7 Ag + \beta_8 Loc + \beta_9 Otherinc + \beta_{10} Aqsq + \eta$$

Where:

$Y$  = Income of household from local economic activities measured in Tanzanian shillings.

$AL$  = Amount of loan received by household measured in Tanzanian shillings.

$L$  = Land size owned by the household measured in acres.

$Mr$  = Marital status of household head dummy variable takes a value of “1” if married and “0” otherwise.

$Ed$  = Education level of household head measured by number of years spent in school.

$Hs$  = Household size which is measured in number of people living in the household

$G$  = Gender of the household head takes the value of “1” if female and “0” otherwise.

Ag= Age of household head measured by number of years.

Loc= Dummy variable capturing the effect of location on the impact of programme (Loc = “1” if Sengerema district and “0” otherwise).

Otherinc =Income of household generated by other economic activities rather than local economic activities measured in Tanzanian shillings.

Agsq = Age square of household head measured in number of years squared.

$\eta$  = Error term.

$\beta_0$  = Constant coefficient.

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7, \beta_8, \beta_9$  and  $\beta_{10}$  are coefficients to be determined.

### **3.10 Expected sign of variables**

AL = Amount of loan (+). Financial supports received by household from SLEM, it is expected to have positive effect to household participation in local economic activities.

L = Land size (+). The variable measure the land size of household, it is expected that household who own land will be influenced positively to participate in economic activities.

Mr = Marital status (+). This variable shows the marital status at the household. It is expected to have positive influence on the participation decision of the household in local economic development project.

Ed = Education of household (+). This variable representing education level of household has acquired. It is expected to have positive influence on participation in local economic development.

Hs = Household size (+). It is the total number of people who reside in a particular household. It is expected that household with great number of people will tend to participate more in local economic development.

G = Gender (women) of household head (+). Since women are more vulnerable than men, it is expected that more women will participate in local economic development.

Ag = Age of household head (+). This variable represent the age of household. Household participation in local economic development project is expected to increase as her or his age increases up to certain limit where the household will expect to participate less in economic activities.

Loc = Location (Sengerema) (+/-). This variable captures the location of the district. It is expected that Sengerema district will have more or less participation in local economic development.

Otherinc= Other income (+). The variables which capture the income generated from other economic activities. It is expected to have positive relationship with household participation in local economic activities.

Agsq = Age square of household head (+). As the household head become older, it is expected that the more will be able to participate in local economic activities

## **CHAPTER FOUR**

### **PRESENTATION OF FINDINGS**

#### **4.0 Introduction**

This chapter presents the findings of the study from local economic development programme (SLEM) with the main objective of assessing the impact of household participation in local economic development projects and poverty reduction in rural area. The presentation of findings also covers the descriptive and empirical analysis of primary data collected by using questionnaires, interviews and direct observation within Mwanza region.

#### **4.1 Response of households on Support to Local Economy in Mwanza region**

The sample design was expected to cover 270 household respondents, 135 households from Misungwi district and 135 households from Sengerema district. Generally the responses were good for the two districts, about 117 households completed questionnaires in Misungwi district which is equivalent to 86.7 percent and about 123 households completed questionnaires in Sengerema district which is approximately 91.1 percent. Region wise 240 households completed questionnaires making nearly 88.9 percent of the total designed sample (Table 4.1).

**Table 4.1: Distribution of sample data**

District	Household sample design	Household response (n)	Percentage response (%)
Misungwi	135	117	86.7
Sengerema	135	123	91.1
Total	270	240	88.9

Source: Survey 2012

## **4.2 Descriptive statistics**

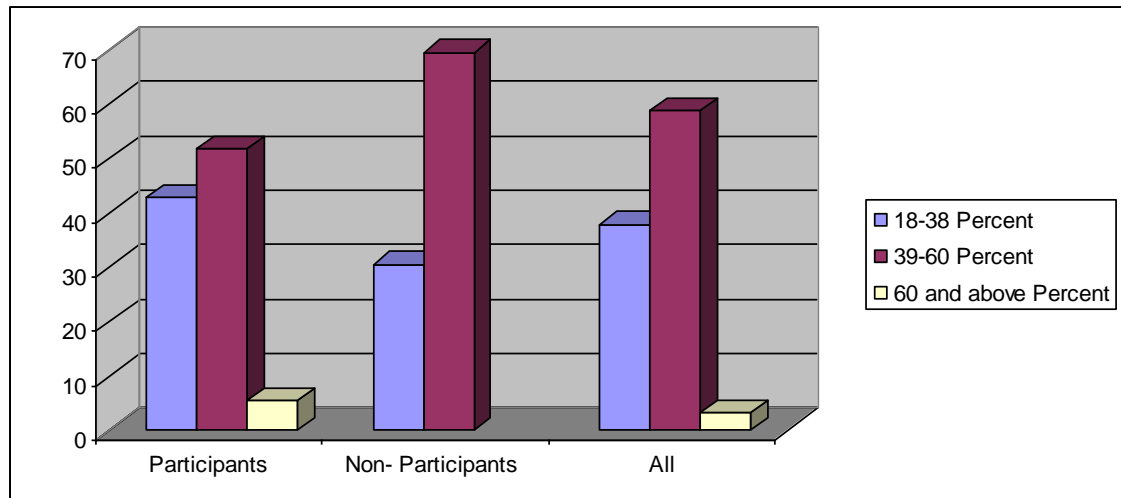
### **4.2.1 Household characteristics**

The characteristics of household interviewed have an important social and economic implication in Support to Local Economy in Mwanza region. These household characteristics including age, sex, marital status, education level, family size and number of household members working in economic activities supported by SLEM programme.

#### **4.2.1.1 Age of households**

The distribution of local economic development project participant's age revealed that 42.8 percent were at group age 18- 38 years, 51.7 percent were at group age 39- 60 years and 5.5 percent were at group age 60 and above years. The non- participants indicated that 30.5 percent were at group age 18- 38 years, 69.5 percent were at group age 39- 60 years and zero percent were at group age 60 and above years. The overall distribution of households age indicated that majority of them were between 39 – 60 years which constituted 58.8 percent for both Misungwi and Sengerema districts. The group age between 18 – 38 years composed 37.9 percent of sampled households in Mwanza region. The group age of 60 years and above consisted 3.3 percent of sampled households in Misungwi and Sengerema districts (Figure 4.1). The proportional of visited working age in Mwanza region formed 39.4 percent of the total persons in the households (Figure 4.5). This suggests that proportional of surveyed households working age is less than the national working age population of 51.8 percent (URT, 2006).

**Figure 4.1: Distribution of respondents by age**

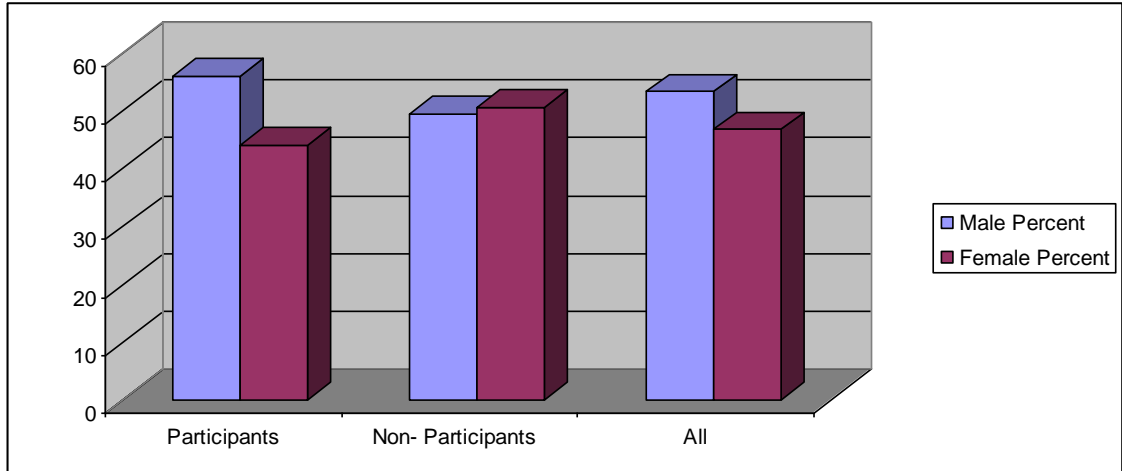


Source: Survey data 2012

#### **4.2.1.2 Sex (gender) of respondents**

The household survey results of local economic participants showed that 55.9 percent was headed by male, the remaining 44.1 percent was headed by female. For non- local economic participants the results displayed that 49.5 percent was headed by male and 50.5 percent was headed by female. Generally, 53.3 percent of the household in Mwanza region interviewed were male; the remaining 46.7 percent of the surveyed household were female. The assessment showed that most of the households supported by the local economic development projects in the Mwanza region were male which accounted for higher percent than female of the total sample size (Figure 4.2). This situation is normal in Tanzanian tradition, culture, norm, limited education, lack of women's control over economic resources and the nature of their economic activities restrict women participating in economic activities more than men (Mohamed, 2003). The implication of this finding is that the government still has a challenge in amending cultural and historical legacies which keep African women to have limited opportunities to participate in economic activities.

**Figure 4.2: Sex distribution of respondents**



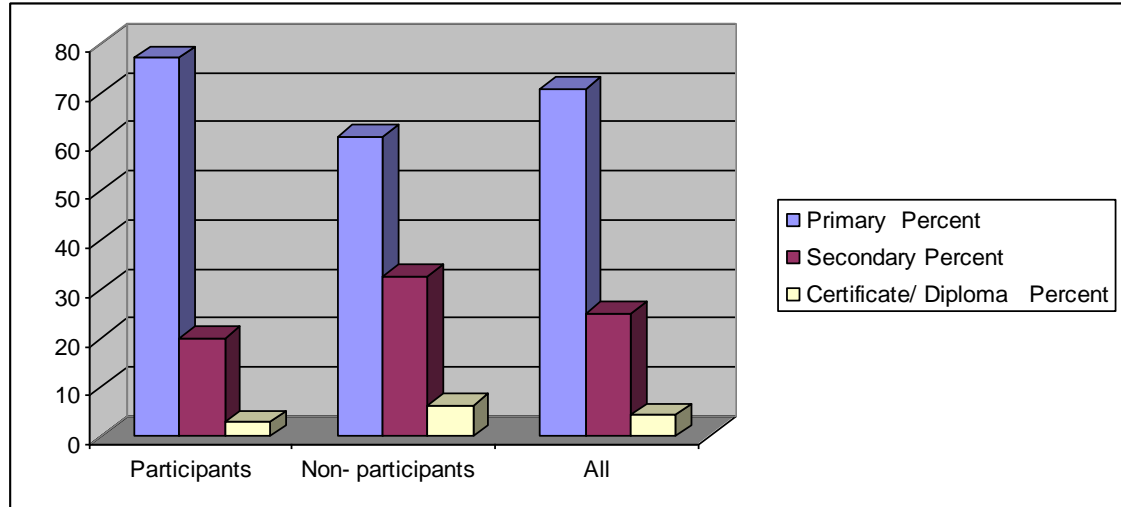
Source: Survey data 2012

#### **4.2.1.3 Education of households**

Regarding the household education level, the outcome for local economic participants found that there was no household with none education, 77.2 percent attained primary education, 20 percent secondary education, 2.8 percent certificate/diploma education and zero percent attained others level of education. In comparison to local economic non- participants the outcome indicated that there was no household with none education, 61.1 percent attained primary education, 32.6 percent secondary education, 6.3 percent certificate/diploma education and no household head attained others level of education. Both participants and non- participants household education level revealed that there was no household with none education supported by the projects in Mwanza region. Households with primary education consisted of 70.8 percent of both Misungwi and Sengerema districts. Households with secondary education the survey observed the proportional of 25 percent from Mwanza region. 4.2 percent of the households observed to have attained certificate/diploma education. Others level of education formed zero percent of the surveyed households in Mwanza region (Figure 4.3). The higher percentage of primary education to households might be contributed by the effort made by the government of Tanzania to expand primary education,

increase of pupil's enrolment of girls and boys, abolished school fees and offering free primary education for both rich and poor households (Hoogeveen, 2011).

**Figure 4.3: Education level of households**

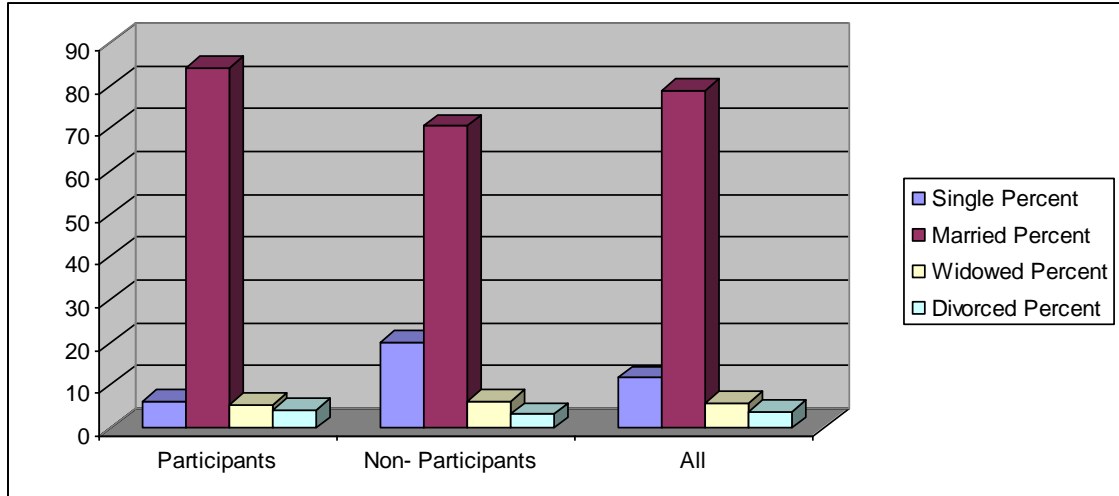


Source: Survey 2012

#### 4.2.1.4 Marital status

Another household characteristic which influence household participation in economic activities is marital status. The surveyed households were asked about their marital status and the findings revealed that 6.2 percent were single, 84.1 percent married, 5.5 percent widowed and 4.2 percent divorced for the local economic participants. Non- local economic participants formed 20 percent single, 70.5 percent married, 6.3 percent widowed and 3.2 percent divorced. The general results found that 11.7 percent were single, 78.8 percent were married, 5.8 percent widowed and 3.8 percent were divorced (Figure 4.4). The married status category dominates thus due to added workers for the married group, it increases the prospects of participating in economic activities capable of generating income. This observation is similar to the national marital status which indicated that married group dominated for persons aged 15 years and above (URT, 2006).

**Figure 4.4: Marital status**

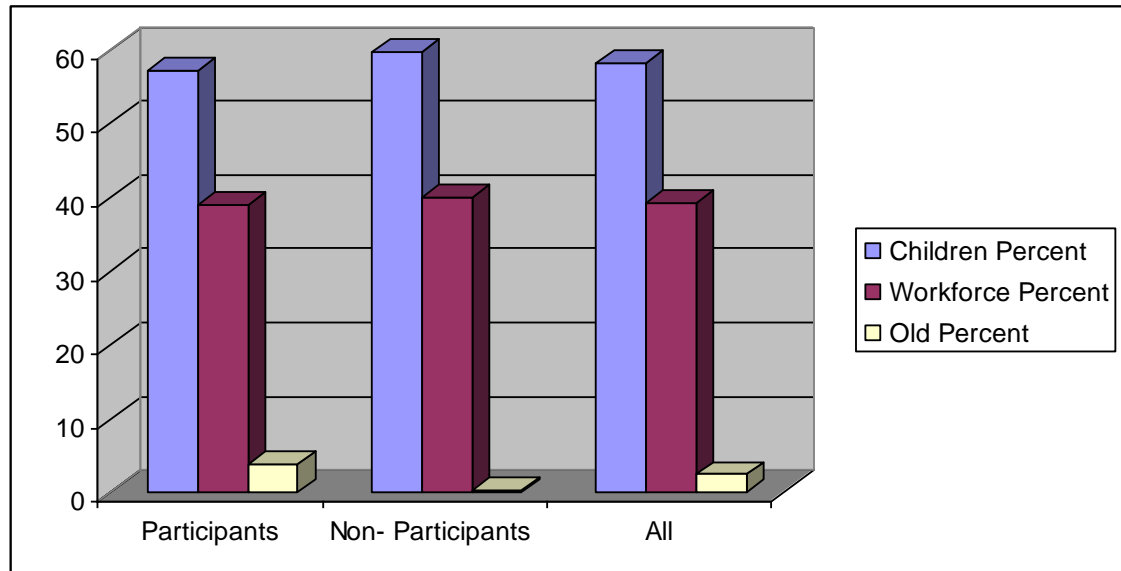


Source: Survey 2012

#### **4.2.1.5 Household size**

Pertaining to the household size of the respondents, the survey showed that Misungwi and Sengerema districts had an average of 6.35 persons per household. Observation from population and census of Tanzania 2002, Misungwi and Sengerema districts had less persons per household compared to the regional persons per household which indicated to an average of 8 people per household (Mwanza profile, 2008). Moreover, the surveyed households had higher average persons per household compared to the National average which showed to have an average of 4.8 persons per households (URT, 2006). Local economic development participants observed a proportional of 57.2 percent, 38.9 percent and 3.9 percent being a proportion for children, work force and old persons respectively. Local economic non- participants observed a proportion of 59.6 percent being children, 40 percent work force and 0.4 percent old persons. The overall surveyed households in Mwanza region had an average of 58.1 percent children, an average of 39.4 percent labour force working in economic activities and an average of 2.5 percent old persons (Figure 4.5).

**Figure 4.5: Household size**

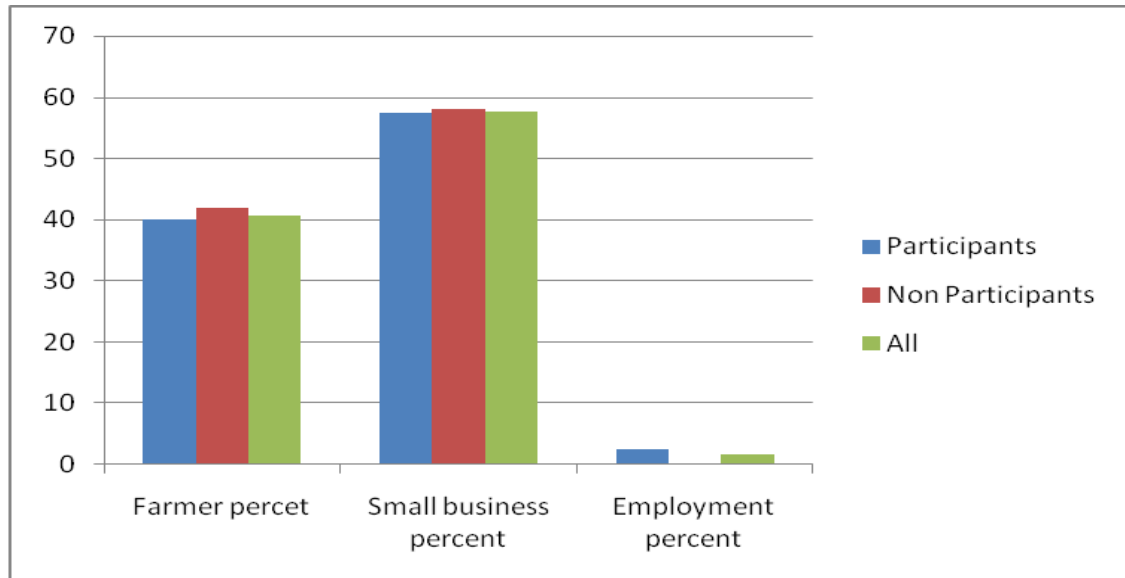


Source: Survey 2012

#### **4.2.2 Main occupational activities**

The survey focused on the three main occupational activities into which the household were grouped: farmers, small business and employment. However, a good number of households engaged in more than one occupation. 40 percent of local economic participants reported to engage in farming activities, 57.4 percent small business and 2.6 percent engaged in employment. 41.9 percent of non- local economic participants were found dealing with farming activities, 58.1 percent small business and none household was found dealing with employment. All of 240 households, 40.7 percent reported to deal with farming activities, 57.7 percent small business and 1.6 percent employment as their main occupation in Mwanza region (Figure 4.6). The results seems to be against the expectation of the programme to engage employed persons, the majority of households were expected to be relying on vulnerable groups such as farming and small business activities. It can be noted that most of surveyed households engage in small business as their main occupation.

**Figure 4.6: Main occupation**

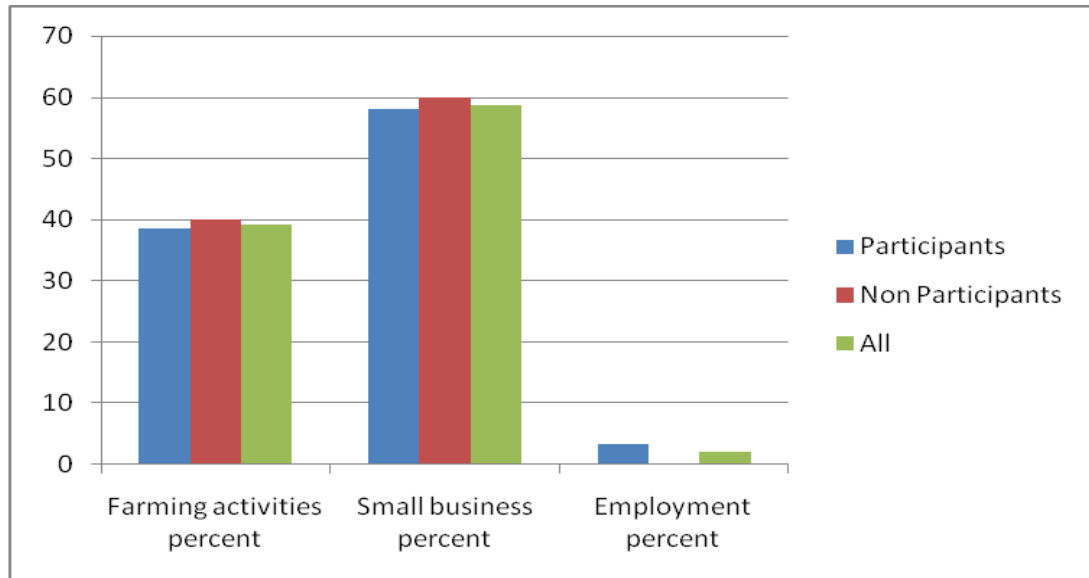


Source: Survey 2012

#### **4.2.3 Source of Income**

Of all local economic development participants, 38.6 percent reported to deal with farming activities, 58 percent small business and about 3.4 percent employment as their main source of income. Local economic development non participants 40 percent were found engaging in farming activities, 60 percent in small business and no one found engaging in employment as their main source of income. The overall observation found that 39.2 percent households engaged in farming activities, 58.7 percent engaged in small business and 2.1 percent engaged in employment as their main source of income (Figure 4.7). It can be observed that most of the households indicated to participate in small business as their main source of income. This observation is not in line with the National statistics which indicated that farming activities dominated by 73 percent of the population as their main source of income in Tanzania Mainland (URT, 2006).

**Figure 4.7: Main source of income**



Source: Survey 2012

#### **4.2.4 Annual income of respondents**

The estimate of annual average income for the local economic development project participants is 2,275,518 which are higher than the average annual income for the non-local economic participants amounting of 753,373. The high average annual income for the participants could be contributed by participation in local economic activities. The overall estimate of the annual average income of rural households sampled in Mwanza region is approximately to 1,673,002 per household. Dividing this figure by average persons per household yield per capita income roughly 263,465 for rural people in the surveyed area of Misungwi and Sengerema districts (Table 4.2). Both Misungwi and Sengerema districts had an average per capita income less than the National per capita income amounting of 770,000 (URT, 2011). The surveyed Mwanza household per capita income is extremely low and signal of rural poverty in Mwanza region.

**Table 4.2: Income of households**

Category	Average annual income (T.sh)	Average person per household	Per capita income (T.shs)
Participants	2,275,518	6.58	345,823
Non-participants	753,373	5.99	125,772
All Mwanza region	1,673,002	6.35	263,465

Source: Survey 2012

#### **4.2.5 Household assets**

Household ownership of assets is an important reflection of how the poor people are increasing their ability to reduce poverty. The surveyed households were requested to provide the information on how local economic development projects influences their assets which are important for the poverty reduction such as land, house, cattle and others. Local economic development project participants observed to have land asset with the mean of 4.8 acres. Furthermore, the non- participants observed to have land asset with the mean of 5.8 acres. Local economic development participants were found possessing house asset with the mean of 0.3 which is higher than house asset with the mean of 0.1 for the local economic development non participants. Moreover, local economic development participants observed to have cattle asset with the mean of 8.6. Comparatively, local economic development non participants were having cattle asset with the mean of 5.2 (Table 4.3). The implication for the increase of house and cattle mean assets for the local economy participants is that the additional assets could be bought by the increased income from household participation in local economy.

**Table 4.3: Assets**

Category	Land (acre)		House		Cattle	
	Number	Mean	Number	Mean	Number	Mean
Participants	692	4.8	41	0.3	1,247	8.6
Non participants	554	5.8	10	0.1	494	5.2
All Mwanza region	1,246	5.2	51	0.2	1,741	7.3

Source: Survey 2012

#### 4.2.6 Access to loans

The programme facilitates the households to the access of economic resources such as loans. 100 percent of local economic development participants managed to access loans and no non- local economic development participants accessed loans. Generally, 60.4 percent of the surveyed household has accessed loans from Support to Local Economy in Mwanza region. The average amount of loan received by each household is T.sh 1,000,000/= per year. These loans enable poor households to invest in productive economic activities that capable of generating employment and income (Table 4.4).

**Table 4.4: Distribution of household loan recipients**

Category	Observations	Loan recipients	Percent (%)
Participants	145	145	100
Non- participants	95	-	-
All	240	145	60.4

Source: Survey 2012

#### 4.2.7 Loan repayment

SACCOS which manage the capital investment fund from local economic development (SLEM) were asked to show the loan repayment from the project beneficiaries. The results indicated that the performance was 96 percent, 96.5 percent and 95 percent in the year 2010, 2011 and 2012 respectively. Table 4.5 demonstrates the historical performance of SLEM from 2010, 2011 and 2012. According to Kessy and Urio (2006) the loan repayment performance is good if it has attained among of other things the annual repayment rate of 95 percent. Therefore, the performance of

support to Local Economy in Mwanza in terms of loan repayment is good since the loan repayment rate for the two districts attained minimum annual repayment of 95 percent for all the three years.

**Table 4.5: Loan repayment performance**

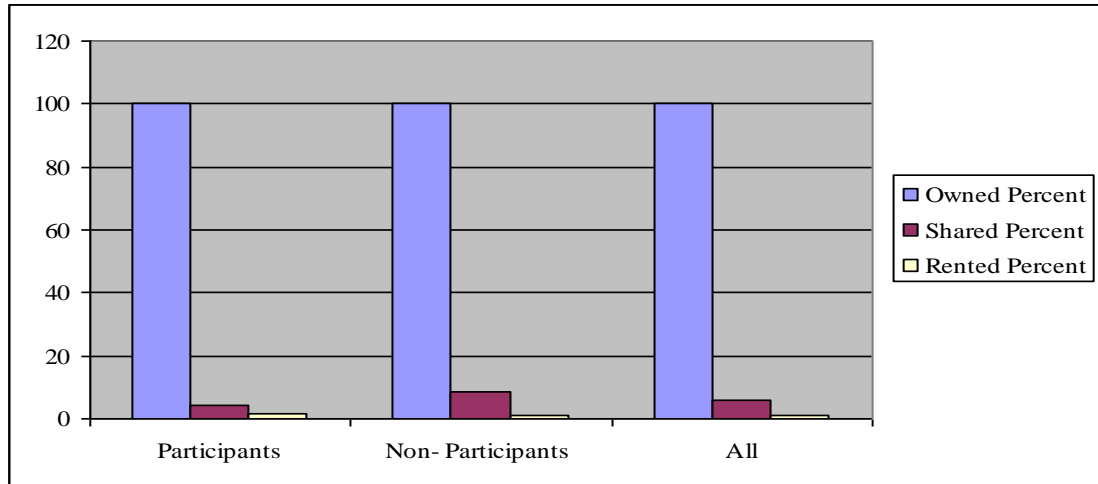
Mwanza region	Loan repayment status		
	2010	2011	2012
Observations (n)	139	140	138
Percentage %	96	96.5	95

Source: Survey 2012

#### **4.2.8 Ownership of land**

The land which is an important economic factor for the household participation in local economic activities is expressed in terms of amount of land owned by the household. The sampled household in the study area of Misungwi and Sengerema districts were found also to own land ranging from two (2) to twelve (12) acres. 145 households local economic development participants which is equivalent to 100 percent were found to own land 4.1 percent being shared and 1.4 percent rented. Furthermore, 95 households' non-local economic participants approximately to 100 percent were found owning land 8.4 being shared and 1.1 percent rented. All of the visited households were found to own land for agricultural economic activities 5.8 percent being shared and about 1.25 percent rented (Figure 4.8). The main crops which are grown on this land are paddy, cassava and maize.

**Figure 4.8: Household land ownership**

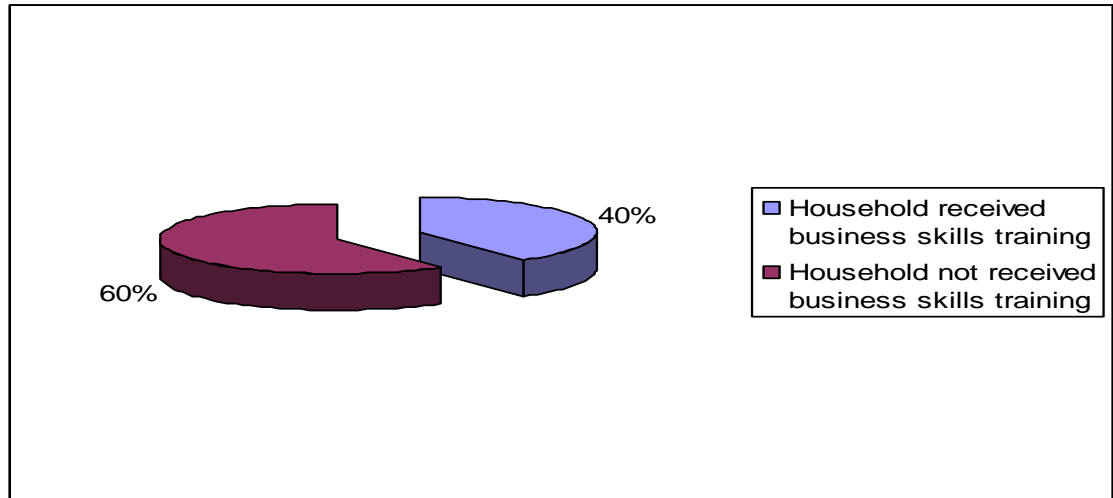


**Source: Survey 2012**

#### **4.2.9 Business skills training**

During data collection, the researcher noted that before the disbursement of the first loan to the households, all members have to attend training in business skills that enable the borrowers to manage their economic activities supported by the projects. About 40 percent of the project beneficiaries attended the business skills training conducted by the programme in Mwanza region and 60 percent of household members in Mwanza region did not receive any business skills training (Figure 4.9).

**Figure 4.9: Status of business skills training**

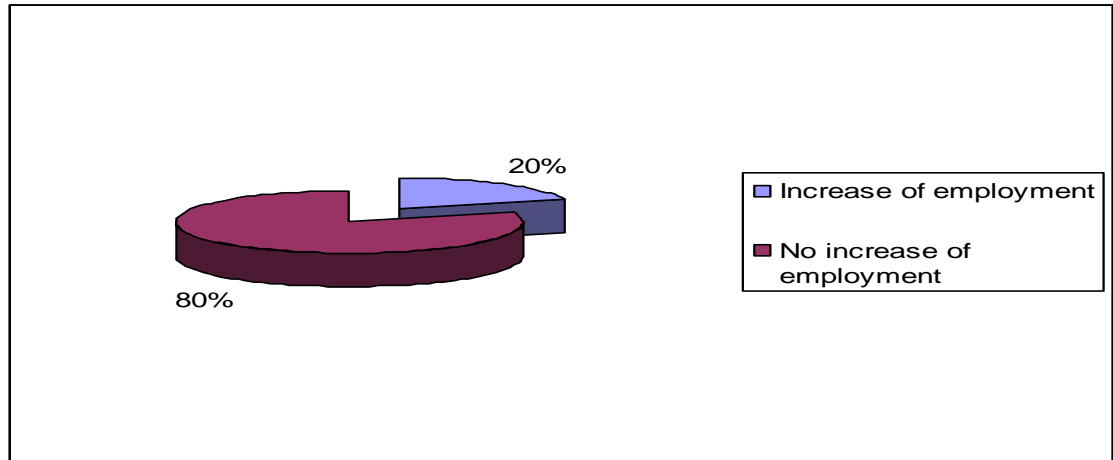


Source: Survey 2012

#### **4.2.10 Employment**

Labour is one of the important resources in productive economic activities which take place in the form of both family labour employment and hired labour employment. Some of the household members still have retained the same number of employees as when they started accessing financial services from the programme. Moreover, some of the household members have increased the number of employees since they started participating in the projects. The survey found that 20 percent of respondents interviewed in Misungwi and Sengerema districts increased the number of employment (Figure 4.10).

**Figure 4.10: Employment level**

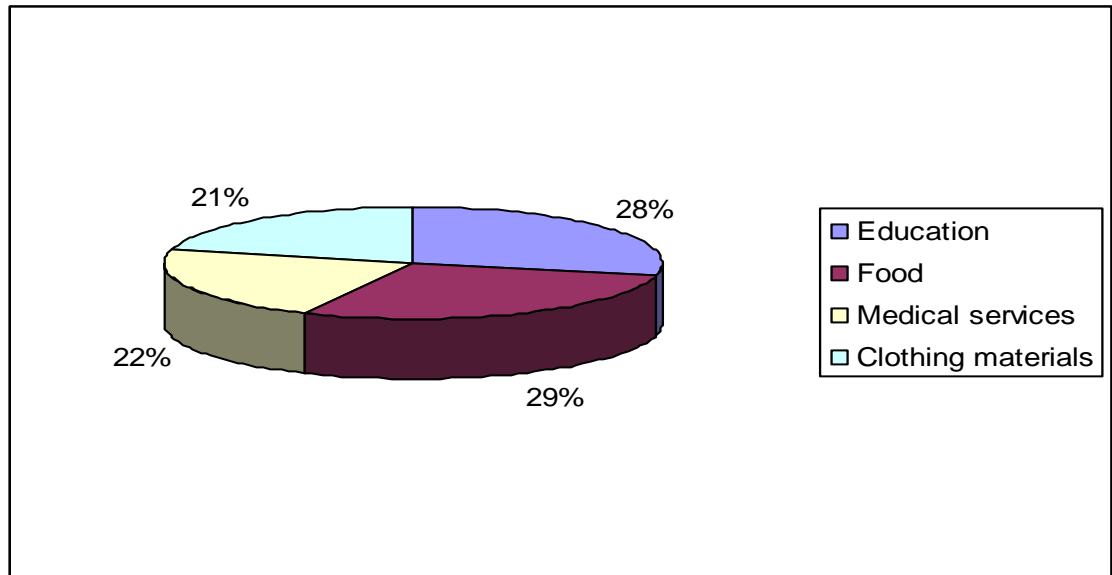


**Source: Survey 2012**

#### **4.2.11 Household expenditure on basic needs**

The household income expenditure from local economic development projects (SLEM) was examined in relation to basic needs of life. The basic needs were grouped into four categories; these categories are such as expenditure on education, food, medical services and dressing materials. These basic needs are the indicators of household improvement of life which can be reflected by the household ability to finance these basic needs. The ability to finance basic needs is an important indicator on how the poor household can manage to alleviate poverty in rural area of Mwanza region. The responses of surveyed households are given in figure 4.11 which indicates that most the surveyed households managed to finance basic needs with the assistance from the income generated from participating in local economic development projects at the rate of 28 percent education, 29 percent food, 22 percent medical services and 21 percent clothing materials.

**Figure 4.11: Distribution of expenditure on basic needs**

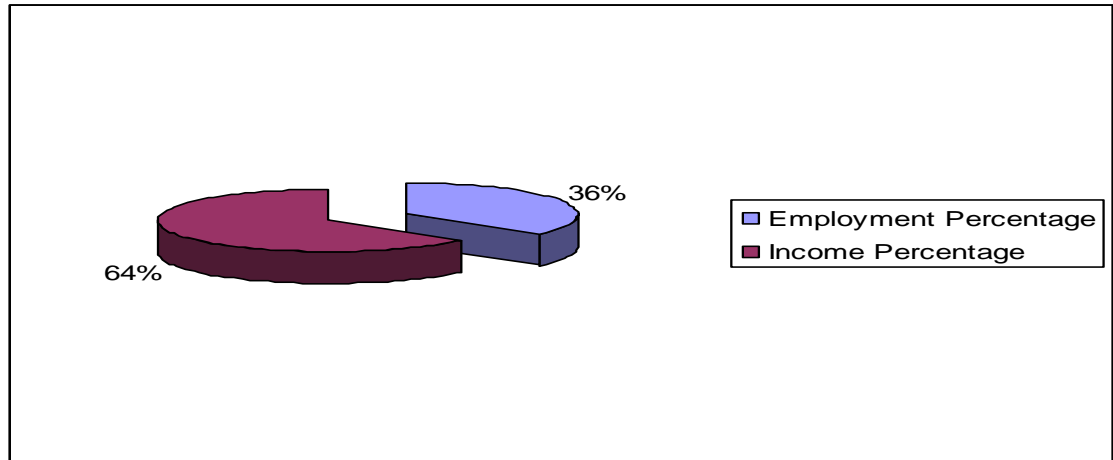


Source: Survey 2012

#### **4.2.12 Rationale for household participation in local economy**

The households who filled the questionnaires were asked to state the rationale for participating in local economic development programme (SLEM). The responses indicated that some of the households participated in the programme in order to gain the employment benefit and generating of income. Other household did not participate in the projects simply because they are not involved in the local economic development projects as the programme did not cover all households in the project area due to limited resources. About 36 percent of the households participated in local economic development projects in the region said that they participated in order to gain employment from the local economic activities and 64 percent of the households participated in local economic development programme for the purpose of securing income from the supported local economic activities (Figure 4.12).

**Figure 4.12: Rationale for household participation in local economy**



Source: Survey 2012

#### **4.2.13 Pattern of household participation in local economic development projects**

The pattern of household participation in local economic development projects in various economic activities within the region was analyzed. The analysis found that most of the supported households participated in different productive economic activities including small business, small scale industries, fishing, agriculture and livestock keeping. The analysis indicates the type of economic activity together with the associated participation rate, mean income and the income share in the total household income. The results of pattern of households participation in local economic development projects (SLEM) is presented in table 4.6. It can be noted that the activity small business dominates both in participation rate of 38 percent and the income share of 61.4 percent in local economic activities.

**Table 4.6: Activity participation rate, mean income and shares in total household income**

	<b>Activity/ District</b>	<b>Misungwi</b>	<b>Sengerema</b>	<b>All districts</b>
Non-local economic activities	Participation Rate (Total)	48.75%	51.25%	100%
	Mean Income (T.shs)	321,303	671,782.4	993,085.4
	Income Share (Total)	19.2%	40.2%	59.4%
	Number of Observation	117	123	240
Local economic development activities	<b>Small business</b>			
	Participation Rate	0%	38%	38%
	Mean Income (T.shs)	0	690,793	690,793
	Income Share	0%	61.4%	61.4%
	<b>Fishing</b>			
	Participation Rate	4.9%	8.2%	13.1%
	Mean Income (T.shs)	45,000	57,000	102,000
	Income Share	4%	5.1%	9.1%
	<b>Agriculture</b>			
	Participation Rate	24.8%	0%	24.8%
	Mean Income (T.shs)	122,172.4	0	122,172.4
	Income Share	10.9%	0%	10.9%
	<b>Livestock keeping</b>			
	Participation Rate	20.6%	0%	20.6%
	Mean Income (T.shs)	124,413.8	0	124,413.8
	Income Share	11%	0%	11%
<b>Small scale industries</b>				
Participation Rate	0%	3.5%	3.5%	
Mean Income (T.shs)	0	86,000	86,000	
Income Share	0%	7.6%	7.6%	
Summary local economic activities	Participation Rate (Total)	30.4%	30%	60.4%
	Mean Income (T.shs)	162,523	517,393.7	679,916.7
	Income Share (Total)	9.7%	30.9%	40.6%
	Number of Observation	73	72	145

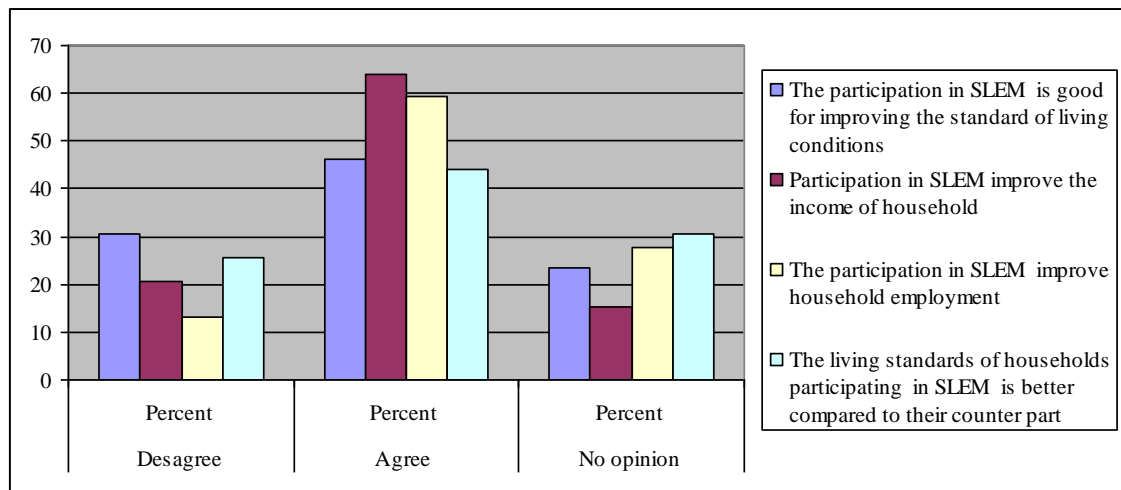
Source: Survey 2012

#### 4.2.14 Household perception

One purpose of this investigation is to assess the household perceptions with regard to local economic development projects (SLEM). Household perception about participation in local economy can assist in policy formulation for the better future operation of the programme. Local attitudes to local economy are crucial issues to be

considered. Household perception about the performance of local economic development programme (SLEM) was examined and the household responses was summarized into three categories which comprised disagree, agree and no opinion. The household responses which comprise percentage are summarized in figure 4.13. About SLEM is good for improving the standard of living the results indicated that 30.3 percent of respondents disagree, 46.2 percent agree and 23.5 percent no opinion. Regarding that SLEM improves the income of household the outcome showed that 20.7 percent disagree, 64.1 percent agree and 15.2 percent no opinion. Pertaining that SLEM improve household employment it is observed that 13.1 percent disagree, 59.3 percent agree and 27.6 percent no opinion. Also concerning that the living standard of household participated in SLEM is better than their counter part the results revealed that 25.5 percent disagree, 44.2 percent agree and 30.3 percent no opinion.

**Figure 4.13: Household perception of SLEM**

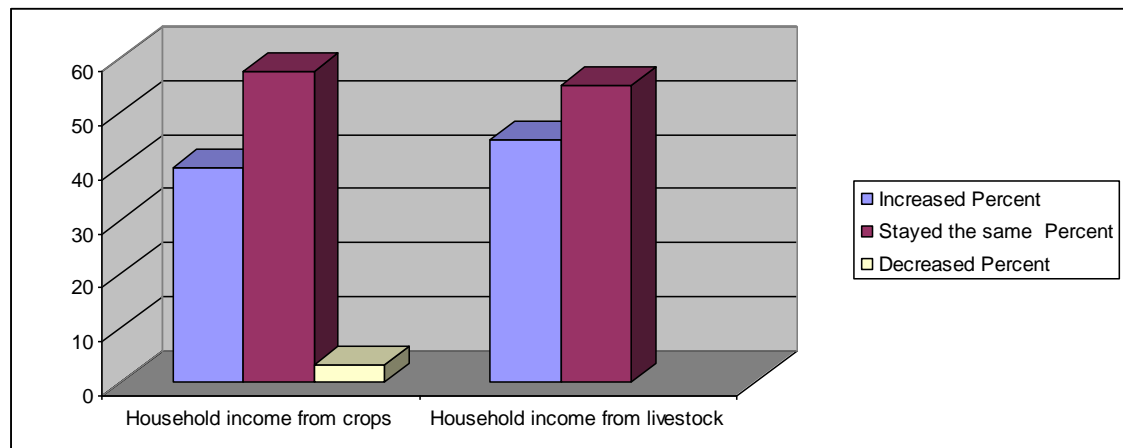


Source: Survey 2012

#### 4.2.15 Household income from crops and livestock

Regarding the household income from crops and livestock the assessment carried out indicated that the household income from crops 39.7 percent reported to have increased, 57.7 percent have stayed the same and about 3.3 percent said that the income have decreased. The household income from livestock showed that 45 percent increased, 55 percent stayed at the same and about zero percent households declared to have decreased (Figure 4.14). The most important reason for the increased income from crops and livestock could be brought by household participation in local economic activities supported by SLEM and the extension services given to the households. The reason for the income to stay at the same was due to low price for crops and livestock products such as milk. The reason for the decreased income could be caused by low yield of crops and livestock products brought by poor weather condition like low amount of rainfall.

**Figure 4.14: Income from crops and livestock**



Source: Survey 2012

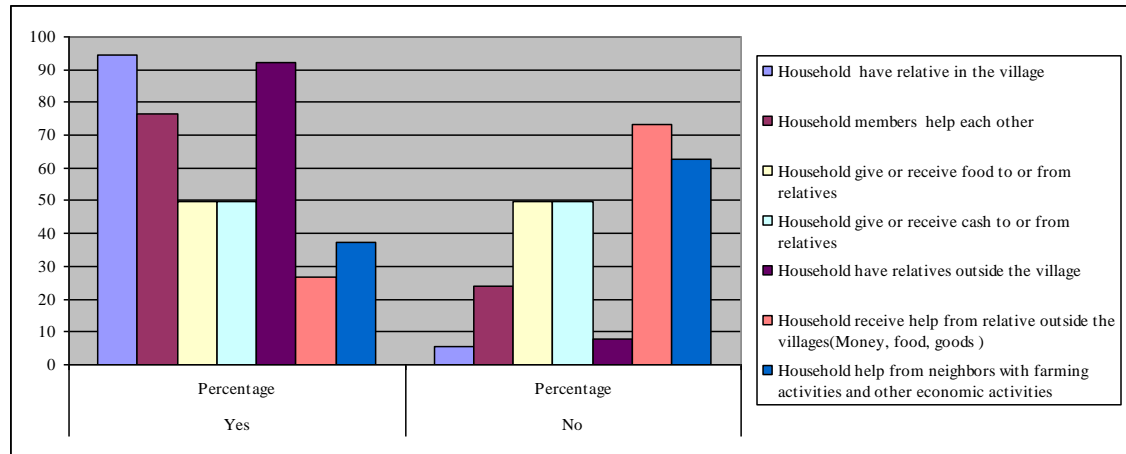
#### 4.2.16 Social capital networks

The assessment of social capital associations was carried out to reflect whether the household had a member who involved in any association and informal group economic activities. The study demonstrated that household members to have

relatives in the village helping each other such as food and cash to or from relatives and community group economic activities can determine the household to undertake economic activities. The study revealed that 94.6 percent of households had relatives in the village and about 5.4 percent did not have relative in the village. Moreover, 76.3 percent of households indicated helping each other including farming and other work such as local economic activities and about 23.8 percent of households revealed that they received no help from their relative in the village. Furthermore, 50 percent of the households acknowledged receiving or giving food or cash from relatives and 50 percent acknowledged not received food or cash from relative. Regarding the household to have relative outside the village, 92.1 percent of households said they have relatives outside the village and 7.9 percent they had no relatives outside the village. Concerning the household members in the study areas to receive help from relatives outside the village, the study found that 26.7 percent received help from relatives outside the village and 73.3 percent did not receive help from relatives outside the village. Also, about 37.1 percent of the surveyed households received help with farming activities from their neighbors and 62.9 percent did not receive help with any economic activities (Figure 4.15).

Generally, these outcomes displayed that most of interviewed households were found to be a member of social capital networks. Access of households to social networks increases ability for mutual support among themselves when they are faced with either financial or human resource constraints to undertake economic activities. Moreover, social capital networks provide benefit to an individual household to access credit from collective saving which open a room for entry into new economic activities. Also, through social networks, the households are able to improve their knowledge by sharing information on technical issue related to economic activities. This observation is line with the assessment made by Nuggehalli (2009) who observed that access to social capital network is a motivating factor for the household to undertake economic activities.

**Figure 4.15: Social capital networks**



Source: Survey 2012

#### 4.2.17 Constraints facing SLEM programme

##### Lack of capital

The households in the study area pointed out lack of capital as the constraint they are facing. Lack of capital to the household economic members prevents them to enhance the power to expand the performance of their productive economic activities. Only small capital investment fund that the households received from the support to local economy in Mwanza assisted in the establishment of small productive economic activities but still they lack working capital which can enable to generate more income. The general results reported that about 32 percent of the households interviewed in Mwanza region complained about lack of capital as the problem that hinder the management of productive local economic activities (Figure 4.16). This study comply with the finding of the study done by Kessy and Urio (2006) that the financial institutions are not willing to provide credit services to local small enterprises.

**Lack of markets**

Lack of markets for selling and exchanging products produced by the project beneficiaries supported by the local economic development programme is another constraint facing the household members. Like other developing countries, lack of stable markets is the critical problem facing Tanzania. As the consequences, a lot of products produced in rural area remain unsold or sold at low price due to lack of stable markets. In Mwanza region a proportion of 21 percent households indicated to be constrained by this limitation of unstable markets for their products (Figure 4.16). This view tallies with the investigation conducted by Mohamed (2003) which revealed lack of markets for the local smallholder farmers and artisanal fishermen in Zanzibar.

**Poor infrastructure**

Several households filled the questionnaires acknowledged to suffer with poor infrastructure related to the mean of communication from one place to another. The examination found that most of the rural roads within the programme areas are not passable throughout of the year, during dry season some of the roads are passable but during the rain season most of the roads are not passable. This limitation accounted about 16 percent of the surveyed households in Mwanza region (Figure 4.16). This implies that the rural communities are not better linked with the markets.

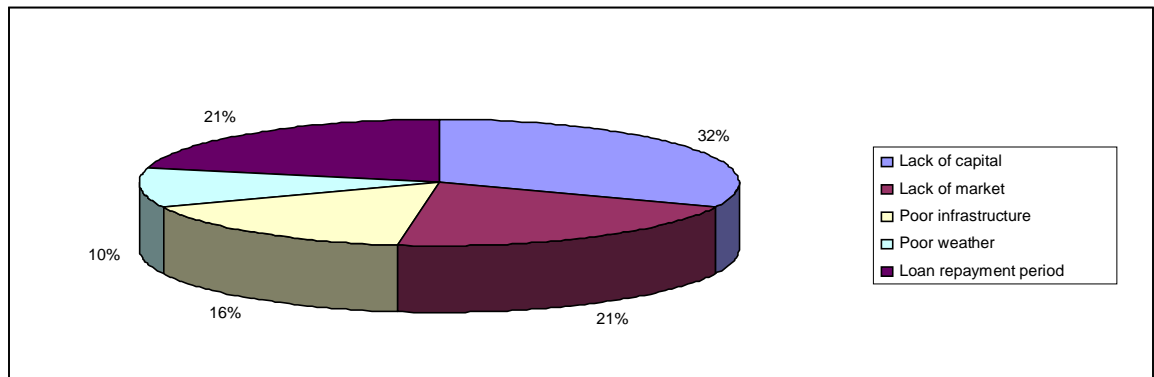
**Weather condition**

Weather condition has an impact to the local economic development projects. Most of the households interviewed by the researcher showed that their business was affected by poor weather condition. With the low amount of rainfall or absence of water for crops this meant that agricultural outputs is likely to be less hence reducing the income of the poor households supported by the projects. The research findings indicated that 10 percent of the households in Mwanza region constrained by this problem (Figure 4.16).

### Loan repayment period

Support to Local Economy in Mwanza region programme repayment period range for about sixth months. The clients of the programme complained as been a short period especially for those poor households who developed new business economic activities and they are supposed to pay back the loan within six months. 21 percent of the households in Mwanza complained about short repayment period (Figure 4.16).

**Figure 4.16: Constraints of SLEM programme**



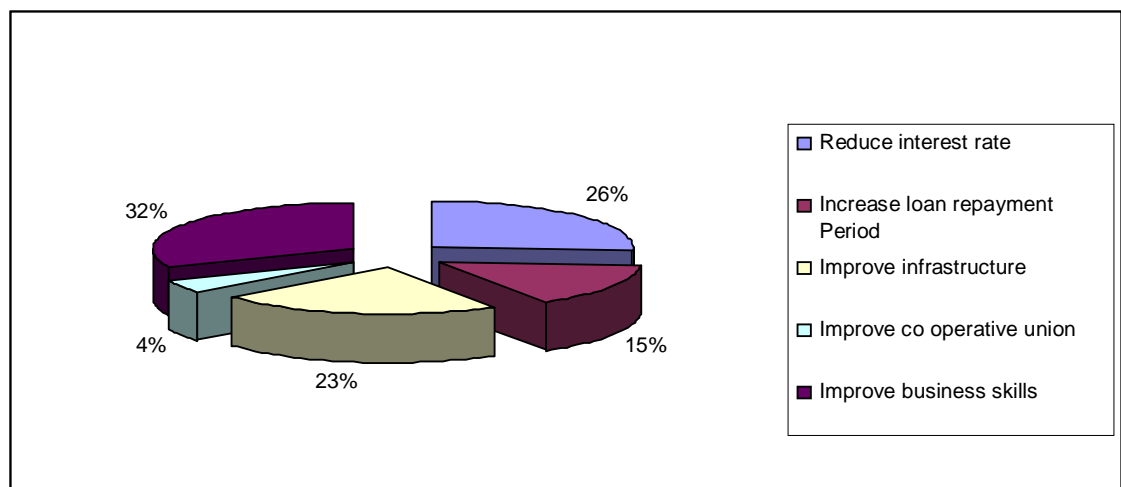
Source: Survey 2012

### 4.2.18 Household suggestions on how to improve the performance of the programme

Regarding the improvement of the performance of the local economic development programme (SLEM), the households from the project area that is Misungwi and Sengerema districts they put forward their suggestions on how to improve the programme. The first suggestion pointed out by the households is to reduce the interest rate charged on the loan recipients. According to the contract between SLEM and the loan beneficiary, the beneficiary is supposed to pay back the loan together with an interest rate of 10 percent. The households suggested reducing the interest rate so that the reduced amount can be used to facilitate the growth of household business as it is intended by the programme (Figure 4.17).

Furthermore on the suggestion posed by the households is to increase the loan repayment period rather than paying back the loan within six months, they suggested at least the loan to be paid after one year, a time which allow the household members to raise sufficient fund for paying the loan together with the interest rate without affecting the business. Moreover, the households suggested the government to play the role of enabling the business environment such as improvement of infrastructure and construction of rural roads which links the community with the markets for their products. Another suggestion is that the government should boost the region cooperative like Nyanza co-operative union as the main market which formerly was the chief buyer of agricultural products produced by the residents within the region. Also, during the survey and data collection, it was observed that some of the household members who participated in local economic development programme did not receive the business skill training. It is advised that the programme should invest more on business skill training in order to improve the skill capacity of the project beneficiaries so that they can become the good manager of productive economic activities capable of generating income and more employment to poor household within the project area and outside the project areas (Figure 4.17).

**Figure 4.17: Household suggestions on the improvement of SLEM**

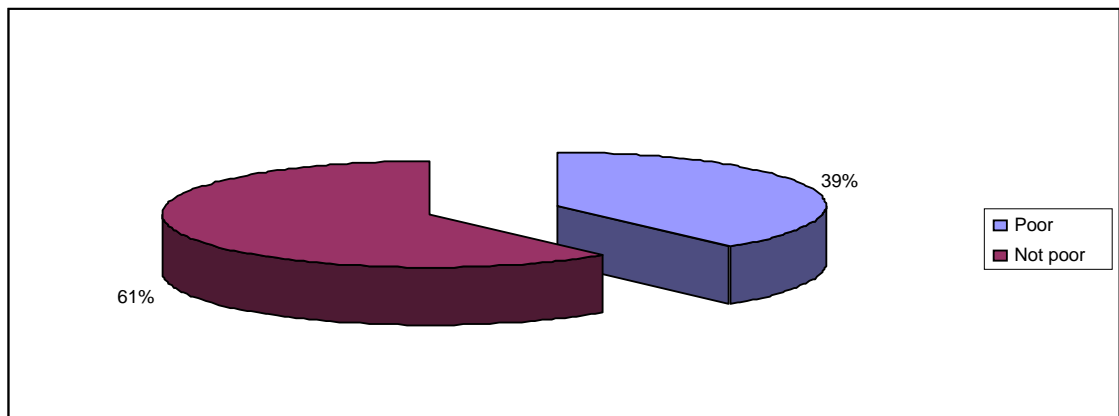


Source: Survey 2012

#### 4.2.19 Household poverty status

The household head was asked to explain the characteristics of poverty from their own views, the majority they said that poverty is inability to manage the daily needs and others they failed to characterize poverty from their own views. Regarding poverty status of the household surveyed in Mwanza region particularly Misungwi and Sengerema districts, nearly 39 percent households indicated that they are in poor state while 61 percent showed that they are not in poor state (Figure 4.18). This finding comply with poverty and human development report which showed that poverty is higher in rural area of Tanzania (PHDP, 2009).

**Figure 4.18: Poverty status**



Source: Survey 2012

### 4.3 Empirical Results

#### 4.3.1 Factors that influence households participation in local economic development projects

The study used Tobit model applying the maximum likelihood estimation technique. The goodness of fit was measured by the likelihood ratio chi- square of 434.90 with 10 degrees of freedom and p-value of 0.0000 suggesting that the model fits the data well significantly (Table 4.7). For the consistent estimates in the Tobit model (homoscedasticity and normality of the disturbance term) LM-statistic in the bctobit

Stata command was used to test the Tobit assumptions whether they are compatible with the data. The critical values are found from the bootstrap null distribution of Lagrange Multiplier (LM) test statistic by repeating the sampling from the parametric bootstrap Data Generating Process. The results of LM statistic test are given in table 4.8. The results indicate that the LM value is less than the bootstrap critical value at all levels of significance. The LM test statistic is 0.21147 which imply that the null hypothesis can be accepted and rejects the alternative hypothesis. This means that the Tobit model is correct specified at all level of significance hence no one or more of the Tobit assumptions are violated.

**Table 4.7: Tobit estimation results for household factors for participation in local economic development projects**

<b>Tobit regression</b>	<b>Number of obs</b> =	<b>240</b>
	<b>LR chi2(10)</b> =	<b>434.90</b>
	<b>Prob &gt; chi2</b> =	<b>0.0000</b>
<b>Log Likelihood = -2130.4014</b>	<b>Pseudo R2</b> =	<b>0.0926</b>

Y	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
Ag	-1.3636.34	1.2027.18	-1.13	0.258	-37333.86 10061.19
Ed	-1.4877.82	1.7406.95	-0.85	0.394	-49173.32 19417.69
Hs	1.7649.99	1.3067.77	1.35	0.178	-8097.861 43397.83
Ld	-3235.7	1.2783.67	-2.53	0.012	-57541.77 -7165.638
AL	1.666516	.1184399	14.07	0.000	1.43315 1.899882
Mr	92979.54	83722.71	1.11	0.268	-71981.97 257941
G	-21277.63	66786.06	-0.32	0.750	-152868.3 110313.1
Loc	-355256	75993.66	-4.67	0.000	-504988.7 -205523.2
otherinc	.6697907	.0360523	18.58	0.000	.5987557 .7408256
Ag5q	242.8662	131.6071	1.85	0.066	-16.44348 502.1759
_cons	-200634.3	323934.6	-0.62	0.536	-838892.9 437624.3
/sigma	418902.4	25852.54			367964.3 469840.5

<b>obs. summary:</b>	<b>95</b>	<b>left-censored observations at Y&lt;=0</b>
	<b>145</b>	<b>uncensored observations</b>
	<b>0</b>	<b>right-censored observations</b>

Source: Survey 2012



in other economic activities the less household participation level in local economic activities.

Furthermore, amount of loan was positively correlated to income from household participation in local economic development and was statistically significant at 1% level. This means that, if the access to amount of loan increased to household while the other explanatory variables are held constant, then the income from household participation in local economy will be increased also.

Location variable indicated to have negative relation with the income from household participation in local economic development projects and was statistically significant at 1% level. This means that the households residing within Sengerema districts had less on average yields of income from household participation in local economic development projects than those residing in Misungwi district. The results indicate that Sengerema district had low participation rate compared to Misungwi district.

Moreover, economic factor estimate related to other income of the household head variable the coefficient had a positive sign and was statistically significant at 1 % level. The expansion of other income derived from economic activities approximately increases the income from household participation in local economic development projects. Thus, other income provides capital that stimulates the household to participate in local economic activities.

Also, it has been observed that household head age square positively influenced the income from household participation in local economic activities and was significant at 5 % level. The result indicated that an additional of average age square of the household members lead to the higher probability of household participation in local economic development project capable of generating local income.

## **CHAPTER FIVE**

### **DISCUSSION OF FINDINGS**

#### **5.0 Introduction**

This chapter discusses the results presented in chapter four. The chapter provides the detail discussions of the findings from the sample of households participated in local economic development projects in rural area of Mwanza region. It provides the deep analysis with regard to pattern of household participation in local economic development programme, perceptions of households, effect of household participation in local economy and factors which influences the household to participate in Support to Local Economy in Mwanza programme (SLEM) to reduce poverty.

#### **5.1 Pattern of household participation in local economic development projects**

Household engagement in different type of productive local economic activities that help the participants to earn income was examined. Table 4.6 shows the participation rate, income share and the mean income for the population sampled that participated in local economic development projects and non- local economic development projects. The analysis showed that most of the household participated in small business with participation rate of 38 percent, followed by agriculture with participation rate of 24.8 percent, livestock keeping with participation rate of 20.6 percent, fishing with participation rate of 13.1 and small scale industries with participation rate of 3.5 percent. The participation rate for the local economic development projects in Misungwi district is slightly higher than in Sengerema district. Misungwi district had a participation rate of 30.4 percent and Sengerema district had a participation rate of 30 percent making participation rate of 60.4 percent in the region level. Regarding the income share of local economic development projects (SLEM) in the total household income it accounts for about 40.6 percent and the non – local economic development activities form the remaining 59.4 percent. Furthermore the distribution of income share in different local economic activities

indicated that small business accounts 61.4 percent, agriculture 10.9 percent, fishing 9.1 percent, small scale industries 7.6 and livestock keeping contributes 11 percent.

It can be observed that the activity small business had a high income share in the total household income from participation in local economic development projects in comparison with the rest of economic activities. This could be assisted by the activity to have a medium returns than the rest of economic activities. The activity small scale industries had the lowest income share in the total household local income.

## **5.2 Household perception**

The assessment of household perception about SLEM programme was based on the four statements which includes participation in SLEM improve the standard of living, SLEM improve the income of households, SLEM improve households employment and that the living standard of households participated in SLEM is better than their counterpart. Regarding the perception that SLEM is good for improving the standard of living condition about 30.3 percent reported disagree, 46.2 percent agree and 23.5 percent reported no opinion. Pertaining that the participation in SLEM improves the household income 20.7 percent reported disagree, 64.1 percent agree and 15.2 percent reported no opinion. Further more on the household perception to improve the employment is that 13.1 percent households said disagree, 59.3 percent agree and about 27.6 percent reported no opinion. Also, household perception in relation to the improvement of living standard of household participating in SLEM is better than their counterpart is that 25.5 percent reported disagree, 44.2 percent agree and 30.3 percent reported no opinion (Figure 4.13).

The information presented in figure 4.13 shows that local economic development programme perceived an important economic activity to the poor households. This is due to the fact that majority of the surveyed households in Misungwi and Sengerema

districts agreed that SLEM improve the standard of living of the participants through by the increased employment and income in the study area.

### **5.3 Effects of local economic development projects on the improvement of household standard of living.**

The aim of this assessment was to look out the increased income from household participation in support to local economy in Mwanza contributed to the improvement of life to the poor households. The improvement of life to households can be observed by the ability of the households to finance the basic life services such as school fee, food, medical services and the ability to pay the cost of dressing materials.

Observations from the study showed that about 28 percent of the surveyed households managed to finance education of their children using the income obtained from the economic activities which were supported by the local economic development projects. Majority of the households reported to manage to pay secondary education school fee together with other secondary school contribution like academic contribution that help to hire part time secondary teachers in case of shortage of some of the teachers. Also the increased income used by the households to finance school uniforms and writing materials for their children (Figure 4.11). This result suggests that the income delivered from household participation in local economy contributes to improvement of standard of living.

Concerning the ability to buy food, the household put aside some of income earned from local economic activities to cover the expenses of food. This is due to the facts that Mwanza region have unfavorable weather, adverse soil condition and scarcity of land to meet family demand which make most of the time unable to feed itself. The region import food from other regions like Rukwa and Mbeya to be distributed to the communities with a reasonable cost. The household survey conducted around the region found that 29 percent in Misungwi and Sengerema districts managed to buy

food from the income generated from the local economic development projects (Figure 4.11). This outcome indicates that the income from local economic activities play a substantial role of improving the household welfare.

Regarding ability to finance medical services from the income earned from local economic development projects, the households were requested to fill in the questionnaires about their ability to finance medical services for their family. Several households acknowledged having the ability to finance health services. The health services which the households managed to pay for are payment of drugs and laboratory health investigations and some of the households reported to manage to pay annual contribution for the Community Health Fund (CHF), the fund which is managed by the National Health Insurance Fund (NHIF) under the ministry of Health. Not only that but also the households even managed to pay the contribution of rehabilitating the health facilities such as dispensaries and health centre. It is reported that 22 percent of the households in Misungwi and Sengerema districts reported to have managed to meet the cost of medical services (Figure 4.11). The finding shows that the local income helps the betterment of household livelihood.

Also, the household in the study area of Mwanza region were asked to disclose their dressing materials expenditure income generated from local economic development project. As the head of family, have the responsibility to satisfy the family basic needs such as clothing materials that provides them with a comfortable life style. Most of the households managed to meet this basic needs as reported here. They managed to buy material such as gowns for women and shirts for men just to mention few from the income generated by the local economic development projects. In Misungwi and Sengerema districts, the households managed to finance dressing materials at the rate of 21 percent (Figure 4.11). The results display a significant role played by local economic development programme to alleviate hardship associated with poverty.

Generally these findings imply that the local economic development programme has been contributing to the accessibility of various basic needs of the households from Mwanza region. The earning from household participation in local economic activities have been assisting the beneficiaries to pay school fees, medical services, to buy food and clothing materials. Despite of local economic development programme effort to improve households income that assisted to finance some of the basic needs, direct observations and data collected suggest that poverty is still a critical economic problem in Mwanza region, as more poverty interventions is required to reduce the incidence.

#### **5.4 Factors which influences household participation in local economic development programme (SLEM) and poverty reduction**

Among of the factors considered to influences the performance of household participation in local economic development projects – SLEM programme and poverty reduction in rural areas are land owned by the household project beneficiaries, marital status, education level of household head, household size, gender of household, age of household head, the location of the area where the households live, amount of loan, other income and age square of household head (Table 4.7).

As far as the land size ( $L_d$ ) is concerned, the estimation results indicated statistically significant at one percent level. The negative coefficient of land size owned by household indicates a reduction of income from household participation in local economic development programme. The explanation for this outcome is that as much the amount of land used in other economic activities the low yield level of the household local economic income. The large the land size owned by household has low probability of household to participate in local economic development activities. Access to economic resources such as land reduces the chance for household participation in local economic development activities. This suggests that land is not

very important factor for those households living along rural area in Tanzania to allow them to participate in local economic activities. This result is contrary with the studies assessed by Mduma (2003) in Tanzania and Rao (2009) in Kenya which indicated that land size had a positive relationship with participation in economic activities.

The estimation Tobit results showed that the variable representing marital status (Mr) is not statistically significant even at ten percent level. The interpretation of this result is that the household marital status had no contribution to the income from household participation in local economic activities. The married couple tends to participate less in productive local income generating activities by using few number of working hours working in local economic activities. Incidentally marital status has emerged as not an important factor responsible for enduring lower level of African women and men to participate in local economic activities in order to prospects for economic development. This observation is inconsistency with the investigation done by Brick (2005) which revealed that marital status encourages the household members to involve in economic activities.

The results of regression analysis indicated that the variable education (Ed) of household head is statistically insignificant at all levels. This observation shows that the more the education given to the poor households in rural area the less the households can participate in local economic activities which create some percentage decrease of household local income. Also, the corollary of this finding is that education increases the ability of household to secure other economic activities which have higher returns than local economic activities. Household heads with relative higher skills and knowledge are likely to have more opportunities to engage in other income generating activities such as employment in public and private sector. This result is not similar to the other studies which have been done, for example the study done by Egziabher and Clacey (2011) in Ethiopia which indicated that household education created entrepreneurial talent capable of generating local income to poor.

Similarly, the maximum likelihood estimation displayed that the variable representing the household size (Hs) is not statistically significant even at ten percent level. The interpretation of this finding is that the household with great number of people who reside in a particular house do not influences the household members to participate in local economic development programme. This is due to the fact that having the family with large or small members does not matter for the household to participate in local economic activities for the purpose of generating income. This result concurs with the assessment made by Rao (2010) which indicated that household with large number of people had no relation with the participation in economic activities.

Furthermore, the results found that the variable gender (G) is not statistically significant at all levels. This observation reveals that vulnerable group was less engaged in local economic activities such as women and poor household as female does not dominate the participation rate in local economic activities. Household work is observed to include few female therefore the female are not equal represented in household participation in local economic activities. This study is in line to the other studies which indicated that the vulnerable people less participated in economic activities, for example the study conducted by Naqvi and Shahnaz (2002).

Moreover, the variable age (Ag) of household head was found to be insignificant in relationship with the income generated from local economic activities. This implies that the younger household head had low probability of participating in local economic activities that leads to the reduction of local income from household participation in local economy. Its insignificant relationship between the age and the local income could be contributed by the facts that the younger households does not have enough working capital that enable them to participate in local economic activities. This result contradict with the research done by Yusuf (2011) which found that household age is a contributing factor to participate in economic activities.

In addition, the location (Loc) which can capture rural infrastructure and markets seems to be an important variable in determining household decision to participate in local economic development programme. The location variable for Sengerema district is statistically significant at one percent level. Despite the facts that Sengerema district being located at the place with good climate condition, fertile land suitable for agriculture and livestock keeping and that the district is more developed than Misungwi district which favor for the grow of business, the location had negative relation with the dependent variable. Also, with respect to location variable (Misungwi and Sengerema), the results reveals variation in income from household participation in local economy in the two surveyed districts. Households residing within Sengerema district had less income compared to the households residing in Misungwi district.

With respect to the amount of loan (AL) variable was found to be useful in this research as the variable observed to have positive relationship with the dependent variable and statistically significant. In other words, the more the amount of loan employed in local economy projects, the higher the level of household participation in local economic development projects. The amount of loan enables the local economic participants to invest in productive economic activities capable of generating income in rural area of Mwanza region. This finding substantiates Rao (2010) observations which indicated that accessibility of credit increased household participation economic activities.

With regard to other income (Otherinc), the income was positively correlated to the dependent variable and statistically significant at one percent level. The access to different other income foster high participation rate in local economic activities. The other income assists the household to finance local economic development projects in time when the loan is limited. Moreover, the other income enables the household to

participate in various local economic activities by providing them with the working capital as the substitutes for the loans from financial institutions.

Also, the age square (Agsq) of household head was found to be positive and significant in influencing the level of income from household participation in economic activities. An addition of average age square of household head members lead to an increase of income from local economy. This finding indicates the influence of age square on the income generated from household participation in local economic activities. As the household head become older the ability to acquire capital that can be invested in local economic activities increases. This ability leads to high probability of participating in local economic activities. This observation is similar to the investigation conducted by Zahonogo (2011).

## **CHAPTER SIX**

### **SUMMARY, CONCLUSION AND POLICY IMPLICATIONS**

#### **6.0 Introduction**

This chapter provides summary, conclusion and policy implications of the study. The summary of the dissertation provides briefly description of the Support to Local Economy in Mwanza programme particularly Misungwi and Sengerema districts. Conclusion presents some of the concluding remarks related to the research results while recommendations presents the way forward based on the study findings, also limitation and proposal for further research will be given in this chapter.

#### **6.1 Summary**

The assessment portrays the factors that influence the local economic development projects in supporting poor household productive economic activities which generates income and employment to the households. The study noted the main economic activities employed in the Support to Local Economy in Mwanza, these are the small business, fishing along the shore of lake Victoria, agriculture, livestock keeping and small scale industries. These activities proved to be the main source of employment, income and that the activities have contributed to the share of the total household income approximated to be 40.6 percent.

Pertaining to support to local economy in Mwanza to improve the standard of living to the surveyed households, the study revealed that to some degree the programme in Mwanza has brought about positive changes in the standard of living of the poor households who managed to access their services. The impact analysis of the study found that the income of local economic development project beneficiaries are higher than those of non – beneficiaries. The increased income and profits from household participation in productive economic activities in the study area reported to have raised the ability of household to finance basic needs of life. To some extent the

households reported to have managed to pay the cost of education for their children 28 percent, managed to buy food 29 percent, managed to finance medical services for their family 22 percent and managed to meet the cost of clothing materials 21 percent. Despite that the programme assisted the households to manage some of the basic needs but still the poverty exists among the participants.

The assessment managed to establish economic factor, household factors and physical factor which are important in influencing household to participate in local economic development programme for the purpose of changing the standard of living of the households. These factors are land size, amount of loan, location, other income and age square of the household head. The empirical results indicate that amount of loan, other income and age square had a positive correlation with the income from household participation in local economy; this implies that these variables play the great role on increasing the income of the poor households. The remaining variables such as location and land size had a negative relation with household participation in local economy.

Furthermore, age, education, household size, marital status and gender variables were found to be insignificant in relation to participation of households in local economy. This implies that the variables have no any significant responses to the household participation in local economic activities.

Despite the achievement attained by household participation in the local economic development projects, some of the respondents complained about the problems which limit the performance of local economic development projects. These limitations are lack of capital, lack of market, poor weather condition such as drought, pests and diseases, poor transport facilities (roads) and short loan repayment period.

## **6.2 Conclusion**

In conclusion, the assessment illustrates the role of household participation in local economic development projects and poverty reduction in rural area. The study argued that local economic development project is the development tool for the poverty reduction in rural area financed by United Nations Development Programme (UNDP) and the United Nations Capital Development Fund (UNCDF) in collaboration with the local governments. The local economic development project promise not only to break the chain of rural poverty but also promise to initiate the whole new cycle of enforcing economic development which lead to the improvement of household standard of living.

Moreover, household participation in local economic development is chosen as an intervention policy for poverty reduction, therefore it is important to set clear objectives for the indicators of local economic development empowerment for the rural people. More important the ability of the household members to begin informal micro enterprises should not assumed to be adequate for the improvement of household income. There is need to formulate a policy to stimulate the growth of enterprises as well as local rural economy through by creation of employment opportunities and income.

To achieve this more than one policy intervention is required, this call for private sectors, public partnerships and non – governmental organizations to create the conducive environmental that allow poverty reduction objective to be realized. Generally, it is important to have sustainable mix of both market and non – market policy intervention for poverty reduction, this is because the structure of market in which the household operate is critical in shaping the household responses to policy change.

### **6.3 Recommendations and policy implications**

Local economic development plays the critical role in economic development and improvement of livelihood. Therefore it is recommended to formulate the policy that enables the proper function of support to local economy in Mwanza. Based on the findings from the analysis, the following policy implications come to the light for the improving the local economic development and poverty reduction.

- i. Greater investment in education in rural area to improve the capacity of the labour force and equip the labour force with knowledge and skills to secure good livelihoods and break the cycle of poverty. The training to loan beneficiaries including loan management, capital mobilization, basic accounting, financial management, market aspects of agricultural products, fisheries markets and other micro – enterprises market products, improving the quality of their products, also the loan beneficiaries to take care of their obligations such as repayment of loan in time.
- ii. The government should play the role of enabling environment which favors rural development such as investment in small scale irrigation schemes that can improve productivity of agricultural products produced by households. In Mwanza region, the availability of water for small scale irrigation is assured by the presence of lake Victoria around the region. Also, government investment in rural roads can connect rural area with the rest of the local economy.
- iii. The government of Mwanza region should take care the availability of the markets and good prices for agricultural products, fisheries products, livestock and other products produced by the programme beneficiaries. The sustainability of markets can be achieved by improving the transport system in rural area and promotion of agro- processing cottage industries can create incentive for the sustainable local markets.

- iv. Empowerment of vulnerable groups such as women and young through adequate education and economic resources to ensure equal opportunities. This will enable more women to participate in local economic development programme that lead to the improvement of their life.
- v. The local government authority should develop policy for mobilizing the financial capital culture among the general public in rural area for the sustainability of local economic development projects and poverty reduction rather than depending on donor only. The financial capital can be managed by microfinance institutions which proved successful in extending credit.
- vi. Expansion of the programme to support accessibility of loans to the poor households and use of sustainable approaches can provide appropriate capital investment in various economic activities is among the best alternative to improve household participation in local economic activities.
- vii. In order for the local economic development programme to be effective as a poverty alleviation tool, it has to be supported by research activities. The research should develop innovations to improve all local economic activities and micro-enterprises performance.

#### **6.4 Limitation and areas for further study**

Among of the limitation is that the findings from limited sampled households local economic development project participants and non- participants in Misungwi and Sengerema districts is used to generalize the results for all other household members who participated in local economic activities in Mwanza region but unfortunately they were not involved in this study. The study assumes that the limited sampled households were fair representation of the rest of household's local economy

participants because of homogeneous characteristics in cultural and social- economic status.

Moreover, it was noted that some of the households participated in support to local economy do not keep project data, this lead to the possibility of providing inaccuracy data to the researcher which some time can affect the results. However, through careful of the researcher, the data collected from households provided useful information for data analysis, presentation of results and making recommendations to improve the participation of households in local economic development programme and poverty reduction.

Furthermore, some of the respondents were not able to calculate their income from the local economic activities supported by the programme; as the respondents was not able to quantify some of the gains in monetary term. The researcher took extra time to ask questions, quantifying the gains and fill in the questionnaire in order to have the correct information from the household head.

Also, we put forward recommendations for further studies as alternative ways for the improving service delivery of the local economic development projects. The study considered only ten empirical variables such as amount of loan, land size, marital status, education, household size, gender, age, location, other income and age square. The other research should consider more variables including dependency ratio, availability of markets, informal education of the household, telecommunication tower and safe water. This study used cross sectional data, other investigations recommended to use the longitudinal data to assess the impact of household participation in local economic development projects and poverty reduction.

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## APPENDIX

### APPENDIX 1

#### QUESTIONNAIRE FOR HOUSEHOLD PARTICIPATION IN LOCAL ECONOMIC DEVELOPMENT PROJECTS

I am conducting a research on household participation in local economic development and poverty reduction with the evidence from support to local economy in Mwanza region particularly Misungwi and Sengerema districts. Research involves collection of primary data within the two districts. The information which will be collected is merely for academic purpose, I will try to share the results of this research with you once completed. I will be extremely grateful if you agree to collaborate with me and give some of your time to answer a set of questions I have. The information obtained here will help me to understand the effectiveness of the support to local economy in Mwanza region on poverty reduction. Thank you for your co-operation.

#### SECTION 1: HOUSEHOLD CHARACTERISTICS

- 1.1 Household name /No -----Village-----Ward-----  
District-----
- 1.2 Sex: put a tick (a) Female----- (b) Male-----
- 1.3 Age (years) -----  
In the category (put a tick) (a) 18-38 years-----  
(b) 39-60 years -----  
(c) 60 and above years -----
- 1.4 Marital status: put a tick (a) Married----- (b) Single-----  
(c) Widowed----- (d) Divorced-----
- 1.5 What is your level of education? (Put a tick)
- a) None ( )
  - b) Primary education ( )
  - c) Secondary ( )

- d) Certificate and Diploma ( )
  - e) Others (specify) -----
- 1.6 How many years did you spend to achieve that level of education? -----
- 1.7 How many people live in your house? -----
- (a) Below 15 years (children) -----
    - (i) Male----- (ii) Female -----
  - (b) 15-65 years (work force) -----
    - (i) Male ----- (ii) Female -----
  - (c) Above 65 years (old people) -----
    - (i) Male ----- (ii) Female -----
- 1.8 What is your occupation? (Put a tick)
- (a) Farmer -----
  - (b) Business -----
  - (c) Employee -----
  - (d) Others (specifies) -----
- 1.9 What are the major sources of income? Mention according to their importance
- (a) ----- (b) -----
  - (b) ----- (d) -----

**SECTION 2: HOUSEHOLD PARTICIPATION IN LOCAL ECONOMIC DEVELOPMENT PROJECTS**

- 2.1 Do you participate in support to local economy in Mwanza (SLEM)? (Put a tick)
- (a) Yes----- (b) No-----
- 2.2 (a) If the answer is yes, what are the reasons drive your family to participate in SLEM programme -----
- 
-

2.2 (b) If the answer is no (part 2.1), what are the reasons for you not participating in SLEM economic activities? -----  
 -----  
 -----

2.3 What is your average income per year from SLEM economic activities?

- (a) Small business T.sh-----
- (b) Small scale industries T.sh -----
- (c) Fishing T.sh -----
- (d) Agriculture T.sh-----
- (e) Livestock T.sh -----
- Total T.sh** -----

2.4 What are the benefits obtained from participation in SLEM programme (put a tick)

- (a) Create employment -----
- (b) Improve the level of income -----
- (c) Others (specifies) -----

2.5 Do you possess land for agriculture, if yes indicate the size of land and its ownership status (put a tick)

LAND SIZE	OWNERSHIP STATUS		
	Owned	Shared	Rented
1 = 1-2.9 acres			
2 = 3-4.9 acres			
3 = 5-6.9 acres			
4 = 7-8.9 acres			
5 = 9-10.9 acres			
6 = 9-10.9 acres			

2.6 What are the main crops you have grown last year?

	Crop 1	Crop 2	Crop 3	Crop 4	Crop 5
Crop name					
Harvested area					
Harvested (kg)					
Crop yield					
Sold (kg)					
Price (T.shs/kg)					
Cost (T.shs)					
Net Income					
Selling location					

2.7 What is the size of land which was used in the production of the crops mentioned in question 2.6 above?

Crop	Land size	Land			Average Income per year
		Owned	Shared	Rented	
	1 = 1-2.9 acres				
	2 = 3-4.9 acres				
	3 = 5-6.9 acres				
	4 = 7-8.9 acres				
	5 = 9-10.9 acres				

2.8 Indicate amount of inputs used in the production of crops which were grown last season

	Crop 1	Crop 2	Crop 3	Crop 4	Crop 5
Crop name					
Quantity of planting materials					
Price of planting materials (T.shs )					
Total value of Planting materials					
Quantity of fertilizers					
Price of fertilizer (T.shs/kg)					
Total value of fertilizers (T.shs)					
Quantity of other inputs					
Price of other inputs (T.sh)					
Total value of other inputs (T.shs)					

2.9 How has household income from these crops changed over the last three years?  
(put a tick)

1) Increased -----

2) Stayed the same -----

3) Decreased -----

2.10 What are the most important reasons for these changes?

.....  
.....

2.11 Do you keep livestock; if the answer is yes provide the following information

S/N	1	2	3	4	5	6
Livestock owned	Cows	Goats	Sheep	Pigs	Poultry	Others
Number of productive animals						
Income: what is the income from livestock per month ( T.shs)						

2.12 How has household income from livestock changed over the last three years?

(put a tick)

1) Increased -----

2) Stayed the same -----

3) Decreased -----

2.13 What are the most important reasons for these changes?

.....  
.....

2.14 Do you get extension services on agricultural activities? (Put a tick)

(a) Yes ----- (b) No-----

2.15 If the answer is yes, specify the type of extension services you get -----

-----  
-----

2.16 What are the constraints you counted by participating in SLEM programme? -----

-----  
-----

2.17 What should be done to solve the constraints? (Put a tick)

(a) Provision of business skill training -----

(b) Provision of market information for the local products -----

(c) Improvement of infrastructure such as roads and irrigation schemes -----

(d) Reduce the interest rate for the loan -----

(e) Others (specifies) -----

2.18 What are the year household income expenditures from SLEM economic activities?

- a) School fees T.sh-----
- b) Food T.sh -----
- c) Medical services T.sh -----
- d) Dressing T.sh -----
- e) Others (specify) T.sh -----

2.19 What is your general comment concerning your perception about SLEM programme? (put a tick)

Statements	1	2	3	4	5
	Strongly disagree	Disagree	No opinion	Agree	Strongly agree
1 The participation in SLEM is good for improving the standard of living conditions					
2 Participation in SLEM improve the income of household					
3 The participation in SLEM improve household employment					
4 The living standards of households participating in SLEM is better compared to their counter part					

### SECTION 3: OTHER ECONOMIC ISSUES

3.1 What are your main economic activities that contribute to your household income (other than SLEM economic activities)?

No	Activities	Average income per year (T.sh)
1.		
2.		
3.		
4.		
Total		

3.2 What assets do you own?

No	Asset	Unit(Acre/number	Value per unit	Total value (T.sh)
1.	Land			
2.	House			
3.	Cattle			
4.	Others specify			
Total				

3.3 Do you have access to credit from SLEM programme? (Put a tick)

(a) Yes -----

(b) No -----

3.4 If the answer is yes, provide the amount of loan you accessed from SLEM programme

Year borrowed	Amount T.sh
2009	
2010	
2011	
2012	

3.5 What type of the loan you received from SLEM programme (put a tick)

(a) Small business -----

(b) Small scale industries -----

(c) Fishing -----

(d) Agriculture -----

(e) Livestock -----

3.6 Did you use the loan for the intended purpose? Yes----- No-----

3.7 If, no why? -----

3.8 What are other sources of credit? (Specifies)-----

-----

3.9 Social capital networks

(a) Do you have relatives in the village? (put a tick)

1) Yes ----- 2) No -----

(b) If yes, do you help each other with farming and/or other work? (put a tick)

1) Yes ----- 2) No -----

(c) Do you give or receive food to/from these relatives? (put a tick)

1) Yes ----- 2) No -----

(d) Do you give or receive cash to/from these relatives? (put a tick)

1) Yes ----- 2) No -----

(e) Do you have any relatives outside this village? (put a tick) Specify location -----

1) Yes ----- 2) No -----

(f) Do you receive help from them (money, food, goods, etc.)?(put a tick)

1) Yes ----- 2) No -----

(g) Do your neighbours (non-relatives) help you with farming activities like planting and harvesting? (put a tick)

1) Yes ----- 2) No -----

3.10 Where do you place yourself in regard to poverty status? (Put a tick)

(a) Poor -----

(b) Not poor -----

3.11 How do you characterize poverty from your own views? -----

-----  
-----

**Thank you for your cooperation**

# Curriculum Vitae

## 1. Personal Information

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## 2. Education background

2010 – 2013: Master of Science in Economics, Mzumbe University, Tanzania.

2004 – 2009: Bachelor of Science with Education (Economics and Mathematics),  
Open University, Tanzania.

1991 – 1994: Full Technician Certificate in Civil Engineering, Mbeya Technical  
College.

1987 – 1990: Ordinary Certificate of Secondary Education, Shinyanga  
Secondary School.

1980 – 1986: Primary School Certificate, Sumve Primary School, Kwimba.

## 3. Professional Short Courses

Intensive use of labour in infrastructure Maintenance: United National Development  
Programme (UNDP), 2001.

Procurement of goods, services and consultancy services procedures: United  
National Development Programme (UNDP), 2001.

Contract Management: National Construction Council, 2002

Introduction to low and high programming computer languages: Open University of Tanzania, 2005

PlanRep2 covering planning, Revenue projection, Budgeting, physical implementation and expenditure: University computing centre, 2009

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