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# The Contribution of Vulnerable Groups' Sub-projects under Tanzania Social Action Fund to Income Poverty Reduction in Bahi District, Tanzania

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## Abstract

Tanzania Social Action Fund (TASAF) is a programme instituted by the government for reducing income poverty among the poor in Tanzania and has been implementing poverty reduction projects in Bahi District since the heyday of the first phase of the National Strategy for Growth and Reduction of Poverty (NSGRP I, 2005 - 2010). However, there is only slight change in income poverty, reduction especially among vulnerable households in the area. The reasons for this problem were not clear. Thus, the research on which this paper is based was conducted in Bahi District to determine TASAF beneficiaries' income and impact of monetary values of support from TASAF on beneficiaries' households' incomes. It was found that net income for TASAF beneficiaries was TZS<sup>2</sup> 1,140,000 per capita per year and for non-TASAF beneficiaries it was TZS 3,680,000. The incomes were significantly different at  $p < 0.001$ , with a  $t$ -value = 4.449. The amount of grant received had negative impact on income ( $\beta = -0.025$ ), but which was not statistically significant ( $p > 0.05$ ). This implies that access to grants by vulnerable groups (VGs) did not help much vulnerable groups' households reduce poverty. The results substantiate a need for the government, through TASAF, to increase the amount of funding grants in favour of TASAF sub-projects so as to enable the vulnerable groups to generate more income for effective poverty reduction.

**Key words:** income poverty, vulnerable groups' sub-projects, Tanzania Social Action Fund (TASAF)

## 1. Introduction

Approximately one-third (33.6%) of the population of Tanzania lives below the basic needs poverty line of TZS 13,998 per adult equivalent for 28 days in 2007 prices; they do not earn enough to meet their basic food needs (URT, 2013). Tanzania is characterized by low per capita income, widespread poverty and a great challenge to meet the goals of the National Strategy for Growth and Reduction of Poverty (NSGRP) and the Millennium Development Goals (MDGs) in 2010 and 2015 respectively (Mbelle, 2007). Findings from four consecutive Poverty and Human Development Reports (PHDR) (2002, 2003, 2005, 2007) and three consecutive Household Budget Surveys (HBS) (1991, 2001, 2007) show that, while economic growth in Tanzania has significantly improved over time, reduction in poverty has not been achieved proportionately (URT, 2010). Ironically, poverty is lingering on in Tanzania while the country has a long and rich history of devising policy frameworks and strategies to achieve higher economic growth, set poverty reduction targets and improve the quality of life of her people (Mashindano *et al.*, 2013).

One of the policy frameworks and strategies developed is the second phase of the National Strategy for Growth and Reduction of Poverty (NSGRP II) (2010 – 2015) as a successor of the NSGRP I that was implemented from 2005/06 to 2009/10. NSGRP II, thus, is a framework to rally national efforts during the 2010/11 – 2014/15 period in accelerating poverty reduction by pursuing pro-poor interventions and addressing implementation bottlenecks. It is a medium term mechanism to achieve the aspirations of Tanzania's Development Vision 2025 (TDV 2025) of transforming Tanzania into a middle income country with a per capita income of USD 3000 (in nominal terms) by 2025. NSGRP II translates Vision 2025 aspirations and Millennium Development Goals (MDGs) into measurable broad outcomes organized under three clusters – Cluster I: Growth and Reduction of Income Poverty, Cluster II: Improvement of Quality of Life and Social Well-being, and Cluster III: Good Governance and Accountability (URT, 2010). Cluster I aims at availing income generating opportunities across social groups, regions and sectors through pro-poor public investment and empowerment arrangements in order to bring about more equitable participation in production and sharing of outcomes (URT, 2010).

To make NSGRP achieve its goals, the government operationalised the instruments for implementation and support of NSGRP including Tanzania Social Action Fund (TASAF), Small Entrepreneurs Loan Facility (SELF) and Small Industries Development Organization (SIDO) that focus at the micro level (Kapinga, 2008; Tumbo *et al.*, 2007). As one of the instruments, TASAF was mandated by the Government to empower communities to access opportunities so that they could request, implement and monitor sub-projects that contribute to their livelihoods linked to MDGs indicator targets in the Poverty Reduction Strategy (TASAF, 2013). Following successful implementation of two previous phases of TASAF (TASAF I and TASAF II), the Government of

<sup>2</sup> USD 1 = Tanzanian Shillings (TZS) 1,678 in June 2014

Tanzania and the International Development Association (IDA) agreed to work together on a successor project titled TASAF III from 2012/2013 to 2016/2017 with the objective to “enable poor households to increase incomes and opportunities while improving consumption”. TASAF III targets people living under the basic needs poverty line (currently 33.6% of the population). The programme focuses on the poor and vulnerable households.

In Dodoma Region, TASAF is implementing three sub-projects in a gradual rolling-out way including a Public Works (PW) sub-project, a Cash Transfers/Service Poor (SP) sub-project, and a Vulnerable Groups (VG) sub-project. In all angles of Dodoma Region including Dodoma municipality, Kongwa, Mpwapwa, Chamwino, Kondoa and Bahi Districts; TASAF has contributed more than TZS 1,139,294,325 in all projects since the year 2007/2008 during the era of phase II of the TASAF projects. In Bahi District, the Vulnerable Group sub-project has been directed to vulnerable people who engage in different IGAs like dairy cattle keeping, dairy goat keeping, poultry, horticulture, sewing and others.

The problem for this paper was that, although TASAF is a programme instituted by the government of Tanzania for income poverty reduction among the poor and vulnerable households under NSGRP and has been implementing poverty reduction projects in Bahi District since the heyday of NSGRP I, there is only slight change in income poverty reduction especially among vulnerable households in the area. Bahi District is among the least developed districts in Tanzania and is the poorest in terms of estimated income per capita per year, which is TZS 178,000 (ATPS, 2013; Habib-Mints, 2010) compared to the national average of TZS 869,436.3 in 2011 (Wasira, 2012). One wonders why there is slight notable change in income poverty reduction while the Government, through TASAF, has put much effort on increasing income to poor and vulnerable households in the district.

Several studies have been conducted on strategies that serve the best in poverty reduction, TASAF inclusive. However, little is known on the contribution of vulnerable groups’ sub-projects under TASAF which are directly linked with communities for income poverty reduction. Therefore, the research on which this paper is based was done with the objectives to: compare households’ net income and expenditure between TASAF and non-TASAF beneficiaries, compare food and non-food consumption expenditures between TASAF and non-TASAF beneficiaries and determine the impact of monetary values of support from TASAF on household income. Furthermore, four hypotheses were tested. The first hypothesis sought to find if net incomes and expenditures between TASAF and non-TASAF beneficiaries were significantly different; the second one was about determining whether there was significant difference in net income among TASAF beneficiaries before and after TASAF intervention; the third one was about determining whether food consumption expenditure was significantly different between TASAF and non-TASAF beneficiaries; and the fourth one was about determining whether monetary values of support from TASAF had positive impact on beneficiaries’ household income. The aim was to generate empirical information which might help to understand better the problem and hence inform the strategies to solve it more effectively.

## 2. General, Theoretical and Empirical Literature

### 2.1 General Information on Income Poverty

Income poverty in its simplest sense is usually defined as “inability of an individual or household to attain a minimal standard of living”, where standard of living is measured in terms of consumption or income levels (Woolard and Leibbrandt, 2001). Income poverty happens when a household takes in less than US \$ 1.25 per capita per day. Income poverty is due to people not having access to money or other assets. If people do not have any other assets like land to grow their own food, then income poverty can result in stunted growth and early deaths (Hakikazi, 2002). One of the best way to reduce income poverty is to encourage and support development of businesses (small, medium and large) which make good use of natural resources and talents to create wealth and jobs.

Some 33.6% of Tanzanians fall below the basic needs poverty line and 16.5% below the food poverty line (URT, 2013), with a slight decline from the 2000/01 levels (35.6% and 19% for basic needs and food poverty lines, respectively). Tanzania is one of the poorest countries in terms of per capita income, ranking the 202<sup>nd</sup> of 208 countries in the world for purchasing power parity (mfransparency, 2011), with the hard core poor living in rural areas. This is despite the wide recognition of the country in steering its economy in the right direction. In its recent publication, “Tanzania: The story of an African transition”, the IMF argues that, between 1990 and 2012, the Tanzanian economy went through a period of successful transition in which economic liberalization and institutional reform led to a recovery of GDP growth to more than 7% per year since 2000 (Policy Forum and Twaweza, 2012).

However, Tanzania is undeniably off track in achieving both the NSGRP and MDGs poverty reduction targets. Findings from the Views of the People Survey in March/April 2007 indicated that few adult Tanzanians think they are enjoying the fruits of economic growth, and in all income groups more people perceive falling rather than rising living standards (Atkinson and Lugo, 2010). If noticeable improvement in well-being for the

majority of Tanzanians is to be achieved, these data point to the need for greater efforts to alleviate income poverty, particularly in rural areas, Bahi District inclusive.

### *2.2 Vulnerable Groups Sub-Projects*

Vulnerable groups (VG) sub-projects under TASAF are supposed to be available only to households with a 'vulnerable' member, defined as a widow, orphan, handicapped, HIV-affected, or elderly person. Within these eligibility criteria, villages are selected for membership in an entrepreneurial investment group, which will then compose a business plan and be funded for a collective venture. The projects funded by TASAF are typically animal husbandry, but also grain milling machines, irrigation projects, and tailoring. In this case a household first has to be eligible for the programme (or more exactly, the community must be willing to consider them as eligible). Indeed, the core logic of defining 'vulnerability' in this fairly rigid manner is the idea that it will prove an easily observable and effective targeting criterion (Baird *et al.*, 2009). Beneficiary groups that are eligible for TASAF funding are categorized in three groups: the service poor communities, able bodied food insecure households, and vulnerable individuals. Despite having these groups, there are specific procedures that need to be followed by any eligible group that wants to apply for TASAF funding (TASAF, 2013).

### *2.3 TASAF and Income Poverty Reduction in Tanzania*

The Tanzania Social Action Fund (TASAF); a multi-sectoral programme that provides finances for small-scale, local-level public investments targeted at meeting the needs of poor and vulnerable households; is financed through a World Bank credit. TASAF plays an important role in promoting economic opportunities and building the capability of poor and vulnerable households through asset creation, safety nets provision, skills development, income generating activities, and capacity building in economic development management issues (URT, 2008).

Towards this endeavour, TASAF contributes to achieving the goals of Tanzania Poverty Reduction Strategy, one of which is to enable poor households to increase incomes and opportunities while improving consumption. The objective of TASAF is to empower communities to access opportunities so that they can request, implement and monitor sub-projects that contribute to their livelihoods linked to MDGs indicator targets in the Poverty Reduction Strategy (TASAF, 2013).

### *2.4 Theoretical Review (Structural Functionalism Theory by Talcott Parsons)*

Functionalist Talcott Parsons (1902–1979) was a giant in the field of sociology in the United States. Parsons was interested in creating grand theories that attempted to explain every aspect of the human experience and how social systems interconnect. For Parsons, society was much like a bicycle wheel, made up of independent yet interdependent parts. When properly balanced, each independent spoke connected to the hub keeps the wheel spinning. But if just one spoke breaks on a wheel, the entire wheel will eventually fall out of balance. Similarly, society is an interrelated system, and if one part fails to work, the whole system suffers (Parsons, 2005).

In view of the Structural Functionalism Theory, the people of Bahi District are linked to a bicycle wheel with its own spokes, namely families of vulnerable groups, families of elders and widows who are important key elements to accomplish the wheel system. Despite their vulnerability, these people are very important in their society with regard to what they perform in their daily ongoing activities. Their contribution and position on the whole mechanism of income poverty reduction in the area should be recognized and appreciated to complete the theoretical claim of how each spoke in the bicycle wheel should be taken care of for perfect spinning.

The authors of this paper found it necessary to apply the structural functionalism theory by Parsons since it has an application to the study's overall objective i.e. the contribution of TASAF vulnerable groups sub-project to income poverty reduction in Bahi District. The question is: is this single element of vulnerable groups (spoke) as part and parcel of Bahi society (wheel) recognized and given the chance to perform accordingly?

### *2.5 Empirical Information*

In the study area, a study conducted by Katega (2013) under Research on Poverty Alleviation (Sokoni and Mvumi Mission) on Rural Non-Farm Activities and Poverty Alleviation shows that rural non-farm activities play a great role in alleviating income and non-income poverty of participating households by contributing a significant share to household income. A study conducted by Mbakile (2012) in Bahi District on Micro-Credit Financing and Rural Women Economic Empowerment provides a recommendation that the government should make sure that they improve infrastructure and communication systems in the rural areas so as to enable micro-financial institutions to easily reach the rural based people, especially women who are the needy.

Some empirical studies conducted in Bahi District show various efforts for poverty reduction with clear conclusions and recommendations for poverty alleviation in the study area including Katega (2013), Mbakile (2012), and Kibasa (2013). Since TASAF is one of the instruments for poverty alleviation, there is a need for this

instrument to be examined to check the status of poverty in view of its implemented community vulnerable groups' sub-projects.

### *2.6 Gaps in Literature*

TASAF has been implementing activities in Bahi District since the period of NSGRP I, especially to these vulnerable households using vulnerable groups which conduct IGAs for household income poverty reduction. If the families of vulnerable groups as part of social institutions are well recognized and supported, why is the status of income poverty low in Bahi District, especially among vulnerable households? A project conducted by HelpAge International in 2012 revealed that older people in Bahi and Dodoma Districts, like other older people in many other districts of Tanzania, are disadvantaged and marginalized in many ways. They suffer from many diseases including malaria, TB and other respiratory diseases. Moreover, older people lack adequate social protection, suffer from declining family and community support and are often excluded from income generation programmes.

Moreover, rural income has remained low, and rural poverty continues to be a critical economic problem as evidenced by NBS (2002, 2007); World Bank (2006); UNDP (2007, 2009) as well as PHDR (2002, 2003, 2005, 2007, 2011) and three Household Budget Surveys (HBS) (1991, 2001, 2007). Furthermore, empirical studies conducted in Bahi District including one by Mbakile (2012) and Katega (2013) indicate that women play a great role in poverty reduction through various domestic activities and rural non-farm activities. There is a gap in information on the contribution of TASAF to income poverty reduction; the vulnerable groups seem to be more disadvantaged hence it was necessary to examine the effectiveness of TASAF on households' income poverty reduction in Bahi District to better inform poverty reduction strategies.

## **3. Sources of Data**

### *3.1 Geographical Location of the Study Area*

The research on which this paper is based was conducted in Bahi District which is one of the six districts of Dodoma Region, in the central part of Tanzania. The district covers an area of 544,842 hectares with 378 207 hectares (70%) of arable land and a population of 221,645 in 2012. The district is administratively divided into 20 wards, but the research was confined to three wards (Babayu, Chipanga, and Mwitikila). Four villages where active vulnerable groups' sub-projects existed, two from Babayu and one from each of the other wards were selected. The villages were Kongogo, Babayu, Chipanga and Chibelela.

### *3.2 Research Design, Sample and Sampling*

The study employed a cross-sectional research design in which data were collected at one point in time. A hundred and twenty (120) households were selected; sixty for TASAF and the other sixty for non-TASAF beneficiaries. For TASAF and non-TASAF beneficiaries, six Income Generating Activities (IGAs) groups were selected forming a total of 12 groups. Ten (10) households were selected randomly from each IGA group comprising fifteen group members, making a total of 120 households from which information required for the study was obtained. The sample size was determined based on literature, which says that an adjustment in the sample size may be needed to accommodate a comparative analysis of sub-groups (e.g. such as an evaluation of programme participants with non-participants). A suggestion of a minimum of 100 elements is needed for each major group or subgroup in the sample and for each minor subgroup, a sample of 20 to 50 elements is necessary (Sudman, 1976). Simple random sampling was used to obtain respondent households from each village sub-project group.

### *3.3 Instruments and Data Collection*

Copies of a questionnaire and a key informant interview guide were the instruments for data collection. The questionnaire was prepared based on the essentials of a good questionnaire, i.e. short and simple, and organized in a logical sequence moving from relatively easy to more difficulty questions. Technical terms, vague expression and those affecting sentiments of the respondents were avoided. Also, direct observations on type and size of IGAs were used to get insight into the proportion of income and expenditure from their IGAs.

### *3.4 Data Analysis*

Quantitative data were analysed using the Statistical Package for Social Sciences (SPSS). More specifically, descriptive statistics were computed including frequencies, means and percentages. Independent samples T-test was used to compare net income and expenditure as well as food and non-food consumption expenditures between TASAF and non-TASAF beneficiaries. Also, Paired samples T-test was used to compare net income and expenditure among TASAF beneficiaries before TASAF and after TASAF intervention. Furthermore, multiple linear regression was used to determine the impact of monetary values of support from TASAF on household income. Before regression was undertaken, the variables were checked for normality and

multicollinearity. With regard to normality, some of the variables that were not normally distributed were transformed into normal distributions using log10 computations. Multicollinearity was checked by computing statistics, namely tolerance and VIF values.

#### **4. Empirical Findings from the Research**

##### *4.1 Net Income and Expenditure between TASAF and Non-TASAF Beneficiaries*

Net income was found after cost deductions. The difference in net income per capita per year between TASAF and non-TASAF beneficiaries was determined using an independent sample t-test. The results in Table 1 show that the average net income for TASAF beneficiaries was TZS 1,140,000 while among non-TASAF beneficiaries it was TZS 3,680,000. By those results, it means that net income per capita for non-TASAF beneficiaries was more three times that among TASAF beneficiaries. This means that TASAF beneficiaries were most vulnerable and prone to income poverty compared to non-TASAF beneficiaries, and this might be due to the nature and type of income generating activities (IGAs) they were doing. IGAs done by TASAF beneficiaries might not be producing enough profit. Also the nature of running an enterprise in groups could be another cause as well as indirect benefits obtained from the IGA group.

For total expenditure per capita, the results in Table 1 show that non-TASAF beneficiaries had greater total expenditure of TZS 3,550,000 compared to TASAF beneficiaries whose total expenditure was TZS 2,000,000. This means that non-TASAF beneficiaries had greater expenditure compared to TASAF beneficiaries. This might be due to better economic conditions among non-beneficiaries, which allowed them to spend accordingly. The differences in incomes and expenditures between TASAF and non-TASAF supported respondents were significant at the 0.1% and 1% levels respectively. By these results, the null hypothesis 1 which stated that "Households' net income does not differ significantly between IGAs conducted by TASAF and non-TASAF beneficiaries" is rejected, and the alternative hypothesis is confirmed.

##### *4.2 Net Income and Expenditure before and after TASAF Intervention*

To determine the differences in net income and expenditure among TASAF beneficiaries in Bahi District before and after TASAF intervention, a paired-samples t-test was used. Before the analysis, income data for TASAF beneficiaries before TASAF intervention were inflated using headline inflation. According to NBS (2009), the Consumer Price Index (CPI) is a measure of the average change over time in the prices of consumer items (goods) and services that people buy for day to day living and produce a timely and precise measure of average price change for the consumption sector of the economy. The results in Table 2 show that net income per capita for TASAF beneficiaries before TASAF intervention was TZS 799,000 while after TASAF intervention it was TZS 1,140,000. These results reflect that TASAF beneficiaries improved in income at the household level after intervention. Despite their vulnerability (elderliness and widowhood), the intervention enabled them to gain income through their IGAs conducted in groups.

The total expenditure per capita per year for TASAF beneficiaries before TASAF intervention was TZS 1,890,000 while after TASAF intervention it was TZS 1,930,000. These results reflect that TASAF beneficiaries increased their expenditure level due to improvement of income status. However, the differences in net incomes were small with a p-value of 0.147, which was not statistically significant at the 5% level while the t-value was -1.469. For the case of expenditure before and after TASAF intervention, the p-value was 0.242 which was not statistically significant at the 5% level while the t-value was -1.181.

The respondents admitted that the existence of TASAF to them had improved their income and well-being to large extents. This was evidenced by 95.5% of TASAF beneficiaries in Figure 1 who reported that TASAF was very important to them and IGAs conducted added value to a large extent to their total income. Therefore, by these results, the null hypothesis 2 which stated that "Household net income and expenditure do not differ significantly among TASAF supported vulnerable groups before and after TASAF intervention" is accepted, and the alternative hypothesis is rejected.

##### *4.3 Food and Non-food Consumption Expenditures between TASAF and Non-TASAF Beneficiaries*

The differences in food and non-food consumption expenditures between TASAF and non-TASAF beneficiaries were determined using independent samples t-test. Table 3 shows the summary of the results on the differences. The results show that food consumption expenditure for TASAF beneficiaries was TZS 1,400,000 per capita per year while among non-TASAF beneficiaries it was TZS 2,120,000. By these results, it means that food consumption expenditure per annum for non-TASAF beneficiaries was higher compared to that of TASAF beneficiaries.

For non-food expenditure, the results show that non-food consumption expenditure for TASAF beneficiaries was TZS 602,000 while among non-TASAF beneficiaries it was TZS 1,430,000 per capita per year. This indicates that non-TASAF beneficiaries had non-food consumption expenditures which were more than twice those of TASAF beneficiaries. The differences in food consumption expenditures between TASAF beneficiaries and non-

TASAF beneficiaries were not big ( $p = 0.140$ ), which was not statistically significant ( $p > 0.05$ ) while the t-value was  $-3.988$ . However, differences in non-food consumption expenditures between beneficiaries and non-beneficiaries were big; the p-value was  $0.002$ , which was statistically significant at  $p < 0.01$ , with a t-value of  $-3.061$ .

For both food and non-food expenditures between TASAF and non-TASAF beneficiaries, the difference might have been caused by the amount of income between the two groups. Non-TASAF beneficiaries received more income which enabled them to spend more on food and on non-food items compared to TASAF beneficiaries who spent less. Therefore, by these results, the null hypothesis 3 which stated that “Food consumption expenditure does not differ significantly between TASAF beneficiaries and non-TASAF beneficiaries” is accepted, and the alternative hypothesis is rejected.

#### *4.4 Impact of Monetary Values of Support from TASAF on Household Income*

The impact of monetary values of support from TASAF on household income was determined using multiple linear regression to find negative and positive impacts of the independent variables used on the dependent variable. Before regression was undertaken, the variables were checked for normality and multicollinearity. With regard to normality, some of the independent variables that were not normally distributed were transformed into normal distributions using log10 computations. The variables transformed were household size, years of schooling, total costs and amount of grants received. The dependent variable (Net income per capita) was regressed on six independent variables of household size, years of schooling, experience on IGAs, total costs, amount of grants and remittances. The regression results gave a multiple correlation coefficient of  $R = 0.839$ . This means that the independent variables which were used in the regression model were collectively highly associated with the dependent variable. The adjusted  $R^2$  was  $0.261$ , which means that the independent variables included in the regression model explained about 26% of the variation in the dependent variable. The rest of the variation was due to other variables not included in the model and inherent errors in the model. The tolerance and VIF values of collinearity, which were greater than 0.1 and 10 respectively, show that there was no multicollinearity. Tolerances below 0.1 imply multicollinearity, and so do VIF values that are greater than 10 (Landau and Everitt, 2004).

The independent variables had negative and positive beta ( $\beta$ ) weights, implying that they had negative and positive impacts, respectively, on the dependent variable. As seen in Table 4, the independent variable which had the greatest positive beta weight was amount of remittances received ( $+0.639$ ). Other variables with positive impact were total costs ( $+0.227$ ), household size ( $+0.037$ ) and experience with IGAs ( $+0.028$ ). The factors which had negative impact on net income were years of schooling ( $-0.718$ ) and amount of grants ( $-0.025$ ). These results imply that more income poverty reduction can be achieved by increasing the amount of grants to TASAF-beneficiaries and providing short courses, seminars and workshops on entrepreneurial skills. This is because increase in grants will enable beneficiaries to meet costs of undertaking IGAs and short courses will enable them to increase their experience with improved skills.

It is generally believed that the higher the household size, the lower the income per capita, although that is not always true. The findings showed that household size had positive effect on household income measured at ( $\beta = 0.037$ ;  $p = 0.995$ ), although the findings were not significant at the 5% level ( $p > 0.05$ ). This implies that although the number of household members was small but the income per capita was also small. This is because 50% of the respondents were elders and widows (TASAF beneficiaries) who did not have big household sizes, but with low income level.

The findings also showed that experience of conducting IGAs had positive impact on income per capita, but it was not statistically significant at ( $\beta = +0.028$ ;  $p = 0.941$ ). This is because the respondents had enough experience with income generating activities with no entrepreneurial skills for managing their IGAs with the nature and needs of their customers. It seems that respondents were running their IGAs for a long time without generating enough returns for their IGAs' capital expansion. This means that they were running income generating activities at the marginal cost.

Furthermore, the results showed that the amount of money provided to the recipients of grants had negative effect on household income per capita, although it was not statistically significant at ( $\beta = -0.025$ ;  $p = 0.956$ ). This means that the grants provided to the recipients were too small to produce enough capital values; if the amount of grant could be increased, the income per capita for the household could also increase. Therefore, the null hypothesis 4 which stated that “Monetary values of support from TASAF do not have significant impact on beneficiaries' household's income” is accepted, and the alternative hypothesis is rejected.

#### 4.5 Relevance of the Functionalism Theory by Parsons in Bahi District

According to Talcott Parsons's Structural Functionalism Theory, society is much like a bicycle wheel, made up of independent yet interdependent parts. When properly balanced, each independent spoke connected to the hub keeps the wheel spinning. But if just one spoke breaks on a wheel, the entire wheel will eventually fall out of balance. Similarly, society is an interrelated system, and if one part fails to work, the whole system suffers. The theory was found valid in Bahi District since it helped empirically to realise that households' income status of vulnerable groups under TASAF was very low, less than one-third of households which had not benefited from TASAF. Also, the monetary values of support from TASAF did not have significant impact on vulnerable groups' households' income. People of Bahi District fall out of balance because one element (families of vulnerable groups) has failed in the whole process of moving themselves out of poverty for the betterment of the whole society. This makes the whole society of Bahi District to suffer from income poverty. According to Parsons, the society is an interrelated system, and if one part fails to work, the whole system suffers. This is evidenced in Bahi where the district is said to be among the poorest districts in Tanzania and experiences high household income poverty of TZS 427,489 per year (URT, 2008).

#### 5. Conclusion and Recommendations

On the basis of the above findings, it is concluded that IGAs conducted by non-grant recipients were more profitable than those that were conducted by grant recipients. This went hand in hand with the amount of households' expenditure which was spent according to the total household income they gained. Also, although the types of IGAs conducted by the recipients of grants were not very much profitable, but the amount of income they obtained added some values to their total income and helped improve their living standards to some extent. This was influenced by the partial increase of income after TASAF intervention which enabled them to increase their expenditure. Moreover, the findings showed that the amount of grants received had negative impact on grants recipients' welfare. The improvement of welfare of TASAF beneficiaries would be further determined by the amount of grants received and type of IGA under group venture.

In view of the conclusion, the following recommendations are made. In order to increase TASAF beneficiaries' households' income, the Ministry of Community Development, Gender, Women and Children; together with the Prime Minister's Office (Regional Administration and Local Government); should critically revisit the components of TASAF and urge all district councils to increase support to existing vulnerable groups' sub-projects and reach more vulnerable people with vulnerable groups' sub-projects. This will create good relationship with TASAF's external funders (currently International Development Association) on the ongoing TASAF III that ends in 2017. Also, the government, through TASAF, should review the amount of grants provided to recipients in proportion with the nature of IGAs conducted by TASAF beneficiaries. Through this, the amount of grants should be increased, and the structure of IGAs should be changed to suit the changing environment of the customers' needs. Another recommendation is that the district councils should increase the budgetary fund allocated to VGs in order to reach more vulnerable people with sub-projects. The district council should budget sufficient amount of funds to enable the district's TASAF and community development departments to have regular monitoring visits to recipients of grants for advice and technical assistance. This is from the fact that the beneficiaries are left to decide on the ways to run their sub-projects. It is also recommended that the community grants' recipients should claim regular entrepreneurial training sessions to stabilize and strengthen their IGAs. Changing of sub-projects should be done i.e. from group to individual ownership of sub-projects. This will allow each group member to be satisfied on the contribution of sub-project to his/her household's wellbeing. Lastly, but not least, the target group is that of vulnerable people including elders and widows; both categories should save some of their money obtained from sub-project group shares so as to establish other small business ventures at their household level in order to reduce dependency on income from the group sub-projects.

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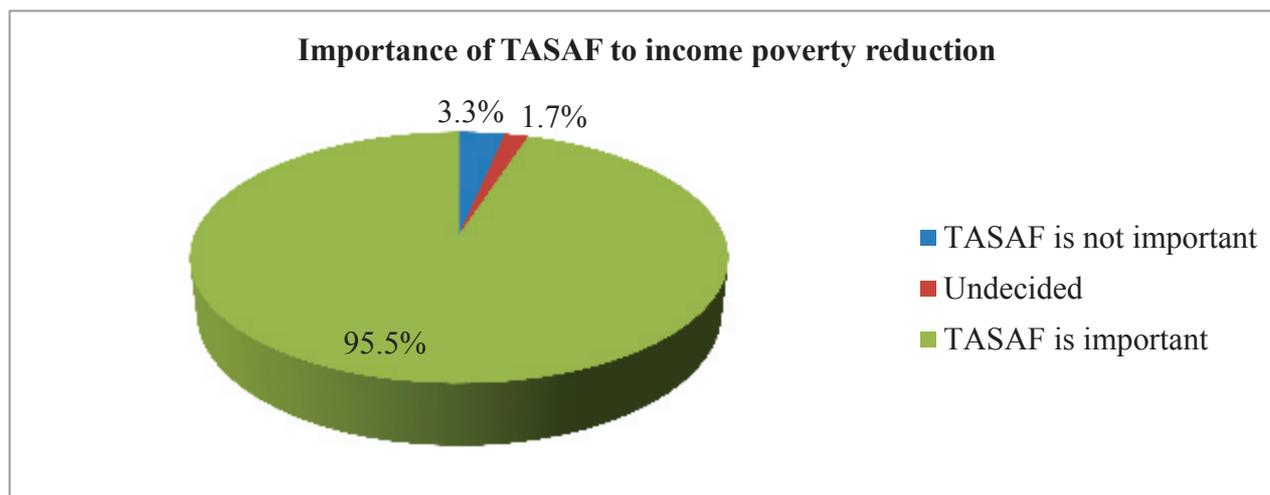


Figure 1: Importance of TASAF to income poverty reduction

Table 1. Net income and expenditure between TASAF and non-TASAF beneficiaries

Values compared	n	Mean	t-value	Sig (p-value)
Net income among TASAF beneficiaries	60	1.14x10 <sup>6</sup>	- 4.499	0.000
Net income among non-TASAF beneficiaries	60	3.68x10 <sup>6</sup>		
Total expenditure among TASAF beneficiaries	60	2.00x10 <sup>6</sup>	- 4.093	0.002
Total expenditure among non-TASAF beneficiaries	60	3.55x10 <sup>6</sup>		

Table 2: Net income and expenditure before TASAF and after TASAF intervention

Values compared	n	Mean	t-value	Sig (p-value)
Net income among TASAF beneficiaries before TASAF intervention	60	7.99x10 <sup>5</sup>	- 1.469	0.147
Net income among TASAF beneficiaries after TASAF intervention	60	1.14x10 <sup>6</sup>		
Total expenditure among TASAF beneficiaries before TASAF intervention	60	1.89x 10 <sup>6</sup>	- 1.181	0.242
Total expenditure among TASAF beneficiaries after TASAF intervention	60	1.93x 10 <sup>6</sup>		

Table 3. Consumption expenditures between TASAF beneficiaries and non-TASAF beneficiaries

Values compared	n	Mean	t-value	Sig (p-value)
Food consumption expenditure between TASAF beneficiaries	60	1.40x10 <sup>6</sup>	- 3.988	0.140
Food consumption expenditure among non-TASAF beneficiaries	60	2.12x10 <sup>6</sup>		
Non-food consumption expenditure between TASA beneficiaries	60	6.02x 10 <sup>5</sup>	- 3.061	0.002
Non-food consumption expenditure between non-TASAF beneficiaries	60	1.43x 10 <sup>6</sup>		

Table 4. Multiple linear regression results from regression analysis

Independent Variables	n	Unstandardized coefficients		Standardised coefficients	t	Sig.	Collineality Statistics	
		B	Std. Error	Beta			Torelance	VIF
(Constant)		520678.932	8.581E7		0.006	0.995		
Household size	120	106916.067	1.099E6	0.037	0.097	0.927	0.517	1.935
Years of schooling	120	-3.138E6	1.269E6	-0.718	-2.472	0.069	0.871	1.142
Experience on IGAs	120	18952.051	238769.181	0.028	0.079	0.941	0.603	1.658
Total costs	120	1.100	1.526	0.227	0.721	0.511	0.746	1.340
Amount of grants	60	-750986.469	1.274E7	-0.025	-0.059	0.956	0.427	2.340
Remittances	60	1.500E6	929119.260	0.639	1.614	0.182	0.471	2.124

R = 0.839, R<sup>2</sup> = 0.705, Adjusted R<sup>2</sup> = 0.261, Std. Error of the estimate = 487392.16, p < 0.05

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