

INFLUENCE OF MICROFINANCE INSTITUTION ON THE ECONOMIC EMPOWERMENT AMONG THE YOUTHS IN TANZANIA. A CASE OF MASASI DISTRICT COUNCIL IN MTWARA



Research Project Submitted To Van Hall Larenstein University of Applied Sciences in the Partial Fulfilment of the Requirements for the Degree of Master's in the Management of Development (MOD) with Specialisation: Rural Development, Social Inclusion, Gender and Youth

By

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This thesis report, I dedicated to my late Father Elias Roman Madonda and Mother Wilhelmina Michael Boridi. They were playing a significant role in achieving my goal.

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List of Acronyms and Abbreviations

MFI'S	Microfinance Institution
SACCOS.....	Saving and credit cooperative Society.
NMB.....	National Microfinance Bank
URT.....	The United Republic of Tanzania.
SME	Small and Medium Enterprises
NGO's	Non-Government Organisation.
NBS.....	National Bureau of Statistics.
TPB.....	Tanzania Postal Bank.
NBC.....	National Bank of Commerce.
CRDB.....	Community Rural Development Bank.
MDC.....	Masasi district council.

ABSTRACT.

Sustainable provision of the microfinance program is recommended to widen the income sources of poor people. Since the poor people do not have access to formal financial services, microfinance services regarded as useful way out for financial constraints. Microfinance services have grown immensely since its beginning in the 1970s following related strategies for reducing poverty in the world. Microfinance has an impact on the increasing household income, assets ownership and improving the living standard of the beneficiaries in the world.

The objective of the study was to assess the influence of microfinance on the economic empowerment among the youths in Tanzania. The impact of microfinance was investigated on how microfinance empowered youth economically, impact of microfinance on the asset's ownership of youths and the impact of microfinance training skills on economic empowerment of youths. The study was conducted at Masasi District Council among youths who were the beneficiaries of the microfinance program.

A sample of forty respondents who were the youths benefited from microfinance and operating income generating activities within the study area were interviewed. Analysis of data was conducted by using qualitative thematic content analysis technique, tables and graphs were used.

The results of the research indicated microfinance had an impact on improving the income, asset ownership, and improving the living standard of the beneficiaries. The finding of the study revealed that the access of the microfinance enables the beneficiaries to engage income generating activities such as small business and agricultural activities. Most of the youths improved their businesses activities due to the microfinance and other services granted to them, and microfinance had improved the knowledge and management skills to the youth due to the entrepreneurship training programs provided by Microfinance institution.

The study concludes that the access of microfinance to a microfinance institution has a potential contribution to increasing the income of the youth, asset ownership and improving the household livelihoods. Therefore, it is essential for beneficiaries (youths) to use the credit obtained from MFI effectively in income generating activities to increase income and alleviate poverty among the youths.

The study recommends to Masasi district council to help youth to form economic groups and in that way, they are able to access loans from microfinance institution which youths can carry out their businesses and will be in a position negotiation skill. The access of loans in groups will enable the youths to earn income through the economic activities.

Keywords. Youth, empowerment, microfinance, micro-credit, economic empowerment.

CHAPTER ONE: INTRODUCTION

Masasi District is one of the nine districts of Mtwara Region in Southern Tanzania. The district is situated about 214 kilometres from Mtwara regional headquarter. The total population of the district is 275,130 people and out of this, 132,000 are male, and 143,130 are female. The district share border of Nachingwea district to the North, Lindi district and Newala districts to the East; Nanyumbu to the West and Ruvuma river to the South. The livelihoods of people in Masasi district depend on agricultural activities and livestock keeping as most people live in rural areas, and their income depends on agricultural. The main commercial crops grown in the Masasi comprises of cashew nuts, sesame and groundnuts. Staple food crops cultivated in the area consist of paddy, legumes, maize, cassava, sorghum, fruits and vegetables. Some of the people keep livestock like goats, sheep, pigs, cattle and poultry (NBS, 2016).

Masasi district council is among of the poorest district in Mtwara region and the poverty rate in the district is 8% out of 12% in Mtwara region and unemployment rates in Masasi district are 6% out of 9% in the region. The youth's population in the district who age range between 18-35 are 40,540 and out of this 20,130 are female and 20,410 are male and among of them 10,189 employed in formal sectors and 9,140 employed in informal sectors and the remaining 21,211 youths are unemployed. (ILFS, 2016). The unemployment in Masasi is caused by lack of employment opportunities in both urban and rural area.

Masasi district as the local government authorities have launched youth's development funds (microfinance) in 1994 and it started effectively in 2008 with the purpose of providing microfinance to the youth to improve business and entrepreneurship activities, providing microfinance for the economic empowerment to youths in the informal sectors helping them to create self-employment and reduce youth unemployment. Masasi district used 5% of its total revenue collected from different sources and provides it to youths as a loan on affordable interest rates of 10% compared with other commercial banks such national bank of commerce, national microfinance bank, community rural development bank and Tanzania postal bank which interest rate range between 17% to 22%. Masasi district provided loans to both male and female youths age between 18-35 years and are involved in informal economic activities such as agricultural, small medium enterprises (Masasi strategic plan, 2016).

Figure 1: Map of Masasi district council-Tanzania



Source: Masasi strategic plan (2016).

1.1. Background

Microfinance sector in Tanzania become one of the active economic sector which help and attract poor households income class against poverty, women and youth empowerment, small and micro business development as well as entrepreneurship sector in emerging economies (Massele, J *et al* 2015) .The microfinance sector has been expanding the frontier of finance by providing loans and other financial services to less privileged, underserved and poor households.

The evaluation of the Microfinance services in Tanzania started in the 1990s which provided the loans to low income households to ensure that financial systems play efficient roles to boost the economy and strengthen the investment environment in their countries (Jackson and Layda, 2016). However, access to microfinance services becoming one of the challenges facing low income household, poor families, small peasants and small business entrepreneurs in both urban and rural area.

Many poor people in Tanzania lacked opportunity to access microfinance services despite existing number of financial banks such as national microfinance bank, Tanzania postal banks and national bank of commerce. The establishment of microfinance seems like an alternative method for accessing financial services to low income households, small farmers and small businesses in both urban and rural.

Microfinance institutions in Tanzania are categorised in different forms such as; NGOs-MFI, Banks, Community village bank (VICOBA), Saving and Credit Cooperatives Societies (SACCOs), Government Credit Schemes (Masasi district council), Village and Loan Association (VLSA), Credit union, Microfinance companies, Cooperatives Banks, Licences banks, Insurance companies (Jackson and Layda, 2016).

Microfinance institutions in Tanzania facilitate the process of providing microfinance to the entrepreneurial activities such as an agricultural activities small business such as fishing, small shops carpentry, tailoring shop, and keeping poultry and cattle. The main objectives of microfinance services are to empower women and youths, improve the standard of living and development of entrepreneurial business activities to reduce poverty (Massele J, *et al.*, 2015).

There is a need to ensure an efficient and effective microfinance policy that supports the development of financial services to help the low-income households. It is important to participate in microfinance sector with financial as well as an economic system of the country. Microfinance services in Tanzania experiencing amazing growth due to an increasing number of organisations engaged in the provision of microfinance services (Massele J, *et al.*, 2015).

1.2. Characteristics of Microfinance in Masasi District Council.

Microfinance in Masasi district council established in 1994 started effective providing loans on 2008 and its benefits both youth (female and male) age between 18-35. The purpose of the microfinance is to improve entrepreneurship and business activities and economic empowerment of youth and women. The district used its 5% of annual revenue collected from different sources to provide youth as a loan. Also, microfinance in Masasi characterized by interest rates of 10% and the purpose of interest rate is to cover administrative cost and facilitation process. The microfinance services are based on individual lending in which youths aged between 18-35 applied for the loans. The loans in Masasi district council provided into four phase every year (Masasi strategic plan, 2016).

According to Masasi strategic plan regulations (2016), district council provided loans to 530 youths where by 265 were female and 265 were male, those loans were provided annually in four phases. The estimated amount of loans needed per year was about 530,000,000 million Tanzania shillings, while in single phase the district provided about 132,500,000 million Tanzania shillings which is equivalent to 25% for one phase.

Table 1: Trends of the loan per year in Masasi district council

Phase 1	Phase 2	Phase 3	Phase 4	Total
125,500,000	132,500,000	135,500,000	136,500,000	530,000,000
23.6%	25%	25.5%	25.7%	100%

Source: Field data, 2018

The criteria for accessing microfinance in Masasi district are ; The loans provided to youth or women who have a business plan or loan application form which shows the number of loans needed , a youths and women must have a bank account to deposit the amounts of loans when it is approved by the district, youths and women should repay both loans and the interest rate for a period of one year. Also, youths and women are allowing to take the second loan after completion of the first loans according to the agreements. Another criterion for accessing microfinance is that youths or women need to have a clear development project which will bring profits. The collateral properties are needed as the security of the loans. Both female and male youths should be ready to follow rules and regulation set by the Masasi district council.

The frequency for loan disbursement per person is determined by on how quick the debtor repay the loans, these loans are directed into agribusiness and small business.

1.3. Research Problem

Youth unemployment in Tanzania is the one major challenge not only to the government and policy makers but also to the society and families. The youth's population in the Masasi district who age range between 18-35 are 40,540 and out of this 20,130 are female and 20,410 are male and among of them 10,189 employed in formal sectors and 9,140 employed in informal sectors and the remaining 21,211 youths are unemployed. (ILFS, 2016). Youth unemployment is characterized by lack of employment opportunities in both urban and rural areas which result in underutilization of most of the labour force (Msigwa, 2013). Since microfinance institutions provide microcredit which has contributed to significant income and employment opportunities for the poor people in developing countries especially in small businesses (Makorere, 2014). Among other activities which microfinance institutions major into is to facilitate community groups to improve their welfare. This is because microfinance institutions are considered as a set of effective tools to combat some of the community problems in the society through the provision of basic services which involve savings, relatively affordable credit, skill-based training and even access to affordable medical care (Raji, 2017). Microfinance institutions (MFIs) are therefore crucial in filling the institutional voids at the grass-root-level by levelling the playing field and the rules of the game to facilitate inclusive growth in the society (Mair, Marti, & Ventresca, 2012). The unemployment in Tanzania for both men and female for the year 2016 is 2,368,672 people which are equivalent to 10.7% of the labour force population (NBS, 2016). Most of the studies conducted in Masasi district do not address the performance of microfinance to Masasi district council on improving economic empowerment of youths.

Masasi district council as commissioner is lacking information on the influence of microfinance services in the economic empowering of the among the youths in Masasi area. (Haji, 2015). Conducting this study in this locality will provide information on the performance of microfinance institution in empowering youths' development agenda as advocated in the Sustainable Development Goal number 10 which stresses on reducing inequality within and among countries.

1.4. Research Objective

To assess the influence of microfinance on economic empowerment among the youths in Masasi area in order to provide a recommendation to Masasi district council to improve the performance of microfinance institution on empowering youths.

1.5 Research Question

What are the effects of microfinance in facilitating the economic empowerment of youths in Masasi district council?

1.5.1. Sub Questions

- i. How does microfinance influence the economic empowerment of youths in Masasi district Council?
- ii. How does the microfinance training influence the economic empowerment of youths in Masasi district council?
- iii. How does the microfinance provided by Microfinance institution bring an effect on assets ownership of youths in Masasi district council?

1.6. The Significance of the Study

The findings from this study will have significance for the Masasi district council. Masasi district council will benefit from these findings as they will be able to know the status of the livelihood of the youths in terms of living standards, income, employment level and poverty level, to know how they can empower youths and provide solutions to challenges facing youths in the country and at local perspective in general.

The results from this study will serve as a booster tool for the stakeholders which engage youths in their operations and to help youths access credit facilities for their economic development and to achieve the objectives.

1.7. Organization of the Research

This thesis is divided into six chapters. Chapter one is an introduction which explains the background, problem statement, research objectives, research question and sub-research questions. Section two includes Literature review and defining the key concepts (Operational), and Chapter three involves research methodology, and it consists of research strategy, site selection, methods of data collection, sampling, methods of data analysis, ethical consideration and limitations of the research. Chapter, four explains the data presentation and findings. Chapter five include the discussion of the results, Chapter six include conclusion and recommendations.

CHAPTER TWO: LITERATURE REVIEW

This part presents the review of literature from various authors to offer an insight into the recent studies relating to the study. The literature shows an analysis of several studies about the sub research questions. The presentation is as follows.

2.1. The Influence of Microfinance on Economic Empowerment of Youth

Microfinance is a powerful tool to self-empower the poor people especially youth and women globally and in developing countries. Microfinance services lead to the empowerment of youth by influencing income generating activities to overall social and economic status (Rahman *et al.* 2007). According to Abdulsalam *et al.*, (2014) in their study in Nigeria found that microcredit enables businesses to increase the value-capital (physical assets) acquired by the firm while increasing employment generation by firms due to business expansion. Gelan, *et al* (2011) assessed the empowerment of youth microfinance beneficiaries by examining the factors affecting youth empowerment through microfinance in the South West Oromia Region in Ethiopia. The findings indicated in the aggregate term, youth participation in microfinance program has resulted in increased empowerment index. Additionally, the result of the ordered logit model analysis showed that sex, educational status, social participation, size of business, kind of business, achievement motivation and self-esteem were found to be determinants of youth empowerment.

Microfinance allows poor youth to move from everyday survival to planning, investing in better-improved living conditions. Microfinance is a marginal sector and primarily a development concern for the donors, government and socially responsible investors to achieve their full potential of reaching many poor people, microfinance should become an integral part of the large financial sector (Stanley, *et al.*, 2014)

Access to microfinance has the potential to assist the poor in earning income from micro enterprises, smooth their income and consumption and help the household to diversify their income saving (Anand *et al.*, 2005). According to Mayoux, (2005) microfinance makes a significant influence on the reduction of poverty. It helps to increase income and assets building opportunities which make household less reliant on a single assets type and consequences deal with disasters.

2.2. Influence of Microfinance's Training on Economic Empowerment of Youth

Microfinance and entrepreneurship training skills enabling youth to understand the important skills and knowledge in financial matters was crucial. Microfinance training has a significant in promoting the capacity and efficiency of youths in enhancing them to understand skills and knowledge in entrepreneurship and financial matter which are important in youth empowerment (Mecha, 2017). Entrepreneurship training enables the youths to equip with entrepreneurship skills and altitude.

Skill training in microfinance such as financial management, business and marketing skills and record keeping has a great impact on the business performance of the beneficiaries. They can make a better decision on their business, improving their selling and market capabilities. Most of the beneficiaries of microfinance lack entrepreneurship and business management skills to run successful businesses. A successful entrepreneur possesses microfinance training skills that enable them to start and manage their business in a manner that improves their business and increase their income. Hence, access to microfinance needs to be complemented with the requisite entrepreneurship skills to archive better results (Chowdhury A, 2009). The training skills on microfinance offer young entrepreneurs the chance to learn a better way of production through effective management of productive resources and better management of production processes, leading to high quality and quantity productivity. According to (M, Nelly and Dunford 1998) MFI's can benefit direct or indirect from the training support it offers to clients. If the beneficiaries improve their business and entrepreneurship activities as the results of training, then it is possible that MFI stands to benefit from high repayment rates of loans.

Mensah and Benedict, (2010) argued that the microfinance training has a potential impact on enhancing the capacity of small and medium enterprises for jobs creation and growth in the South of Africa. They also assert that the entrepreneurial training will be more effective when combined with microfinance service. Also, microfinance training enables the youth to have a basic knowledge and skills that facilitate easy management of the business and entrepreneurship and in order to realize the positive returns on the investments of their projects (Grace and Johnson, 2016)

Training skills on entrepreneurship and business in microfinance lead to increase the capability of the beneficiaries to consider several investment opportunities and make a choice that would improve return or profits. Through training received by youth from MFI enable them to gain knowledge in doing business and other economic activities which actual lead to increase income (Abdul N, 2015).

2.3. Influence of Microfinance on Improving Assets Ownership of Youths

Microfinance has a great impact on the asset's ownership of beneficiaries. According to Berhace and Gardebroek, (2010) Microfinance influence the livelihoods of beneficiaries since the loans received from MFI used to invest in economic activities that generate income. The income provides easy access to basic needs, especially foods, paying for school fees for their children, and other medical expenses. In some cases, part of the income generated from economic activities is saved toward a long-term goal, for example acquisition of assets such as land, livestock keeping or improvement of housing facilities.

Ojo, (2009) in his research on the role of microfinance in entrepreneurship development, found out that there was a significant difference in the number of entrepreneurs who used Microfinance Institutions and those who do not, those who took the loan their life standard improved significantly than those who did not take the loan. Microfinance is sustainable for the development of entrepreneurship activities in Nigeria and that Microfinance has affected entrepreneurship in the country positively through the economic multiplier effects.

The impact of Microfinance on livelihoods was focused on the changes in livelihoods assets and the use of livelihood assets to cope with vulnerability. The provision of MF can assist the poor with the means to protect their livelihoods against shocks and to build up and diversify their livelihood activities (Johnson *at el*, 1997). Chowdhury *at el*, (2004) argued that if microfinance is to fulfil its social objectives of bringing financial services to the poor, it is important to know the extent to which its wider impacts contribute to poverty reduction.

Microfinance also contributes to building up livelihood's assets of the beneficiaries. According to Mosley *et al*, (2004), Youths reflected significant increases in ownership of livelihood assets such as live-stock, equipment and land. Through these assets enables youth or clients to be empowered economically.

2.4. Key Concepts

In this research, the key concepts were defined and operationalized through an explanation of the context in which this research presents.

2.4.1 Microfinance

Microfinance refers to a variety of financial services such as loans, savings, insurance, and remittances that target low-income clients, particularly women. Since the clients of microfinance institutions (MFIs) have lower incomes and often have limited access to other financial services, microfinance products tend to be for smaller monetary amounts than traditional financial services (Abdul N, 2015).

2.4.2. Microcredit

It is a component of micro-finance and it is the extension of small loans to poor people to qualify for commercial bank loans, especially in developing countries. On the other hand, it is generally defined as making small loans available directly to small-scale entrepreneurs to enable them either to establish or expand their micro-enterprises and small businesses (Mecha, 2017).

2.4.3 Microfinance Institutions

Microfinance Institutions (MFI's) as institutions that provide financial services to people and small micro enterprises who do not have access to commercial bank loans. A microfinance institution can either be a credit union, savings and credit co-operative (SACCOs), non-governmental organization (NGO), self-help organization or specialized banks. (Mecha, 2017).

2.4.4 Empowerment

This can be defined as the measures considered to increase the degree of autonomy and self-determination in people and in communities to enable them to represent their interests in a responsible and self-determined way, acting on their own authority. According to Ismail *et al*, (2011) termed empowerment as a process in which the youth are capacitated to organize themselves to increase their own self-reliance, to assert their independent right to make choices and to control resources which can assist in challenging and eliminating their own subordination.

2.4.5 Youth

Youth is the group of young women or men who are aged between 18 to 35 years old (Biggeri *et al*, 2014). The study supports this definition because it aligns with National youth's policy of 1996 stating that Youth in the Tanzanian context usually ranges from 18 to 35 years. Also, in that age group youths are more energetic than any other group and indulge mostly in economic activities.

2.4.6 Youth Empowerment

Youth empowerment can be defined as the process whereby young people in the society gain the ability and authority to make informed decisions and implement transformations in their own lives and the lives of other people surrounding them. It is a strategy of encouraging youths to perform great things for themselves and to make a great impact in their society (Liliane *et al*, 2015)

2.4.7. Training

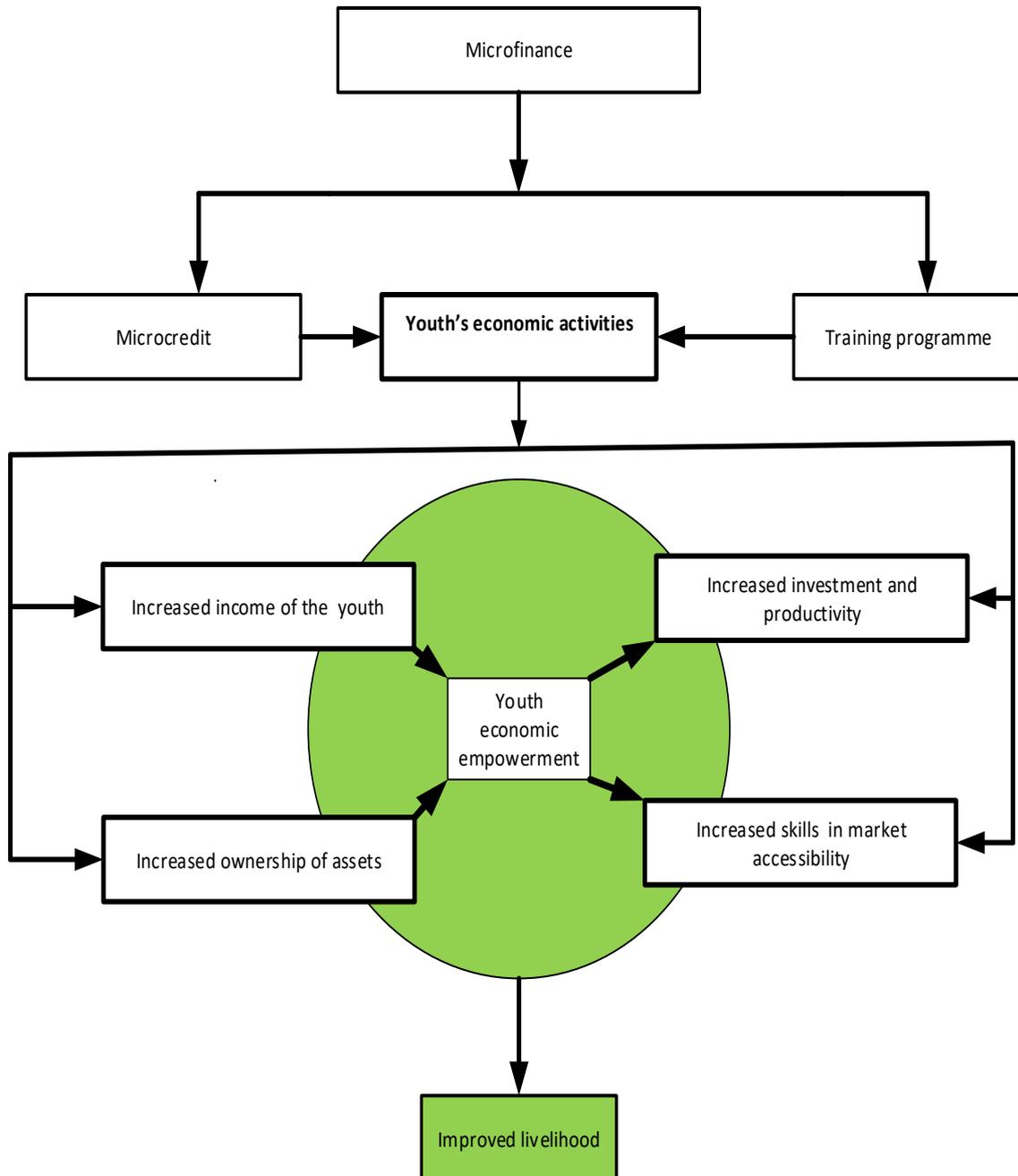
Training is defined as the systematic acquisition of skills, rules, concept or attitudes that results in improved performance in another environment. (Goldstein *et al* 2002).

2.6 Conceptual Framework

This conceptual framework shows the relationship between microfinance services and economic empowerment of youth. First, increasing youth's access to microfinance services can lead to their economic empowerment. Microfinance enables the youth to engage in their own economic activities, invest more in existing activities, acquire assets or raise their status in household economic activities through their visible capital contribution. Increased participation in economic activities may raise youth's incomes or their control of their own and household income. This, in turn, may enable them to increase longer-term investment in and productivity of their economic activities, as well as their

engagement in the market. Second, increasing youth's access to microfinance can increase household wellbeing (See the conceptual framework in Figure 2 below).

Figure 2: Conceptual framework



Source: Developed by Author (2018).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. The basis of selection of the area

This study was conducted at Masasi district council in Mtwara region. Two villages within the district Mwena and Mpowora were selected for collecting data by using semi structured interview questions. The villages were selected based on the following criteria. First there must be youths who were the beneficiaries (receivers) of the microfinance from Masasi district council. The second criteria were the existence of active microfinance institutions which provide loans based on four phases annually to the youth in that villages. Also, the researcher works in that area and knows the place better.

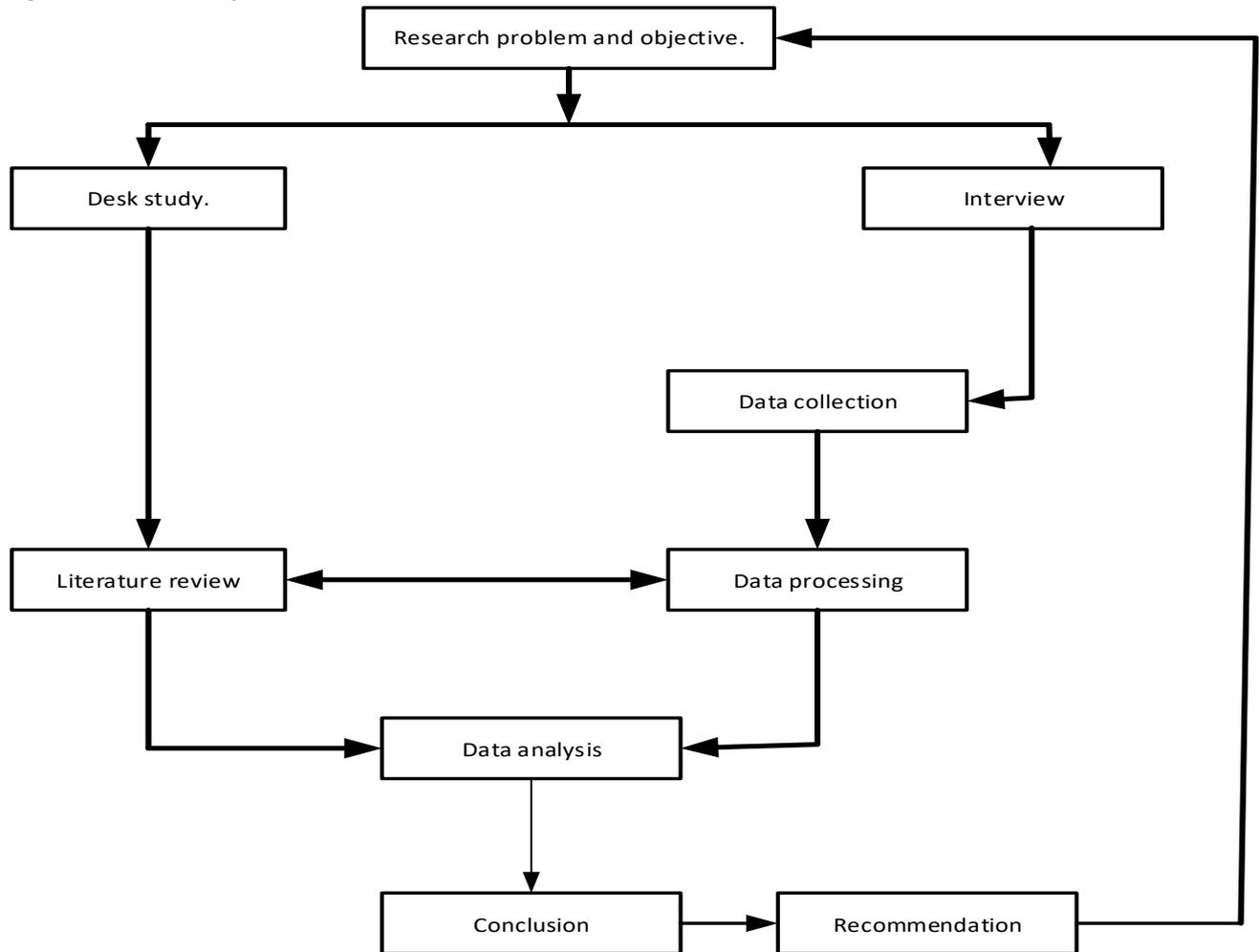
3.2. Research Design and Strategy

This study contained qualitative approach, based on case study and desk study. This was given a comprehensive understanding of the context of the research problem among the youth in Masasi district council. The use of case study assisted the researcher to use different methods like observation, probing and crosschecking to get in-depth information from the respondents.

3.2.1. Research Framework

The below diagram shows the realistic planning of the research process showing all elements of the research process including the research problem and objectives, methods of collecting data which were included in the research, interview (semi-structured interview) and desk study including literature review then data collection, data processing, analysis, conclusion and recommendation. **(See figure 3 below.**

Figure 3 A Research framework



Source: Developed by the author (2018)

3.3. Sampling Methods

Sampling involved the selecting a subset (a portion of the case to generalize information gathered). The samples, a small part of a large population in which part of the large population which represents a large population (Law *et al* 2013). Kothari (2003) defined sample as the selected respondents representing the population. The researcher purposively selected two villages namely; Mwena, and Mpowora based on the availability of Microfinance Institutions which provides services to the youth and many youths who were taking loans in that villages. A total number of 40 respondents were interviewed in those villages, because the selection involved two villages due to proximity and availability of respondents required to get the diversity of ideas and perspectives from different respondents. In each village, a total number of 20 respondents were selected for semi-structured interview to get in-depth information from the respondents, and three key informants from microfinance institutions and in Masasi district council were interviewed.

3.4. Data collection

The information regarding the influence of microfinance in the economic empowerment of the youth was collected using primary and secondary data sources to obtain information on the research study. Primary data is data collected directly from the field, for which case this study used data gathered from the study area through respondents using the semi-structured interview. On the other hand, secondary data involved the use of the readily processed information that could be accessed through Libraries, reports, articles and relevant authorities. Secondary data were the data that supplemented the primary data and gave an opportunity for the researcher to review different documentary to collect information from body literature including books, journals, research papers and other documentary sources relating to the given problem under investigation.

The semi-structured interview. This method was used to collect the information on the role of microfinance institutions on the economic empowerment of youth from respondents and key informants. Forty respondents were interviewed by the researcher to gain in-depth information about the research study. According to Black and Champion (2016) remarked that the interview provides rich information that is particularly useful in providing insights for a description of social reality which no other method of data collection can provide. (The pictures below show the researcher having an interview with the respondents).

figure 4: Researcher having an interview with the respondents.



Source: Field data, 2018.

The observation method. Observation is the useful way of gaining or understanding of the social, cultural, economic and physical context of the study community, the relationship between people and their behaviours, interaction and the activities (Law, et al 2013). Observation method was conducted to further verify the information that gathered through the in-depth interview to understand the im-

impact of microfinance on the economic empowerment of the youth on assets creation such construction of houses, keeping cattle, goats, chickens, assets like land or farm, power tiller. The observation method was conducted to verify the availability of assets and other information of the respondents.

3.5. Data Analysis Method

Analysis of the data was conducted by using qualitative thematic content analysis technique. The data collected have been first transcribed and read to identify meanings systematically. Once all the meaning units were identified, themes and statements were generated.

After data were collected through a semi-structured interview guide, they were prepared in readiness for analysis by editing, coding, categorizing and computer software for analysis. Qualitative data from the semi-structured interview was analysed qualitatively, presented in the form of sub-question in line with the objectives.

3.6. Ethical consideration

During the collection of the data, the research ethics was considered, all respondents were asked to sign a consent letter. The purpose of the letter was to make sure that the respondent's participation in the research was voluntary and that they were to be made free to withdraw from the discussion at any time without any problem. Also, respondents were informed about the purpose of conducting research work, and they were assured that their answers would be treated confidentially and would be only used for research purpose (see annex 6 sample of consent letter).

3.7. Limitation of the study

The research encountered several limitations, the first limitation was: -

- Language constraint whereby the interview guides were developed in the English language which was a challenge in translating in the local language, Kiswahili to the respondents. It took the researcher long time to interpret the findings, which put the researcher in a difficult situation by missing out on some information.
- The other limitation was that some of the youths interviewed from their workplace and home were disrupted during the interview process. This led to a disconnect of information flow between participants also extending the interview period as this led to the exhaustion of the respondents and not able to give adequate responses.

CHAPTER FOUR: RESEARCH FINDINGS

This chapter presents the actual findings of the research obtained from data collected from male and female youth who were the beneficiaries of microcredit at Masasi District Council in Mtwara region. Key informants also provided information that supported the data collected from the youths. The findings have been discussed based on the analysis of qualitative data collected.

4.1. Demographic Characteristics of Respondents

This section explains the demographic characteristics of the respondents. The study collected data from 40 youths who were the beneficiaries of the microcredit comprising of twenty females, and another twenty consists of males with respondents aged 18 to 35 years. It is important to consider the marital status of each respondent involved in the research because the social standing can influence the observation and interpretation of the phenomena. Also, educational status is important as it influences the level of thinking and judgement of the respondents. It was important to consider gender perspectives in this study to understand the different needs and interest of male and female in accessing credit.

Table 2: Demographic characteristics of respondents.

S/n	Category	Male	Women
1	Age		
	18-20	4	2
	20-25	5	4
	25-30	6	6
	30-35	5	8
	Total	20	20
2	Education level		
	Primary	3	9
	Secondary	10	7
	Diploma	4	3
	University	2	0
	Never got education	1	1
	Total	20	20
3	Marital status		
	Single	9	6
	Married	11	14
	Total	20	20

Source: Field Data, 2018.

4.2. The Influence of Microfinance on the Economic Empowerment of Youth

This part shows the influence of microfinance on the economic empowerment of Youth in Masasi district Council. The respondents were interviewed, and responses were to assist in analysis on the influence of microfinance on the economic empowerment of youths.

Table 3: Loans size distribution per phases.

Loan size	Number of respondents	Sex of the respondents.		The phase of loan distributions			
		Male	Female	phase 1	phase 2.	phase3.	phase 4.
500,000	5	3	2	5	-	-	-
1,000,000	6	3	3		2	4	
1,500,000	8	3	5	-	3	1	4
2,000,000	7	4	3	-	-	3	4
2,500,000	6	2	4	-	-	2	4
3,000,000.	8	5	3	-	-	3	5
Total	40	20	20	5	5	13	17

Source: Field data,2018.

In table 3 above indicated that in first phase there were few numbers of youths who were seeking for loans because most of the youths were scared on repaying the loans and its interest rates, whilst their pre-determined expectations were to make a profit on their entrepreneurship and business activities. Also, in phase two up to four the results indicated that the respondents had an understanding on the benefits of microfinance through an inspiration of increased income generation in their household but also taking loans several times have increased their incomes.

Table 4: Amount of the loans of the respondents and the ways on how they invested.

Amount of loans	Use of loan	Respondents.
500,000	Gardening	4 (2 men, 2 women)
	Purchase items for the shop	1(man)
1,000,000	Keeping poultry	3(women)
	Small shop	2 (men)
	Cashew nuts	1(man)
1,500,000	Milky cow	2 (women)
	Milling machine	1(man)
	Keeping poultry	1(women)
	Small shop	1(woman)

	Purchasing a metal shop	1(man)
	Selling cashew nuts	1(man)
	Purchase maize	1(woman)
2,000,000	Purchase carpentry equipment	2 (men)
	Small shop	2(woman, 1 man)
	Poultry	1(woman)
	Purchase cashewnuts	1(man)
2,500,000	Purchase carpentry shop	1(man)
	Milky cow	1(woman)
	Purchase cashewnuts	(1 man, 1woman)
	Tailoring shop	1(woman)
	poultry	1 (woman)
3,000,000	Milky cow	1(woman)
	Purchasing a sewing machine	1(woman)
	Small shop	2(1woman, 1 man)
	Purchase cashewnuts	1(man)
	Motorcycle	1(man)
	Dug water well	1(man)
	Green house (tomatoes)	1(man)

Source: Field data, 2018

The table 4 above shows an overview of the respondents with the amount of loans they received and way on how they invested their loans in the income generating activities

From the table 4 above indicated that female youths engaged in the income generating activities which enabled them to acquire profits for short time and repay back the loans on time. The results show that some of the male youths took the loans and sometime failed to repay back because the money was spent on other expenses rather than on projects investment.

The male and female youth respondents revealed that accessing microfinance from microfinance institution enable them to improve their income. One of the female respondents revealed that *“After I applied for loans for the second phase to expand my venture, now I can increase my income, and I can buy clothes for a special occasion such as Christmas”, having big families, whatever saving, we try to make, is still spent on children’s clothes, education and household”*.

The respondents in phase two up to four also revealed that access of the microfinance enables them to improve their investment in the economic activities in agricultural activities, gardening and keeping

chicken, goats, cattle. These investments activities improved the economic empowerment of the youths. One of the male respondents revealed that*"I took, 1,500,000/=millions Tanzania shilling loans for the second time and I invested in a milling machine. After one year I got 2,000,000 million in returns, and from that income, I managed to pay school fees for my two children studying in secondary school"*.

Another male respondent revealed that *"I took 1,500,000 Tanzania shilling for the third time, and I pay for labourers who dug a water well, and I sold water for one year. And I have increased my household income and investment"*. Accessing credit has a positive impact on the investment and improving the living standard of the male and female respondents.

The finding shows that the respondents in phase two up to four revealed that the access of microfinance enabled beneficiaries to increase the level of saving. Most of the respondents engaged in income generating activities and small business which enable them to improve the profits and saving. One of the male respondents revealed that*"With the loan of 3,000,000 I managed to establish a small shop which gives a profit. Some of my profit I decided to put into my bank account as saving and enable me to repay back the loans"*.

From the findings above, income status of the respondents in phase II, III and IV show greater growths compared to the income of the respondents in phase one because the respondents in phase I, II and III accessed the loans for several phases which enable them to engage income generating activities for a long time and it improved the household income of the respondents.

4.3. The Influence of Microfinance Training on the Economic Empowerment of Youth

Microcredit and entrepreneurship training skills have an impact on the business performance of the entrepreneurs. The training in business enables a successful entrepreneur to possess skills that enable to establish and manage their business in a way that improves this business and increase income. The access to credit needs to compliment with the entrepreneurship skills to achieve good results for the business.

Respondents were asked to indicate whether the MFI that loaned them offered any entrepreneurship training skills. The findings revealed that the Microfinance Institution offered microcredit's training to the respondents to have the basic skills on how to start and manage their businesses and allocate the resources as well as this statement was revealed by the key informants.

The results of the research indicated that 32 out of 40 of respondents equal to 80% received the training on microfinance and entrepreneurship skills. The respondents said that they were trained in how to run an entrepreneurship activity, financial management skills, marketing strategies and

product value added. Also, the results revealed that the respondents received training on record keeping, management and operation of the business entity, management of daily business transactions, products pricing, how to set the price of products, product innovation and technical support.

The results from the respondents indicated that microfinance training enables the respondents to manage their business and minimize the misuse of the of a loan secured for the intended purpose, competition, minimize risk related to bankrupt, market trends, lack of proper business skills and knowledge. The results indicated that eight (8) out of 40 respondents equals to 20% did not receive any training because they were not sure the training session offered by microfinance institution is of importance in conducting small businesses.

The respondents revealed that microfinance training had benefited them on acquiring knowledge on how to manage well funds circulating in business, benefited on savings and record keeping, knowledge on knowing different entrepreneurial opportunities, procedures of adding value for the products and marketing. *One of the female respondents revealed that...."I received training on entrepreneurship especial on making soap...now I manage to make 50 litres of soap per week and I sold to my customers to increase my income, I manage to pay school fees for my child and my business still going on."*

The male and female youths revealed that the microcredit's training provided by MFI and local government has enabled the beneficiary's opportunities to learn a better way of production through the management of productive resources, improving production and enhance increased income. *One of the male respondents revealed that...."running business and entrepreneurship activities has increased my income which I use to complement other activities in meeting basic needs especially foods, medical expenses and by doing so it has empowered me economically."*

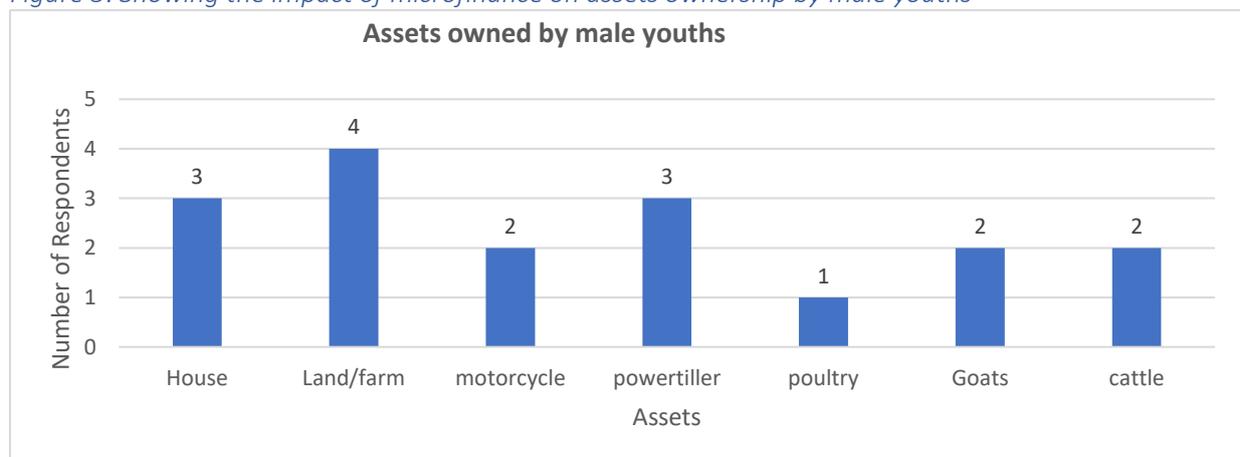
4.4. Influence of the Microfinance on the Asset's Ownership of the Youth

The main purpose of the microfinance is to help the household to acquire and develop assets ownership. Microfinance has a positive impact on asset ownership and improving the livelihoods of the poor youth.

The study found that most of the respondents spent the amount of loan given in improving both the quality and quantity of the business in place and spent the loan in expanding ongoing entrepreneurial activity. The result found that most of the male and female had the urge to grow and develop their businesses hence total commitment in channelling the loan in the business. This business enables youth to accumulate income and some of their returns or profits enable them to own assets.

The study revealed that the profits of the business and other entrepreneurship activities helped youth to accumulate income and in owning different assets. The respondents had used some of the returns of their loan to buy different assets. The results of the findings indicated that 4 male youths brought land to facilitate easy agricultural activities, 3 respondents bought power tiller machines, 1 had bought and keeping poultry, 3 respondents managed to construct residential houses, 2 respondents bought goats, also 2 respondents bought cattle and 2 of the respondents bought a motorcycle. The 3 respondents out of 20 male respondents have not owned any assets because they took loans for the first time. (see the figure 5 below).

Figure 5: Showing the impact of microfinance on assets ownership by male youths



Source: Field data, 2018.

The two respondents revealed that.... *“I have a house with two bedrooms, which I have constructed in my homeland after earning a profit from my business”*. Another respondent revealed that.... *After I received my loans, I decided to invest in keeping goats and poultry which brought income and empowered me economically”*.

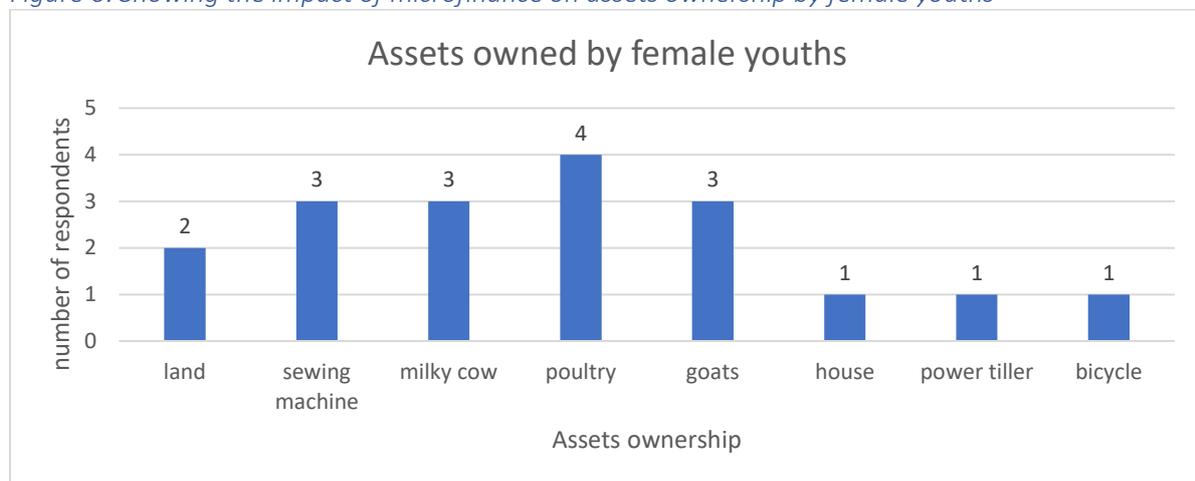
Also, the finding of the study revealed that microfinance has an influence on the asset’s ownership of the respondents, because it shows that the respondents could improve their economic status such as improving the living standards by participation in the program, amount of the credit borrowed, and the training provided by the program. The use of the credit among the respondents appeared as the major factor for the borrowers raising their income. Also, the study revealed that the access of the credits has an impact on improving the livelihoods assets such as land, motorcycle, job creation, livestock keeping and sending children to school and managed to health expenses.

Both male and female youths’ respondents do not only borrow for entrepreneurship purpose but also for purpose of making them grow economically in wealth creation and growth. The results show that the respondents were not only in need of working capital but also needed to build up assets and create wealth.

Respondents were asked to indicate whether micro finance funding has helped them to diversify their business and reduce vulnerability. The findings of the study found out that microfinance had impacts on livelihoods of (youth)respondents and confirmed what the key informants had indicated that majority of the youths benefited economically from their products regarding education, health, from business, school fees, loans and savings.

The results of the findings indicated that 2 female youths bought land for garden activities, 1 female bought power tiller machine, 4 are keeping poultry, 3 respondents managed to buy the milky cow, 3 respondents bought goats, also 1 respondent constructed a house, and 1 respondent bought a bicycle. The 2 respondents out of 20 female respondents were not owning any assets because they took loans for the first time. (see figure 6 below).

Figure 6: Showing the impact of microfinance on assets ownership by female youths



Source: Field Data, 2018.

Challenges Facing Male and Female Youths in Accessing Microfinance.

Both male and female youths revealed that although they get loans from a microfinance institution, there were still facing some challenges in accessing the microfinance. The following were the challenges faced by male youths in accessing microfinance: -

Waiting for the loan for a long time: Most of the microfinance institution takes so long time during the application and in the time for delivering of the loans and this affects the business planning of the clients. The finding of the study revealed that 4 respondents blamed MFI for taking so long time in delivering the loans which were applied by the clients. They said that sometimes it might take almost two or three months the loan to be delivered.

High interest rates of the loans: High-interest rates of the loans in the microfinance institution were among the challenges facing youths in accessing loans and this was revealed by 7 respondents. The

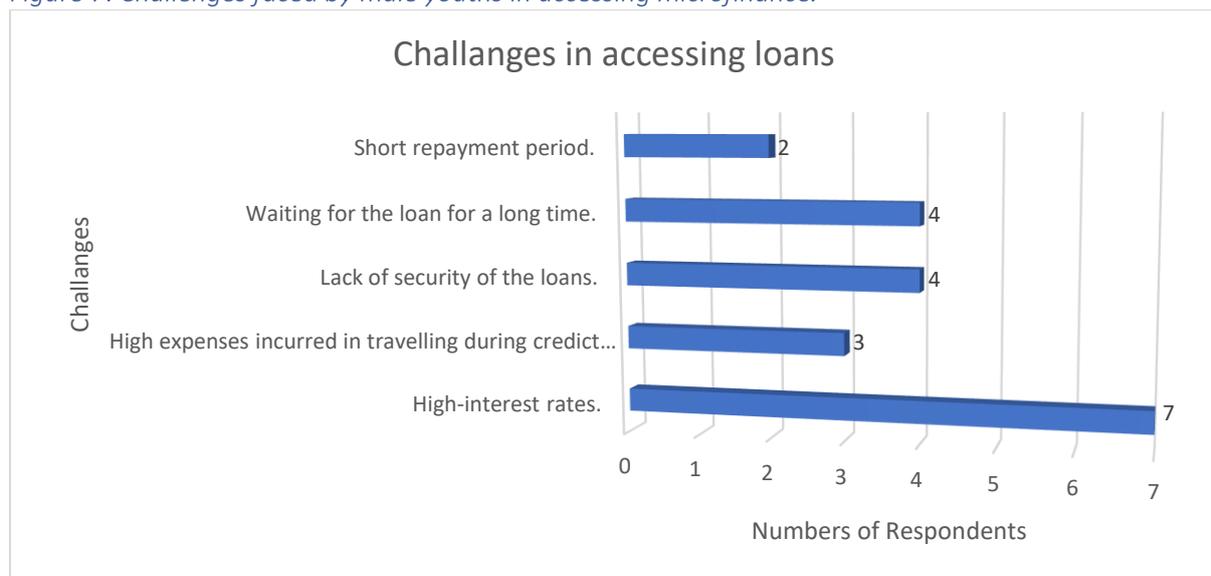
respondents agreed that interest rates of 10% were high and believed that they were working for the benefits of the Microfinance Institutions and not for themselves.

Short repayment period: Some of the microfinance institutions forced their clients to make repayments of the loans on a weekly basis. This finding of the study showed that 2 respondents revealed that the short repayment period of the loans was among the challenges which discourage youth in the accessing credit from MFI. This was too short a time for the business to have yielded returns and profits and making repayments of loans.

Lack of security for the loan: Most of MFI demanded collateral as the pre-condition for accessing loans and most of the youth didn't have security. The finding of the research revealed that 4 respondent's lacked collateral or security. *"One of the male respondents revealed that..... I failed to acquire the loans for the first time... because I didn't have a collateral property for my loans. So, it was a major challenge for me"*.

High expenses incurred in travelling for looking on credit: Most microfinance institution which provides credit or loans are in urban areas. This makes high expenses (cost) incurred in travelling in an urban area on looking for credit at the MFI. The results of the study showed that 3 respondents revealed that high expenses incurred by the clients in travelling for looking credit on MFI were one of the challenges facing youth in accessing credit. *One of the respondents revealed that..." One of the challenges which I faced during the process of acquiring credit was high transport cost I incurred in the travelling process for looking at the credit in MFI.* The challenges were summarized in figure 7 below.

Figure 7: Challenges faced by male youths in accessing microfinance.



Source: Field Data, 2018.

The study also indicated the challenges in which female youths faced when accessing the loan from Microfinance institution: -

Delay of loans from a microfinance institution: -Microfinance institution takes so long time to deliver the amount of the loans which requested by clients. The delay of the loans from MFI affects the business planning of the women especially in the entrepreneurship activities. The finding of the study revealed that 3 out of 20 respondents blamed that MFI takes so long time in delivering loans of the clients.

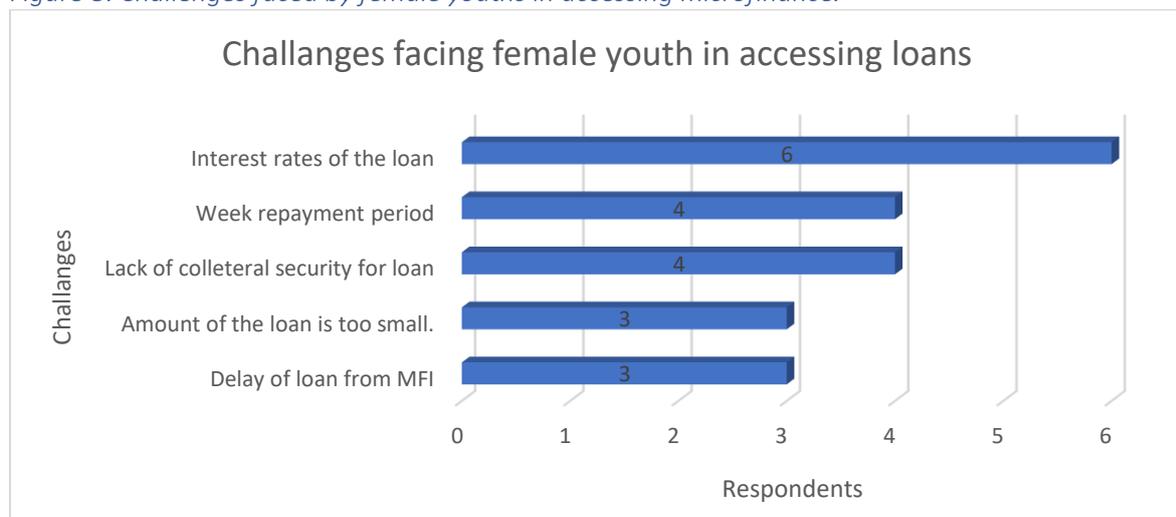
The amount of loan is too small: - The respondents revealed that MFI does not provide the amount of loans requested by women during the application of loans, this affects the performance of the business. Three respondents said that the amount of the loan provided by the MFI was very small to cover the business plan of the clients.

Lack of collateral security of the loans: - Collateral assets on the loan is one of the conditions needed by the MFI in the provision of loans to the clients. The finding of the study indicated that 4 respondents said that collateral security was among the challenges facing them in accessing loans from MFI.

Week repayment period: - Women indicated that many financial institutions demanded clients to repay the loans on a weekly basis which lead many women to fail in paying back the loans to MFI because business cannot yield the profits over a short time. This was revealed by 4 respondents and blamed on short repayment on the loans provided by MFI.

Interest rate of the loans: - High-interest rates of the loans in the microfinance institution were among the challenges facing women in accessing loans and this was revealed by 6 respondents. The respondents agreed that interest rates of 10% were high and believed that they were working for the benefits of the Microfinance Institutions and not for themselves.

Figure 8: Challenges faced by female youths in accessing microfinance.



Source: Field data, 2018

These challenges reduced the rates of the female and male who were looking for credit in the micro-finance institutions.

On the influence behind the decision on the application and taking the loans or credit from a Micro-finance institution, the results of the study revealed that 37.5% of respondents were self-motivated, 25% friends' motive, 20% of the respondents were motivated by the Government leaders while 17.5% were motivated by the self-help groups. *One of the female respondents said that... "I decided myself take the credit from MFI to improve my existing business of buying and selling second hand wear clothes to my customers to improve my household income"*.

On the exploring the reasons for the accessing credit from Microfinance institution. The findings of the study showed that 25% of the respondents revealed that they decided to takes the loans for improving the existing business, 20% were motivated by the availability of the markets for their products, 7.5% were influenced by starting a new business, 17.5% were motivated by engaging on agricultural activities especial irrigation system (irrigation) while 27.5% respondents were interested in live-stock keeping such goats, cows and chickens and 2.5% of the respondents were driven on improving household income.

CHAPTER FIVE: DISCUSSION OF THE FINDINGS

The objective of the study was to assess the influence of microfinance on economic empowerment among youths in Masasi area in order to provide a recommendation to the Masasi district council to improve the performance of microfinance institution on empowering youths.

5.1. The Influence of Microfinance on Economic Empowerment of Youth

The access to microfinance has an influence on the economic empowerment of youth in Masasi district council. The results of the study indicated that access to loans enables the respondents (youth) to engage in business and entrepreneurship activities which act as the source of income. This is line with Wanyiku *et al.*, (2016) who narrated that access to credit has the potential to assist the poor in earning income from microenterprises, level their income consumption and help the household to diversify their income source. The saving and profit from the business act as income to youth which empowered them economically. Microfinance makes a significant influence on the reduction of poverty. It helps to increase income-earning and assets building opportunities which make household less reliant on a single asset type and costs to deal with disasters.

The findings of the research agreed by Tareno *et al.*, (2015), he narrated that microfinance has a positive impact to the borrowers, because it shows that the beneficiaries could improve their economic status through participation in the income generating activities and increase income. The use of the microfinance among the people appeared as the major factor for the borrowers in raising their income. Also, he narrated that access of the microfinance has an impact in terms of job creation, business profits and increase assets creation.

Most of the respondents established the business after receiving loans from a microfinance institution to enable youth to have business as the source of income at the household level. This agrees with Mecha, (2017) who said that microfinance empowers youth by placing money in their hands and allowing them to earn an independent income, donate economically to their households and communities. Microfinance enables youth to engage in self -employment projects that generates income, this permitting them to increase the standard of living for themselves and for their families. Therefore, the involvement of youth in microfinance enable them to engage in a successful income generating activities which translate into a great control and economic empowerment.

Also, the results of the study in line with Mahmood *et al.*, (2016) argued that microfinance has a positive effect on improving the income of the borrowers. The borrowers have engaged in income generating activities which lead to the increase of income.

The results of the study in the perspective of increasing the income of the beneficiaries is in line with Naeem, *et al.*, (2014), who argues that microfinance brings impact on the income of the households because most of the microfinance beneficiaries engaged in income generating activities which enable them to develop profits in their business. The findings of the study in line with Menon, (2006) which indicated that microfinance has effects on the households in minimizing the income shortage and increase household consumptions

5.2. Influence of Training on Microfinance to the Economic Empowerment of the Youth

Microcredit training on the youth has a positive effect on the economic empowerment of youth in Masasi district council. Most of the respondents argued that they had been taught on how to run an entrepreneurship activity, were trained in financial management skills, also imparted with knowledge on Loan purpose, received education on how to make good use of the micro-credits obtained, and benefitted with knowledge on record keeping and saving. The study revealed that training on microcredit improve the performance of the business and increase income among the respondents. This finding is line with Abdul N, *et al.*, (2015) who narrated that beneficiaries of microfinance who possesses training skills enable them to start and manage their business in a manner that improves their business and increase their income. Hence, access to microfinance needs to be accompanied with the necessary entrepreneurship skills to achieve better results (Chowdhury A, 2009). The training skills on microcredit offer youths the chance to learn a better way of production through effective management of productive resources and better management of production processes, leading to high quality and quantity productivity. The research concludes that, provides training on microfinance empowered young entrepreneurs in improving business productivity and increasing income.

The finding of the study is line with Masseur J, *et al.*, (2015) revealed that the purpose of microfinance and entrepreneurship training are general to enable the beneficiaries of microfinance to manage well their entrepreneurship activities because of microfinance as the financial booster of improving business and income as well.

5.3. Influence of Microfinance on Assets Ownership of the Youths

Microfinance has an impact on assets ownership through its production and consumption effects as well as its social effect in empowering women, youth and promoting entrepreneurship. Access to small financial services facilitated the expansion of existing or setting new up non-farm microenterprise by mobilising and putting up together the resources owned by the household (Ziaul, 2014). The findings of the research revealed that microfinance has a positive impact on improving the living standard of the people and part of their profit is used in creation of the assets such as buying of land to facilitate easy agricultural activities, buying power tiller machines, keeping poultry, managed to construct

residential houses, bought goats /cows and bought motorcycle which is used for transport. This result is in line with Hietalahti, J *et al.*, (2006) who noted that suitable microfinance scheme improves client's business and increase their profit earning potential, which turns significantly to improve their assets ownership. Increase in income results in high saving and re-investment thereby increase the size of the client's business. The income of microfinance can be observed from both social and economic perspectives.

The findings of the research agreed by Tareno *et al.*, (2015) narrated that microfinance has a positive impact to the borrowers, because the access to microfinance has an impact in terms of job creation, business profits and assets creation. Also, microfinance is an important strategy that improves the living standard of the people such as health, education, food, other social benefits and an alternative in reducing poverty level in the households (Mahmood *et al*, 2016).

Also, the finding of the study revealed that microfinance funding had helped the respondents to diversify their business and reduce vulnerability. This research found out that microfinance had impacts on individual livelihoods of (youth)respondents and confirmed what the key informants had indicated that majority of their customers benefit economically from their products regarding education and health through the business, health and school fees, loans and savings. This result is in line with Onyina, P *et al.* (2013) narrating that microfinance empowers beneficiaries by providing a job with regular income enabling them to acquire more assets such as land, paying for children's education and improves profits. Also, the result findings agree with Nangiipiire, C *et al.*, (2012) arguing that beneficiaries could earn a high income, promote their business, access health care, pay for the education for their children, acquire more assets and participate meaningfully in communities' activities more than beneficiaries.

Challenge Facing Youths in Accessing Microcredit from MFI

Youths faced different challenges when they decided to look for loan at the Microfinance institution. The finding of the research revealed several challenges facing both female and male youths in Masasi district council.

In the findings of the study, research shows that; 8 (4 female and 4 male) respondents lacked collateral properties in acquiring loans from MFI or local government institutions. This result of the research is in line with Ng'ang'a, (2015), narrated that collateral is one of the factors which prevent youth entrepreneurs from accessing loans. Usually, youths possess little resources and assets that are inadequate and, in some cases, unacceptable as collateral for loans or credit.

Also, Wanjohi, (2009) revealed that banks and MFI have had difficulty in providing loans to the youth operating their business. This is because of lack of collateral required by MFI, poor compiled financial records and lack of technical management skills by the youths.

Also, the findings of the study revealed that high-interest rates of the loans in the microfinance institution were among the challenges faced by youth in accessing loans as this was revealed by the respondents. The research revealed that 13 (6 female and 7 male) respondents agreed that interest rates were high and believed that they were working for the benefits of the Microfinance Institutions and not for themselves. This result is line with Simeyo *et al.*, (2013), she narrated that most of the female and male youths faced high-interest rates when they were seeking a loan from Microfinance institution.

High expenses incurred in travelling for looking credit at MFI, the results of the study show that 3(male) respondents revealed that high expenses incurred by the clients in travelling for looking credit on MFI were one of the challenges facing youth in accessing credit. This result is line with (Anne, J et al. 2014), she narrated that most of the youth entrepreneurs faced difficulties in obtaining credit such as high expenses incurred in travelling in the process of looking for credit since most of the micro-finance institutions are in urban areas.

CHAPTER SIX: CONCLUSION AND RECOMMENDATION

The objective of the study was to assess the influence of microfinance institution on economic empowerment among youths in order to provide a recommendation to Masasi district council to improve the performance of microfinance institution on empowering youths. This chapter covers conclusions and recommendations for policy implementation. This was done with justification from the data that was collected from the study area.

6.1. Conclusion

The conclusion of the study based on the research question and sub questions, which was the influence of microfinance on the economic empowerment of the youth, the influence of microfinance on the asset's ownership of the youths and influence of microfinance training on the economic empowerment of the youths.

- Regarding on influence of microfinance on the economic empowerment of male and female youths. The finding of the study indicated the provision of microfinance to male and female youths had facilitated the increase of their income. The study concluded that, access of microfinance enables the male and female youths in phase two up to four to increase their income, through engaging on income generating activities hence increase investment and improved income of the beneficiaries.
- On the influence of microfinance on assets ownership of male and female youths. The finding of the research revealed that microfinance has an impact on acquiring assets of the male and female youths. This was evidenced that the participation of youths in income generating activities facilitated the increase of income which enables them to buy and own assets such land, house, power tiller, sewing machines, goats, milky cows, poultry, motorcycle, beds, water wells and carpentry equipment. The youths in phase two up to four owned more assets compared to phase one which does not own assets because they took loans for the first time and the profits were still low to acquire assets.
- Regarding on the influence of microfinance training on the economic empowerment of the youth, the finding of the study indicated that microfinance training enables youths to possess entrepreneurship and business skills that enable youths to use loans properly and hence improve the business performance. This was evidenced by microfinance training in business and entrepreneurship which provides skills for the youth on effective utilization of loans, financial management skills, market strategies, business innovation and products added value. The skills enable the youths on increasing profits in business.

The research concluded that the access to credit in a microfinance institution has a potential contribution to increasing the income of the youths, facilitated self-employment and employed youths in informal sectors.

6.2. Recommendation

- On the influence of microfinance to economic empowerment of the youth. The research found that accessing microfinance has enabled the male and female youths to engage in income generating activities and increased their income. It is recommended to Masasi district council through community development officers to help youth form economic groups and in that way, they are able to access loans from Microfinance institutions which the youth can use to carry out their businesses and will be in a position negotiation skill. The access of loans in groups will enable the youth to earn income through the economic activities.
- The research has found that microfinance has an impact on the asset's ownership of the youths. The income generating activities facilitated the increase of income which enables them to buy and owned assets such as land, motorcycle, power tiller machine, constructed house, keeping chicken, goat and cow. Therefore, the research is recommending to Masasi district council to provide microfinance to the low-income people especial youths in both urban and rural area to invest in small business and small farming activities to generate profits and to increase the number of assets ownership. The assets sometime act as the collateral security in acquiring loans from microfinance institutions.
- Microfinance training for the youth is recommended on entrepreneurship and business growth. It is recommended to Masasi district council to facilitate training of the youths by the community development officers to provide regular training related to microfinance and entrepreneurial business for effective utilization of loans, financial management, market strategies, business innovation and products added value for increasing profits in business. If there are no funds for training, Masasi district council can source for funding from other stakeholders through proposal writing and this can be done by the year 2020. Microfinance training plays a significant role for youths' borrowers, and district council should offer training to youth before granting loans and at the middle of conducting business.
- The research revealed that microfinance has an impact on the income of the beneficiaries. It is recommended that the male and female youths must ensure that the loans received from district council should be utilized effectively in entrepreneurship and business activities to help them to repay the loans and save for the future. This can be done by Masasi district

council following up on the economic activities of the youth on a regular basis and in that way the will be able to assist youth in managing their resources in a better way.

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Annex's

Annex 1: Semi-Structured Interview Guide for Youth

	SUB-QUESTIONS	CHECKLIST QUESTIONS	ANSWERS
1.	How does the access to the microcredit influence the economic empowerment of Youth in Masasi district Council?	<ol style="list-style-type: none"> 1. What are the reasons for accessing/taking the credit from MFI's? 2. Do you/group engage in any economic activities? YES/NO. If yes do you do any saving in any financial institution or bank? 3. How this income generating activity facilitates your economic empowerment 4. Do you access the credit as individually or in groups? 5. Who influenced you to take the loans or credit from MFI? 	
2.	How does the microcredit's training influence the economic empowerment of youth in Masasi district council?	<ol style="list-style-type: none"> 1. What kind of skilled training do you get from the Micro-finance Institutions? 2. Do you have any youth groups in this community YES/NO. If yes Do you receive any vocational skilled training? 3. How does training benefit you? 	
	SUB-QUESTIONS	CHECKLIST QUESTIONS	ANSWERS

3.	How does the microcredit provided by MFI's bring impact on improving the livelihoods of youth in Masasi district council?	<ol style="list-style-type: none"> 1. How the microcredit provided by MFI's brought impact on asset ownership? 2. How has the credit provided by MFI's brought impact at household income and saving? 3. How the credit provided by MFI's assisted in coping with difficulties or stress? 4. What are the challenges facing in accessing credit in MFI's? 	
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Annex 2: Semi -Structured Interview Guide: Key Informants

1. How is youth economic empowerment defined in your organization?
2. Do youth need to have guarantors or collateral security before they granted credit? YES/NO. If yes how they (youth) manage to get this collateral security?
3. What ways does the organization/MFI's use to promote youth economic empowerment?
4. Do you organize training for youth about how to manage the credit? YES/NO. If YES, how this training facilitates youth economic empowerment?
5. What is the purpose of the training program and do the youth view it as beneficial?
6. What are the challenges facing youth in accessing microcredit services in your organization?
7. Given that challenges above, what ways does the organization use to facilitates the youth economic empowerment.

Annex 3: Observation checklist.

1. To observe the availability of the productive assets of the respondents such as land, power tiller, bicycle, motorcycle.

2. To observe the availability of non-productive assets such as houses, tables, chairs.

Annex 4:Income generating activities of the respondents.

Respondents	Amount of loan	The ways that how the loans invested (economic activities)
1	500,000	Engaged in the garden (cabbage and tomatoes)
2	500,000	Engaged in garden (onion and green vegetable).
3	500,000	Purchase items for the small shop
4	500,000	Engaged in garden (sweet pepper and tomatoes)
5	500,000	Engaged in the garden (cabbage and tomatoes)
6	1,000,000	Keeping poultry and shop keeping
7	1,000,000	Keeping poultry and making soap
8	1,000,000	Small business (shops keeping)
9	1,000,000	Engaged in cashewnuts production
10	1,000,000	Small shop
11	1,000,000	Keeping poultry and gardening (cabbage)
12	1,500,000	Buying a milky cow and keeping the chicken
13	1,500,000	Purchase a milling machine
14	1,500,000	Purchase milky cow
15	1,500,000	Purchase equipment for his metal working shop.
16	1,500,000	Purchase items for shops
17	1,500,000	Keeping poultry and gardening
18	1,500,000	Purchase and selling cashewnuts.
19	1,500,000	Purchase maize and selling.
20	2,000,000	Keeping poultry and garden (tomatoes and cabbage)
21	2,000,000	Purchase items for tailoring shop.
22	2,000,000	Purchase items for shop (pharmacy) and garden
23	2,000,000	Purchase cashewnuts.
24	2,000,000	Purchase equipment's for carpentry shops and gardening
25	2,000,000	Purchase items for shop.
26	2,000,000	Purchase equipment's for carpentry sh and poultry
27	2,500,000	Purchase chicken and gardening (cabbage and tomatoes)
28	2,500,000	Purchase milky cow
29	2,500,000	Purchase cashewnuts and selling.
30	2,500,000	Starting tailoring shops
31	2,500,000	Purchase cashewnuts and selling to houseware
32	2,500,000	Purchase equipment for carpentry shops and poultry.

33	3,000,000	Starting business in carpet weaving shop.
34	3,000,000	Purchase sewing machine for tailoring.
35	3,000,000	Purchasing livestock (milky cow and goats)
36	3,000,000	Cultivating paddy and cashewnuts)
37	3,000,000	Purchase items for shops.
38	3,000,000	Buying motorcycle for transporting people and gardening.
39	3,000,000	Dug a water well for sell of water and keeping goats
40	3,000,000	Invested in green house (tomatoes, onion and cabbage)
Total	73,500,000	

Annex 5 Responses of the Respondents.

Research question	How does the microfinance services facilitate economic empowerment of youth in Masasi District Council?	
Sub- question:1. How does the access of the Microfinance influence the economic empowerment of youth in Masasi district council?		
Checklist/ probing question	Respondent	Responses of the Respondents
1. What are the reasons for accessing/taking the credit from MFI's.	1	I take the loans/credit to engage in irrigation scheme (gardening), low interest rate, availability of markets for produced products, engaged in entrepreneurship activities. The profit of my business enables me to increase my household income.
	2	I take the loan or credit because of small business (Kiosk), entrepreneurship activities and gardening in tomatoes, pepper, cabbage and onion. Also, I wanted to fight against poverty.
	3	I take the loan because it is Low interest rate which will be easy for me to repay the loans, to increase the income by doing business and agricultural activities such as gardening.
	4	I decided to take the loan because I wanted to engage in keeping chickens, engaging in entrepreneurship activities and gardening in tomatoes, cabbage, and onion.
	5	
	6	To increase my income by doing small business (Shops), engaged in gardening such as cultivating onion, I take the loan because I wanted to invest in keeping chickens and mixed cropping.
	7	I take the credit to invest in a small business (kiosk), entrepreneurship on making soap, keeping chickens,

	8	I decided to take the loan to invest in a beekeeping project, a small business in making soap.
	9	I invest in agricultural activities such as mixed cropping. Low interest rate makes me take the loan to engage in small business.
	10	Gardening in vegetable, tomatoes, and onion.
	11	I take the loan to increase the household income, engage in irrigation schemes (gardening) such as cabbage, sweet paper and onion.
	12	To increase income after doing business, engage in agricultural activities.
	13	I take the loan to facilities in gardening in onion and tomatoes. And small business.
	14	To engage in agricultural activities to increase income,
	15	To engage in poultry keeping (100 chickens), also engage in gardening such as cultivating tomatoes, hot pepper, and small business of buying and selling fish.
	16	To increase my capital and engage in gardening.
	17	To engage in poultry keeping (Chicken) and agricultural activities by cultivating maize and paddy.
	18	To engage in buying and selling cashewnuts.
	19	To engage in agricultural activities, to increase the income by engaging in gardening also Low interest rate make me easy to repay the loans
	20	To engage in poultry keeping, small business and in gardening.
	21	I decided to take the loan to engage in agricultural activities.

	22.	To engage in poultry keeping and gardening on onion, green vegetable, and cabbage.
	23	I decided to take the loan to engage in agricultural activities and keeping chickens.
	24	To engage in carpentry by making beds, tables, chairs, and keeping chickens.
	25	The purpose of taking my loans is to engage in small business (shop)
	26	To facilitate agricultural activities and poultry keeping.
	27	To engage in business to increase the income, keeping goats and chickens, and agricultural activities.
	28	I engage in agricultural activities in cashewnuts.
	29	To engage in poultry keeping (chickens) and garden on onion, tomatoes and cabbage.
	30	I engage in gardening and keeping chickens and goats.
	31	I decided to take the credit in order to engage in buying and selling soap to customers and keeping chickens and ducks.
	32	I take the credit to engage in keeping chicken and engage in gardening on tomatoes.
	33	I take the loan to engage in keeping chicken and in small business.
	34	To engage in keeping chickens and engage in agricultural activities.
	35	I decided to take the loan to invest in small business, keeping chickens, and garden on tomatoes, cabbage and sweet pepper.
	36	To increase my capital to invest in the shop and engage in the garden by cultivating tomatoes and onion.

	37	I decided to take the credit in order to engage in buying and selling soap to customers and keeping chickens and ducks.
	38	To engage in keeping chickens, gardening on green vegetable and onion and small business.
	39	I decided to take the loan in order to engage in entrepreneurship, keeping goats and chicken
	40	To involved in gardening on green vegetable such as cabbage and keeping chickens.
	Respondent	Responses
2. Do you/group engage in any economic activities? YES/NO. If yes do you do any saving in any financial institution or bank?	1	Yes, I engaged in economic activities. These economic activities include agricultural activities such as gardening in onion, cabbage, I have small shops (kiosks), I save my funds in the bank because I have my bank account.
	2	Yes, I engaged in economic activities. These economic activities include agricultural activities such as gardening in onion, cabbage, I have small shops (kiosks), I save my funds in the bank.
	3	Yes, I engaged in economic activities. I involved in the small business (shop) and agricultural activities such as gardening on cabbage, onion and tomatoes.
	4	Yes, I engaged in economic activities. Garden (sweet pepper)
	5	Yes, I engaged in economic activities. I involve garden (cabbage and tomatoes)
	6	Yes, I engaged in economic activities. in gardening such as cultivating onion, investing in keeping chickens and mixed cropping. (keeping poultry)
	7	Yes, I engaged in economic activities. I engaged in entrepreneurship in making soap, keeping chickens,
	8	Yes, I engaged in economic activities. I engage in small business on making soap.(shop)
	9	Yes, I engaged in economic activities. I invest in agricultural activities such as mixed cropping (cashewnuts)
	10	Yes, I engaged in economic activities. I involve in small shop)

	11	Yes, I engaged in economic activities. I involve in the garden for cultivating onion, tomatoes and cabbage. (poultry)
	12	Yes, I engaged in economic activities. I engage in milky cow and agricultural activities.
	13	Yes, I engaged in economic activities. I involved in the garden by cultivating onion and cabbage (purchasing milling machines)
	14	Yes, I engaged in economic activities. I engage in agricultural activities.(milky cow)
	15	Yes, I engaged in economic activities. I engage in gardening on tomatoes, cabbage and onion. (metal working shop)
	16	Yes, I engaged in economic activities. I involve in the garden (small shop)
	17	Yes, I engaged in economic activities. I engage in keeping chickens (250) and garden
	18	Yes, I engaged in economic activities. I involve in buying and selling cashewnuts
	19	Yes, I engaged in economic activities. I engage in agricultural activities in cultivating maize and garden.
	20	Yes, I engaged in economic activities. I involve in keeping chickens (300), garden in cultivating onion, green vegetable
	21	Yes, I engaged in economic activities. I involved in agricultural activities. (tailoring shop)
	22	Yes, I engaged in economic activities. I engage in poultry keeping (350) and garden (pharmacy)
	23	Yes, I engaged in economic activities. I involve in agricultural and keeping chicken (450)
	24	Yes, I engaged in economic activities. I engage in carpentry in making tables, chairs, beds and dressing table.(garden)
	25	Yes, I engaged in economic activities. I involve in small business (shops)
	26	Yes, I engaged in economic activities. I engage in agricultural and keeping chicken (354)
	27	Yes, I engaged in economic activities. I involve in keeping chicken (150) and garden
	28	Yes, I engaged in economic activities. I engaged in keeping goats (milky cow)
	29	Yes, I engaged in economic activities. I involve in agricultural cashewnuts
	30	Yes, I engaged in economic activities. I engage in gardening and keeping chicken and tailoring shop.

	31	Yes, I engaged in economic activities. I involve in buying and selling soap and keeping chickens (350) and goats
	32	Yes, I engaged in economic activities. I engage in keeping chickens, cashewnuts and gardening on green vegetable, onion and tomatoes.
	33	Yes, I engaged in economic activities. I involve in keeping chickens and Equipment's for carpentry
	34	Yes, I engaged in economic activities. I engage in keeping chickens (345) activities. (purchase sewing machines)
	35	Yes, I engaged in economic activities. I engage in gardening on tomatoes, cabbage and sweet pepper (milky cow)
	36	Yes, I engaged in economic activities. I involve in small business (shops), gardening on tomatoes and onion. (paddy)
	37	Yes, I engaged in economic activities. I involve in buying and selling soap and keeping chicken (400) and ducks (small shop)
	38	Yes, I engaged in economic activities. I engage in gardening on green vegetable and tomatoes. (buying motor cycle)
	39	Yes, I engaged in economic activities. Digging well and selling water)
	40	Yes, I engaged in economic activities. I engage in gardening on green vegetable, tomatoes and onion. (green house)
		Responses of the Respondents
3. How this income generating activity facilitates your economic empowerment?	1	The economic activities enable me to increase the income, the increase of the income in my households helped me to invest in other business.
	2	The economic activities enable me to meet the basic needs such as food, clothes, and a good house.

	3	The economic activities help me in saving. The saving helps me in establishing my new business venture.
	4	The access to credit helps me to make the investment. The investment activities increase my income.
	5	The economic activities enable me to own my assets such as houses, farms and motorcycles.
	6	The access to credit helps me to increase the household income.
	7	The economic activities enable me to increase the income of my household, helped me in saving my money and enable me in my health expenses. Also enable to send my children to school.
	8	The economic activities help in increase the income, enable to send my children to school
	9	The economic activities enable me to increase the income, helped me to establish a business venture.
	10	The economic activities enable me to increase the income and establishing a new business venture.
	11	The economic activities enable me to meet basic needs such as food, clothes, and shelters. Also increase the income, helped me build to meet the medical expenses.
	12	The economic activities enable me to engage in investment.
	13	The economic activities enable me to increase household income.
	14	The economic activities enable me to increase the income and helping to create job employment for other youths. Examples in irrigation scheme.
	15	The economic activities enable me to increase household income. The increase in household income enables me to meet medical expenses and paying school fees to my children.

	16	The economic activities enable me to increase the income, and help in meeting basic needs such as food, clothes and shelter.
	17	The economic activities enable me to increase the income, Also, enable to send my children to school.
	18	The economic activities enable me to increase the profits and income of the household.
	19	The economic activities enable me to increase the income, helped me build my house and helped me with my health expenses. Also enable to send my children to school.
	20	The economic activities enable me to increase the income, also enable to send my children to school.
	21	The economic activities enable me to increase my income, also it enables to meet the basic needs such as food, clothes and medical expenses.
	22	The economic activities enable me to increase the income.
	23	The economic activities enable me to meet the basic needs such as food, clothes, and a good house.
	24	The economic activities help me in saving. The saving helps me in establishing my new business venture.
	25	The access to credit helps me to make the investment. The investment activities increase my income.
	26	The economic activities enable me to own my assets such as houses, farms and motorcycles
	27	The access to credit helps me to increase the household income.
	28	The economic activities increase saving. Also facilitates employment opportunities for the youth.
	29	The economic activities led to increasing the profit and income.
	30	The economic activities enable me to accumulate wealth after accessing the credit.

	31	Economic activities enable me to improve the quality of my life.
	32	Access to credit has empowered me to own my assets.
	33	The economic activities enable me to increase household income and engage in small business.
	34	The economic activities enable me to own my assets such as houses, farms and motorcycles.
	35	The economic activities enable me to increase the income, helped me build my house and helped me with my health expenses
	36	The access to credit helps me to increase the household income
	37	The economic activities enable me to increase household income.
	38	The economic activities enable me to increase the income, and help in meeting basic needs such as food, clothes and shelter
	39	The access to credit helps me to make the investment. The investment activities increase my income
	40	The economic activities enable me to meet the basic needs such as food, clothes, and a good house.
4. Who influenced you to take the loans or credit from MFI?	18	Self -motive. The 18 respondents had self-motivated to borrow the loans from MFI.
	10	Friends
	12	The government
Sub-question 2: How does the microfinance’s training influence the economic empowerment of youth in Masasi district council?		
Checklist/probing questions	Respondent	Responses of the respondents. (After analysis of the data from respondents)
1. What do you understand about economic empowerment?		Economic empowerment is the capacity of the youth to participate in, contribute to and benefits from the growth process in a way to recognise the values of the contributions.
		Economic empowerment is the process of aiding such loan or credit or capital to a youth so that he/she can do business and increase the income.

		Economic empowerment is the process of increase's youth access to economic resources and opportunities including job, financial resources, productive assets and skills development.
		Economic empowerment is the process whereby youth achieving equal access to and control over economic resources aim to bring income to the youth.
		Economic empowerment is an action of providing skills and access to access productive resources to benefits for economic growth.
		Economic empowerment is an act of enhanced skills so that you can develop existing opportunities and utilize in order to increase the income of a youth.
		Economic empowerment is an act of enhanced skills so that you can develop existing opportunities and utilize to increase the income of a youth.
		Economic empowerment is an act of enhanced skills so that you can develop existing opportunities and utilize to increase the income of a youth.
		Economic empowerment is a process whereby the government provide funds to the youth to engage in economic activities to increase income
		Economic empowerment is the capacity of the youth to participate in, contribute to and benefits from the growth process in a way to recognise the values of the contributions.
		Economic empowerment is the process of aiding such loan or credit or capital to a youth so that he/she can do business and increase the income
		Economic empowerment is the process of increase's youth access to economic resources and opportunities including job, financial resources, productive assets and skills development
		Economic empowerment is an action of providing skills and access to access productive resources to benefits for economic growth
		Economic empowerment is an act of enhanced skills so that you can develop existing opportunities and utilize in order to increase the income of a youth
		Economic empowerment is an act of enhancing skills so that you can develop existing opportunities and utilize to increase the income of a youth.

		Economic empowerment is the capacity of the youth to participate in, contribute to and benefits from the growth process in a way to recognise the values of the contributions.
		Economic empowerment is the capacity of the youth to participate in, contribute to and benefits from the growth process in a way to recognise the values of the contributions.
2 What kind of skilled training do you get/ received from the Microfinance Institutions or Local government?		MFI and Local government provide training to me. This training based on <ul style="list-style-type: none"> • Record keeping, • Financial management, • how to runs a business, and • Entrepreneurship skills. • Saving • Loan purpose • How to use the credit received from MFI
		Responses of respondents after analysis.
3.How does the training received from MFI benefit you?		Microfinance training has the following benefits <ul style="list-style-type: none"> • Getting knowledge on how to manage the loan, • Marketing knowledge. • Knowing how to save money. • Awareness of knowing different business and entrepreneurship.
Sub-question 3: How does microcredit provided by MFI bring impact on improving the livelihoods assets of the youth in Masasi district council?		
Checklist/ probing questions	Respondents	Responses of the respondents. (After summarization to all respondents)
1. How the microcredit provided by MFI's brought impact on assets ownership?	40	The following were livelihood assets that respondent revealed that they bought after doing entrepreneurship activities. <ul style="list-style-type: none"> • Buying land or farm • Buying my motorcycles and bicycle • Water pump for irrigation purpose. • Power title

		<ul style="list-style-type: none"> • Sending children to school by paying school fees. • Construction of the house. • Bought chickens (poultry) • Bought goats and cows
2. How the credit provided by MFI's assisted in coping with difficulties or stress?		<p>After getting the profits from my business and other economic activities. The profits of the loans can help to solve difficulties when</p> <ul style="list-style-type: none"> • Paying school fees to the children, • buying foods • medical expenses.
		Responses of the respondents (After analysis of all responses from respondents.)
3. What are the challenges facing youth in accessing credit in MFI's?	40	<p>Challenges facing youth in accessing credit/loans from MFI</p> <ul style="list-style-type: none"> • High expenses incurred on travelling during the process of looking for credit/loans from MFI or Local government. • Waiting for loans for a long time. • Lack of security of the loans. • Lack of relationship with the MFI staff. • High interest rate 10% and 17% for Local government and MFI respectively. • Short repayment period of the loans.

VAN HALL LARENSTEIN UNIVERSITY.

CONSENT LETTER.

Date

Introduction

My name is Aghaton Elias Madonda

I'm a master student at Van Hall Larenstein, University of Applied science.

You are being asked to be in a research study of the role of microfinance institution on the economic empowerment of youth in Masasi district council. You are selected as a youth who are the beneficiaries of the microcredits.

Confidentiality

The interview and records of this study will be kept strictly confidential. Research records will be kept in confidentiality and will not expose anywhere.

Right to Refuse or Withdraw

The decision to participate in this research is up to you. You may refuse to take part in the study at any time without affecting your relationship with me and you may withdraw from an interview at any time without a problem.

Consent

Your name and signature below indicate that you have decided to volunteer as a research participant

Name of the Respondent

Name of the Researcher

Signature of the Researcher.....

Signature of Respondent.....