

# Implementation Livelihood Enhancement Through Saving Component in South District Unguja

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**Abstract:** This study examined the implementation livelihood enhancement through saving component in South District Unguja. The survey questionnaire was distributed to the TASAF beneficiaries with sample size of 307 and data were collected and analysed based on correlation techniques using SPSS 23.0 software. The nature of this study is quantitative where it showed the relationship between two latent variables. The results showed that there is a positive correlation between saving components and livelihood enhancement. This means that the Person's correlation between saving component and livelihood enhancement of beneficiaries of TASAF III Unguja South District is 0.465,  $p < 0.01$ ; two tailed. In addition, saving component is moderate correlated where the increase of score in one variable, it also leads to the increase of the score in the other variable (0.465,  $p < 0.01$ ). This result indicates that saving component is useful in enhancing the livelihood of beneficiaries of TASSAF II. It is concluded that saving components improve livelihood enhancement of the poor in Zanzibar. The paper recommended that, an impact evaluation has to be undertaken to provide better evidence and to remove all the observed challenges in the implementation of Livelihood Enhancement Component including lack of tools kits for some of villages (Shehia) like a safe box and book records.

**Keywords:** Livelihood Enhancement, Saving Component, Poverty Reduction, Pearson Correlation, Training, Follow-up

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## 1. Introduction

The Tanzania Productive Social Safety Net (PSSN) Projects was initiated in 2012 by the Government of the United Republic of Tanzania as a part of government Strategy to reduce poverty by supporting the poorest and the most vulnerable through a series of interventions which aim to protect households from seasonal and unexpected shocks affecting their income and assets. It provides households with tools to mitigate the current poverty and vulnerability and promoting households to improve their living standards and help them graduate out of poverty [1]. TASAF III project is expected to achieve its objective by implementing the following four components; *conditional Cash Transfer, the public works programme, Targeted infrastructure development and Livelihood Enhancement Component*.

Livelihood Enhancement Component means to supporting and building the Capacity of poor households to engage in savings and make livelihood Investment. This component

encourages beneficiaries to form savings groups and attend training on financial literacy and other skills development. However, beneficiaries are not granted seed capital for income generating and livelihood activities, because TASAF does not currently have specific financing for this. Beneficiaries who take part in groups for one year become eligible for competitive (for a few, and not automatic) grant support.

The programme anticipates that beneficiaries engaged in livelihood activities are expected to have more earnings, more savings, and be able to acquire investments, and hence be able to achieve a sustainable income given the combined benefits (including the safety-net benefits). This category of beneficiaries will be therefore comparatively more able to achieve a quicker graduation out of poverty [2].

Tanzania through TASAF III Program was designed to include Savings Groups as the main graduation pathway within the Livelihoods Enhancements Initiative. Beneficiaries first receive a conditional cash transfer and some participate in public work programs; and beneficiaries

are then encouraged to join a Savings Group. Local facilitators form and train Savings Groups, and facilitate access to livelihood enhancement grants. PSSN aims to reach 1.1 million households and organize them into Savings Groups [3].

The Executive Director of TASAF Mr. Ladislaus Mwamanga on his speech during the launching of TASAF 111 phase 11 said, A total of 22,303 saving groups have been formed in 54 Councils in Tanzania mainland, Unguja and Pemba having a total of 311,114 group members, more than 2.5 Billion have been collected through the saving groups and a total of 1.6 billion have been loaned according to the rules setting out and repayment are being made accordingly. Through livestock Investment a total of 11,120 Cows, 2,745,000 Goats, and 12,053,000 poultry have been produce and through agricultural activities a total of 561 have been implemented. Also a total of 91,705 Small business activities have been formed and a total of 43,280 houses was rehabilitated and constructed (Launch of TASAF 111 phase 11, February 2020).

In Zanzibar, under implementation of livelihood Enhancement Component, members of saving groups are able to borrow money for starting small business, pay school fees or improving housing conditions in their groups which is formed between 10 to 15 members and they have established income generating activities to increase household income. The report of Unguja PAA –PSSN implementation 2019 state that a total of 1,147 saving groups have been formed in 126 Shehia of Unguja having a total of 16,086 group members, 649 being male and 15,437 being female [4]. Groups formed have leadership and have prepared their Constitutions. The main purpose of these Community Saving Groups is to receive shares, savings and deposits from members and issue loans to their members for the sake of investing with small income generating activities for their future. A total of 2,161,493,313 have been collected through such saving groups [5].

## 2. Problem Statement

Livelihoods Enhancement is one among TASAF III – PSSN programs which contributes to building the foundation for graduation of beneficiaries out of poverty. It supports capacity building of the poor households to engage in savings and make livelihood investments. This programme focuses on the promotion of savings through a group savings, financial literacy training, and group capacity building.

In order the livelihood to be enhanced it need a proper management of saving components, that means the beneficiaries increased saving. The beneficiaries through livelihood enhancement component in Zanzibar have been dependent on cash obtained from Conditional Cash Transfer and Public Work program to make their saving and be able to issue credit/loans to their members but such dependence will not prove helpful in a sustainable manner due to fact that such grants obtain from CCT and PWP are low (Beneficiaries of TASAF during Community session).

The implementation of livelihood enhancement has started from 2016, however, there is no any comprehensive study conducted to evaluate as well as to assess the implementation of Livelihood enhancement program through saving component to the beneficiaries households. Therefore, this current study is assessing the implementation of Livelihood enhancement through saving from beneficiaries.

## 3. Theoretical Literature Review

A Collective Action Theory has been used in this study. Olson [6] explained the theory of collective action, where they argue that the individuals who come together have the same interest and they will act accordingly to achieve them. The theory also seeks to understand on how the individual are able to cooperate to overcome social economic dilemmas facing them. McCarthy & Zald [7] believe that collectivities are not an end to themselves but rather a means of mobilizing resources. This suggests that collectivities concern is not who is responsible for their vulnerability but rather how to reverse it. So this study chose to use this theory because saving groups bring together the poor household beneficiaries to save their money and that is through collectivity of poor household beneficiaries are able to efficiently solve their problems and achieve goals of improving income and increasing consumption through saving and investment activities in order to graduating them out of poverty.

## 4. Empirical Literature Review

Several studies related to saving and livelihood enhancement have been reviewed and presented under this section. Some of them are:

Steinert, Janina I. et al. [8] on their study on investigate whether saving promotion can effectively reduce poverty and economic hardship in Sub-Saharan Africa. In their study an extensive database search, 9330 records were screened and 27 randomized controlled trials on saving promotion interventions fulfilled the inclusion criteria. Robust-variance estimations of pooled effect sizes show small but significant impacts on poverty reduction, including increases in household expenditures and incomes, higher returns from family businesses, and improved food security. They also show positive impacts on more intermediate outcomes including total savings, pro-saving attitudes, financial literacy, and investments in small-scale family businesses. Their results do not show significant effects on assets, housing quality, education, or health. Findings from their analysis suggest that saving promotion schemes are highly relevant in reducing poverty in Sub-Saharan Africa, and that formal banking services in particular require adaptation to the needs of the poor.

Nkundal and Andal [9] conducted a research to determine influence of community participatory monitoring and evaluation on sustainability of Savings for transformation project in Mbazi Sector of Huye District, Rwanda. Descriptive design was utilized in the research. The study population was 747 which comprised of 733 project

members, 10 community monitors and 4 world vision staff. Descriptive results indicated that 97%, 90.9% and 90.6% of the respondents did agree greatly that participation of community at planning stage; implementation stage and M&E stage respectively influence sustainability of Savings for Transformation Project. However, 3%, 9% and 8.3% of respondents agreed to a moderate extent. Correlation findings reported a Pearson correlation coefficient of more than 0.8 and significance of 0.000 in all cases indicating high positive association which is significant. The regression coefficients were also positive and significant in all cases indicating a greater positive influence of community participation.

Mutebi [10] conducted a study to understanding the characteristics, benefits and challenges, of savings groups in rural Uganda. The method used was a cross-sectional descriptive study that employed both quantitative and qualitative data collection techniques. Data on the characteristics of community-based savings groups (CBSGs) were collected from 247 CBSG leaders in the districts of Kamuli, Kibuku and Pallisa using self-administered open-ended questionnaires. To triangulate the findings, they conducted in-depth interviews with seven CBSG leaders. Descriptive quantitative and content analysis for qualitative data was undertaken respectively. The researchers investigate that, quarter of the savings groups had 5–14 members and slightly more than half of the saving groups had 15–30 members, 93% of the CBSGs indicated electing their management committees democratically to select the group leaders and held meetings at least once a week, 89% of the CBSGs had used metallic boxes to keep their money, while 10% of the CBSGs kept their money using mobile money and banks, respectively.

Yahya [11] on his study of Assessment of Saving and Credits groups on poverty reduction in North Unguja, Zanzibar who focusing on informal rural groups, formed by the community members to reduce poverty at the household level. The study used a sample of 204 respondents, and used a cross sectional research design. In multiple linear and logistic regressions, the research found out that, saving and Credits Groups (SACGs) benefit the community in terms of increase in the levels of income. A larger number of households who got loans from informal institutions were able to competently manage their businesses. The researcher came with the conclusion that; informal financial institutions play an important role in poverty reduction in the rural areas. Developing and improving, these groups can be an effective alternative to formal commercial banks.

Annonciata [12] carried out a study on contribution of savings and credit associations to members' welfare in Rwanda. The study employed a cross-sectional design where both qualitative and quantitative approaches were used. Primary data were collected from 100 SCA members, eight non SCA members, seven key informants and four FGD. The secondary data were collected from SCAs' records and documents complemented by previous reports, journals and books. Data were analysed using descriptive statistics, content analysis, inferential statistics and McNemar's test. The researcher found that before members joined SCAs, they

were economically poor. About 78% of members were mainly involved in subsistence farming, and socially they were disintegrated with a great number of vulnerable people. The research proves that, after members joined the SCAs, socially, improvements were made on networks, friendships, unity and reconciliation, entrepreneurial skills, and mutual aids as well as better living conditions.

Wosene [13] in his research on exploring the contribution of village saving and loan groups for economic and social capital empowerment of poor women in Ethiopia is referred. These research use descriptive qualitative design and data were presented descriptively. Thirty-five women who were members of VSLG were identified by purposive sampling, and then interviewed. The researcher investigate that VSLG contribute positively on the social capital, Parents sent their children to school, enhance the decision making power of women, economic empowerment of poor women, harmony with in the family, improvement of saving culture, ensures security, change in social status, increase in social interaction enhanced self-confidence and hope of a better future. The study concludes by making implications as to how the insights gained could be used to improve in the future.

Asif [14] conducted a study to evaluate the Livelihood Enhancement and Protection (LEP) programme which is a major initiative for poverty alleviation under Ehsaas programme. This research use multistage stratified random sampling to subdivide target population; Primary data was collected through survey for Livelihood Enhancement and Protection Program Survey in Khyber. It was found that asset provision and skills trainings are helpful in increasing the earnings and provide sustainable livelihood opportunities to poor households.

Borjeson [15] conducted a study to examine the role self-help microfinance Saving Groups play in women's empowerment in villages in Mbale district, Uganda. Central for the study is to identify the challenges and opportunities that participation in Saving Groups brings in women's everyday life. The study uses qualitative field study in Uganda, where eleven mothers attending Saving Groups in the villages Nashikhaso, Bubuyera and Mulyuli were interviewed. The findings show that loans from the groups have allowed the interviewees to improve their farming and thereby gain an annual income which has led to several life-changing opportunities. The ability to pay for children's education is recognized as most valued for the women's self-esteem, self-confidence and hope for a better future. Moreover, the findings show that even though the Saving Group's function as a financial instrument is important, their function as a center where women can socialize and find support and knowledge may be even more vital for women's empowerment.

Onyango [16] on his study on Influence of financial literacy trainings on the performance of village savings and loan associations supported by NGO's in Kenya. The study was done on the members of the VSLA's in Kwale County who are registered within the groups in that region. There was a total of 73 participants in the study undertaken. The hypothetical question was to establish if financial knowledge has an impact

on the financial performance of the VSLA's supported by NGO's in Kenya. The study used stratified sampling method and questionnaires in collecting required information through interviews. The findings showed that there was a strong relationship between financial literacy and financial performance of VSLA's. this led to a conclusion that there is need to ensure the groups are empowered properly since most of the VSLA that have not been performing well have their members not well trained on financial literacy components such as budgeting, expenditure control and savings.

## 5. Methodology

*Research Design:* The quantitative research approach was used in this study which is characterized by collection of information which was analyzed numerically and the results of which are typically presented using statistics and tables.

*Study Area:* This study is conducted in Zanzibar at Unguja South District. This District is located in the South Region of Zanzibar. According to 2012 population and Housing Census for United Republic of Tanzania, the Unguja South District has the population of 39,242. The study was conducted at Shehia's levels where component of livelihood enhancement sub component of PSSN is being operated. The study covers all 13 Shehia in such district which is actively involved in savings and investment activities through livelihood enhancement component. Shehia's which were covered with this study are Muyuni B, Muyuni C, Kajengwa, Dongwe, Kizimkazi Dimbani, Kizimkazi Mkunguni, Mzuri Makunduchi, Kikadini, Mtende, Kijini Makunduchi, Bwejuu, Kitogani and Muungoni in South district, Unguja.

*Study Population:* The study population was the beneficiaries of TASAF III who are involved in saving and Investment Programme in all 13 Shehia's of Unguja South District. The population of interest was consisting of registered saving groups members who are involved in savings and livelihood enhancement activities within 13 Shehia's in South district Unguja. The population for the study is 1321 members of household under 78 numbers of groups.

*Sampling Techniques and size:* A simple random sampling was used for members of saving groups because all members has equal chance to participate in the study and the selection was done without personal bias of the study. Thus a sample of 307 respondents from 13 Shehia was used and considered as appropriate for a study of this nature.

*Data Collection Methods:* The questionnaire survey was used as a method of data collection in this study. It was created using appropriate questions improved from related studies and individual questions that was prepared. A 5 – Point Likert scales was used to determine the level of agreement or disagreement against the statement.

## 6. Study Findings

### 6.1. Demographic Findings

Respondent characteristics as demographic elements were

considered vital and important for analysis since they constitute important contribution with implications to the study relevant for the provision of information is relation to the filling of the knowledge gap. The features which are useful and necessary for analysis were age, marital status, level of education, occupational status and field of study with findings, analysis and discussion presented in the following manner.

From the age of respondents, the result indicated that 68.7 percent of the respondents were ranges from 38 – 47 ages, followed by 19.5 percent from the age group of 48-57. This implied that the respondents were dominated by the large number of age groups of 38 to 47 which is a good age of main power in every activity in any country. According to, Haines et al. [17] and Soetanto et al. [18] notes that older people potentially are at higher risk in any activities being concerned, although they have cumulative experience to deal with saving and investments in the society. About the gender of the respondents, the data revealed that out of 307, 28 respondents equal to (9.1%) were male and 279 respondents equal to (90.9%) were female. These results clearly indicated that the most respondents who were participated in this study question were female, since Female is a group which is most participated in TASAF III Programme rather than male.

The result of marital status of the respondents indicated that, majority of the respondents (73.3%) were married. This is indicated that, most of the respondents who were involved in answering questions in this study were married since, covered more than 70% of the total respondents. On the side of education of the respondents, the study indicated that 48.2% of the total respondents were having Primary Education and 31.9% were having secondary education. This indicated that, most of the respondents involved in this study were in Primary education. This result could imply that most of the respondents had basic education level which enabled them to read and write and therefore, were able to engage in saving. All findings is summarized from table 1 below.

*Table 1. Demographic of the respondents.*

Variable	Category	Frequency	Percentage (%)
Age	18-27	6	2.0
	28-37	21	6.8
	38-47	211	68.7
	48-57	60	19.5
	58 and above	9	2.9
Gender	Male	28	9.1
	Female	279	90.9
Marital Status	Married	225	73.3
	Single	37	12.1
	Divorced	31	10.1
	Widow	14	4.6
Education level	Non-formal education	32	10.4
	Adult education	14	4.6
	Primary education	148	48.2
	Secondary education	98	31.9
	Higher education	3	1
	Vocational training	12	3.9

## 6.2. Implementation Livelihood Enhancement Through of Saving Component

According to Tabachnick and Fidell [19] a Pearson correlation Techniques was used in this study in order to explore the strength of the relationship between two continuous variables. Pearson correlation coefficients ( $r$ ) can range from  $-1$  to  $+1$ . The sign in front indicates whether there is a positive correlation (as one variable increases, so too does the other) or a negative correlation (as one variable increases, the other decreases). The size of the absolute value (ignoring the sign) provides information on the strength of the relationship. A perfect correlation of  $1$  or  $-1$  indicates that the value of one variable can be determined exactly by knowing the value on the other variable. On the other hand, a correlation of  $0$  indicates no relationship between the two variables.

Thus, to determine/ interpret the value of correlation different authors suggest different interpretations; however, Cohen [20] suggests the following guidelines.

**Table 2.** Interpretation of Person's correlation coefficient ( $r$ ).

Values of Pearson's correlation coefficient	Interpretation
$r = 0.10$ to $0.29$	Small correlation
$r = 0.30$ to $0.49$	Medium correlation
$r = 0.50$ to $1.0$	Large correlation

Source: Cohen (1988, pg 79 – 82).

The results of the Pearson's correlation coefficient ( $r$ ) as seen in the table 3 show that all predictor variables namely saving component and investment component correlate positively with the dependant variable livelihood enhancement.

**Table 3.** Correlations Analysis.

		Saving component	livelihood enhancement
Saving component	Pearson Correlation	1	.465**
	Sig. (2-tailed)		.004
	N	307	307
livelihood enhancement	Pearson Correlation	.465**	1
	Sig. (2-tailed)	.004	
	N	307	307

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: Field Data, (2021).

The result from the table 3 above showed that there is a positive correlation between saving components and livelihood enhancement. This means that the Person's correlation between saving component and livelihood enhancement of beneficiaries of TASAF III Unguja South District is  $0.465$ ,  $p < 0.01$ ; two tailed. With reference to Cohen (1988) thresholds of interpreting the strength of the correlation regardless the direction of the sign either positive or negative, it could be concluded that saving component have medium correlation with livelihood enhancement ( $0.465$ ,  $p < 0.01$ ). As displayed in the table 3 it is seen that saving component is moderate correlated where the increase of score in one variable, it also leads to the increase of the

score in the other variable ( $0.465$ ,  $p < 0.01$ ). This result indicates that saving component is useful in enhancing the livelihood of beneficiaries of TASSAF II.

The results of this study supported by the results of the study conducted by Annonciata [12] carried out a study on contribution of savings and credit associations to members' welfare in Rwanda. The researcher found that before members joined SCAs, they were economically poor. About 78% of members were mainly involved in subsistence farming, and socially they were disintegrated with a great number of vulnerable people. The research proves that, after members joined the SCAs, socially, improvements were made on networks, friendships, unity and reconciliation, entrepreneurial skills, and mutual aids as well as better living conditions. Also, from Wosene [13] on exploring the contribution of village saving and loan groups for economic and social capital empowerment of poor women in Ethiopia is referred. These research use descriptive qualitative design and data were presented descriptively. Thirty-five women who were members of VSLG were identified by purposive sampling, and then interviewed. The researcher investigate that VSLG contribute positively on the social capital, Parents sent their children to school, enhance the decision making power of women, economic empowerment of poor women, harmony with in the family, improvement of saving culture, ensures security, change in social status, increase in social interaction enhanced self-confidence and hope of a better future.

## 7. Conclusion

The study has assessed the implementation of livelihood enhancement Component through saving in South District Unguja. Based on this objective that this study was set to achieve, through the use of Pearson correlation techniques, the following conclusion was reached in this study. It is concluded that saving components improve livelihood enhancement of the poor in Zanzibar. Accordingly, this study concludes that saving component seems to have a little bit stronger implication of livelihood enhancement. This is due to a combined contribution of training on investment given to the lower level of income and follow up procedure provided by PAA.

## 8. Recommendations

Overall, Impact evaluation has to be undertaken to provide better evidence and to remove all the observed challenges in the implementation of livelihood Enhancement Component including lack of tools kits for of villages (Shehia) like a safe box and book records.

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