IHS
Making cities work

IHS is the international institute of urban management
of Erasmus University Rotterdam

MSc Programme in Urban Management and Development

Rotterdam, The Netherlands

September 2016

Thesis

Title: The influence of residential license on household access to formal loans in Dar es Salaam City

Name: Anna Nichodemas Mgalula

Supervisor: Julia .M. Skinner M.Sc.

Specialization: Urban Housing and Livelihood

UMD 12

MASTER'S PROGRAMME IN URBAN MANAGEMENT AND DEVELOPMENT

(October 2015 – September 2016)

Title

The Influence of Residential License on Household Access to Formal Loans in Dar es Salaam City

Name

Anna Nichodemas Mgalula

Country

Tanzania

Supervisor:

Julia .M. Skinner M.Sc.

UMD 12 Report number: 965

Rotterdam, September 2016

Summary

This research was done in Temeke Municipality in Dar es Salaam City. Its focus was on *Comprehensive Property Register for Economic Empowerment project which fell under the flagship of poverty reduction programme implemented by the Government of Tanzania starting year 2004. In this programme, the Government aimed at formally registering all properties in informal settlements in order to turn the properties from being "dead assets" to "active assets" because it was theorized that an asset that lacks formal registration and legal ownership has no potential to engage in active land and finance markets. In addition to this objective, the Government also aimed at increasing its tax base because once formalized, owners of these properties would be subject to paying tax to the Government. Towards implementation of this project, properties in informal settlements were formally registered and households were issued with residential licenses as a form of tenure security for their properties. The residential licenses were also expected to be used as collateral in commercial banks for accessing formal loans and credit for the purpose of expanding business enterprises hence improving livelihood of the residents and finding a way out of poverty.

The relationship that had been established between residential license and how it influences access to formal loans and credit is what formed the base for this research. This research therefore, was tailored to study and explain the influence that the issued residential licenses have had on household access to formal loans and what has been the experience of households in Temeke Municipality. In addition to that, through academic literature, other factors have been established to have influence on household access to formal loans. These factors include household vulnerability, need for formal loans and loan conditionality. Together with residential license possession, these factors have been studied as intervening variables to check the extent they influence access to formal loans.

Case study research strategy was employed to explain the relationship between variables. Residential license was treated as an independent variable together with intervening variables which are household need for formal loans, household vulnerability and formal loan conditionality. Household receipt of formal loans was treated as a dependent variable.

Academic literature suggested that residential license alone cannot influence access to loans but it also depends on the household need for the loans and the strategies that households employ. On a further note, academic literature also suggests that loan conditionality has a great influence on household access to formal loans.

Research findings in Temeke Municipality revealed that a residential license is a drive towards access to formal loans since households that accessed formal loans had used it as collateral. Nevertheless, majority of household saw no need to use their residential licenses to access formal loans because they did not need formal loans. These households had other sources where they could easily get loans. The decreased need was also due to lack of sustainable household strategies that needed more financial resources. Household vulnerability also played part in affecting household access to formal loans because majority of households had no other assets that could be tradeable for acquiring financial resources except the property that they possessed. Research findings also revealed that use of properties as collateral to access formal loans was limited in Temeke Municipality because majority of households feared the risk of losing their properties, risk for embarrassment to the community and risk of family conflicts in case they failed to repay the loans. Loan conditionality on the other hand, also played part in affecting the decision to take loans since majority of households showed no capacity of fulfilling the requirements set by the banks. The findings from this research in Temeke concur to academic literature that a land title may not always be accounted for as an efficient form of collateral, and this fact has been revealed through the limited number of residential licenses which have been used to access formal loans. However, this research also establishes that when households are issued with residential licenses, there are other benefits that households enjoy apart from accessing formal loans.

In conclusion, recommendations have been put forward on how projects aimed at household economic empowerment may be made pro poor and how access to loans and credit may be improved to ensure majority of households benefit as it was expected at the start of the project.

Keywords

Residential license, De Soto, Loan, Vulnerability, Dar es Salaam

**For the purpose of this research the project of issuing residential licenses in informal settlements in Dar es Salaam, Tanzania has been so-called Comprehensive Property Register for Economic Empowerment project also abbreviated by the author as CPREE project with reference to its main objective.*

Acknowledgements

My sincere gratitude and appreciation goes to my supervisor: Ms Julia Skinner for her guidance and kind support throughout the thesis period. Ms Julia, your commitment, support, input, encouragement and the spirit of never giving up on me is what has enabled me reach this stage of my life. To my second reader, Ms Laura Neijenhuis, I extend my appreciation for taking your valuable time to read this thesis and for the constructive feedback that has helped me improve my work.

My gratitude to IHS staff and UHL specialisation mentors for undemanding support and guidance throughout my study.

I extend my appreciation to Dutch Government for granting me this fellowship opportunity through Netherland Fellowship Programme. It has been quite an experience and achievement to study in a University with very competent Staff.

I extend my gratitude to my employer, Ministry of Lands, Housing and Human Settlements Development and the Principal Ardhi Institute Tabora for granting me permission to pursue my postgraduate studies away from my work place.

Sincere gratitude to my family and friends for moral and material support throughout the time I was undertaking this study.

My appreciation to Temeke Municipality Officials especially Land and Urban Planning Department for allowing me to conduct my study in their area, and for information and data that was relevant for my study.

Above all, above everything, above all power, my gratitude to The Almighty God for giving me life full of good health and courage to undertake this study. All Glory and Honour to you Almighty Father.

Abbreviations

CO	Certificate of Occupancy
COPOFRI	Comision de Formalizacion de la Propiedad Informal (Peru)
CPREE	Comprehensive Property Register for Economic Empowerment (Tanzania)
CRDB	Cooperative Rural Development Bank (Tanzania)
DFID	Department of International Development
HH	Household
IHS	Institute for Housing and Urban Development
ILD	Institute for Liberty and Democracy (Peru)
MLHHSD	Ministry of Lands, Housing and Human Settlements Development (Tanzania)
NGO	Non-Governmental Organisation
NSGPR	National Strategy for Growth and Poverty Reduction (Tanzania)
PBFP	Property and Business Formalization Programme (Tanzania)
RL	Residential License
UHL	Urban Housing and Livelihood
UMD	Urban Management and Development
UN	United Nations
UNISDR	United Nations International Strategy for Disaster Reduction
URT	United Republic of Tanzania
USAID	United States Agency for International Development
WB	World Bank

Table of Contents

List of Tables

List of Charts

List of Figures

Chapter 1: INTRODUCTION

1.1 Introduction

This chapter describes the research issue which focuses on the formalization of informal settlements and grant of residential license[1] as a form of tenure security in Tanzania. The project was implemented for the first time in 2004 under the creation of Comprehensive Property Register for Economic Empowerment (CPREE) in the poverty reduction programme, where residents in informal settlements were provided with residential licenses for their properties so that they may use them as collateral to access formal loans and credit hence pave a way out of poverty. The problem statement is explained based on academic literature and referred case studies. The chapter also documents the main research objective, main question and the provisional sub research questions.

1.1.1 Background Information

In developing countries, a large percentage of urban population reside in settlements that fall outside regulations by the Government structures. These are known as informal settlements (Horen, 2000).

Informal settlements have been given various names by scholars; these include "squatter settlements, low income settlements, semi-permanent settlements, shanty towns, slums, spontaneous settlements, unauthorized settlements and unplanned settlements; these names are used interchangeably. Informal settlements are therefore referred to as "residential areas which have developed without legal claims to the land and/ or permission from concerned authorities" (Srinivas, 2015). In this study, informal settlement is a term that will be used.

In the developing countries, informal settlements provide housing to a large percentage of urban population including communities which are poor and marginalized and are characterized by being in low quality environment, they lack security of tenure, basic services and infrastructure and adequate housing (Wekesa, Steyn, et al., 2011).

These settlements are a result of high urbanization rates, which is attributed by influx of migrants to cities for the purpose of improving their livelihood (Srinivas, 2015) . Urban areas offer more opportunities and are more endowed with agglomeration economies and economies of scale which make them attractive to majority of rural dwellers. It is in urban areas that people are attracted by the presence of better income generating opportunities, good infrastructure and services especially health and education (Srinivas, 2015).

There has been a paradigm shift of policies regarding informal settlements in the world; from slum clearance in the 1960s and large scale public housing, sites and services in 1970s to 1980s, slum upgrading in 1990s to 2000s. In early 2000s, regularization and property formalization were adopted as approaches to address informal settlements and poverty.

[1] *Residential license is a derivative right that confers upon the licensee the right to occupy land in non-hazardous land, land reserved for public utilities and surveyed land in urban or peri-urban areas (URT, 1999).*

In order to improve the living environment, upgrading of informal settlements has been accepted worldwide so as to provide physical infrastructure and tenure delivery as a long term goal to improve physical and socio economic condition of households (Horen, 2000). In Africa, Governments have recognized informal settlements as inevitable in urban areas and as a way of finding a potential solution for them various approaches have been adopted (Srinivas, 2015). In South Africa, for example, the housing policy in the 1990s aimed at eradication of all informal settlements and alternatively provided sites with a core housing for the evicted informal settlers (Awotona, 1999). This approach was dominated by a supply side housing subsidy in which the housing developers constructed these housing units for the poor households as a means of promoting home ownership and limiting expansion of informal settlements (Awotona, 1999). This intervention was successful in building housing units for households but later on started to fail since most households vacated the housing units because they were too small, too far from the city and they required households to pay for infrastructure and services while most of them could not afford (Awotona, 1999).

Like many countries in the developing world, Tanzania has been facing high rates of urbanization in recent years. The country’s population has tripled in size from late 1960’s to amount 44.9 million inhabitants in 2012 (National Census, 2013). The increased number of people has led to increased pressure on land and decreased capacity of local authorities to provide formal land to cater for the increased demand (Ministry of Lands, 2013). One of the challenges that poor people face is the issue of adequate housing[2] (Srinivas, 2015). Poor people have little resources especially finance; this coupled with the incapacity of local authorities to provide adequate housing and the bureaucratic procedures that are faced in acquiring formal land has resulted in poor people taking the option of occupying land in the informal areas for the purpose of developing shelter (Srinivas, 2015). In consideration of the incapacity of Government to provide formal housing, many countries in the developing world face housing deficits that is why informal housing plays a major role in housing millions of urban dwellers (Srinivas, 2015).

In Tanzania, it is estimated that about 70-80% of all urban population live in informal settlements and they house themselves through diverse individual initiatives (Kyessi, 2014). These informal settlements are a result of financial incapacity of the Government to provide affordable formal sites for houses’ construction and or provision of accessible and affordable public housing for rental and or ownership. Not only that, the issues of bureaucracy in formal system, absence of transparency in land administration and unrealistic building and housing standards cannot be left out as major influence of informality in housing (Ministry of Lands, 2012). As an initiative to address the issue of informal settlements, in year 2000 Tanzania signed the UN Declaration of Millennium Development Goals in which member states agreed to improve the life condition of dwellers in informal settlements (Kyessi, 2014). Policy and legal framework in Tanzania also recognizes the informal settlements as part of the urban areas and have stated measures to take in order to improve the condition of the settlements as a way to curb poverty. These measures include informal settlement regularization, upgrading and land/property formalization which aim at improving the infrastructure condition of informal settlers and improving security of tenure for the parcels of land and/or properties through provision of residential licenses and Certificate of Occupancy where survey of plots have been approved (Kyessi, 2014).

[2] *Adequate housing means having legal security of tenure, availability of services, materials, facilities and infrastructure and located in proximity to employment opportunities and basic services. Moreover adequate housing must have elements of affordability, habitability, accessibility to all income groups, poor inclusive and culture adequacy” (UN-Habitat, 2002)*

Moser, (1998), establishes that for the urban poor, property ownership is an important aspect since the house acts as a productive asset which can be used or exchanged to yield positive livelihood outcomes. This study therefore is focused on the issue of formalization of tenure rights in informal settlements in Tanzania.

Formalization of property rights was pioneered in Peru when the Government with support from the political parties passed a land reform in late 1980s to formalize and simplify the acquisition of land titles. At the start of the programme, the Informal Real Estate Formalization Commission (Comision de Formalizacion de la Propiedad Informal COFOPRI) started the task of formalizing land titles in the informal areas of Lima and seven other urban centres in Peru (World Bank, 1990).

Creation of Comprehensive Property Register for Economic Empowerment Project

In Tanzania, formalization of property rights has been firstly implemented in the city of Dar es Salaam under the creation of Comprehensive Property Register for Economic Empowerment project. The project was initiated after a visit by Peruvian Economist Hernando De Soto who shared his idea on how informal properties may be turned from the status of dead assets to live assets (Kironde, 2006). The project focused on identifying and registering all land and houses in informal settlements and providing a legal document which may assist households to use their land and houses as collateral for accessing formal loans and credit and hence expanding their business activities (Kironde, 2006). The project is backed up by section 23 of Tanzania Land Act No.4 of 1999 which recognizes a residential license as derivative right of occupying land in unplanned settlements. The residential license is offered to land holders by responsible local authorities which have jurisdiction over the area where the land is located. The main objectives of the project included;

- Identification of ownership of all properties in unplanned settlements so as to prepare property registers and strengthens access to information on land.
- To give legal status to land parcels so as to increase their economic values and hence facilitate their use as collateral for acquiring loans and credit to expand businesses.
- To expand government tax base through collection of land rent and property taxes in informal settlements.

It was expected that provision of legal ownership of land would be a strategy to reduce urban poverty following the theory pioneered by Hernando De Soto. De Soto (1989), argued that, for the poor, a land title is a solution to poverty, therefore poor households should be enhanced to use them to accumulate more wealth. His idea of provision of land titles to the informal settlers was so as to ensure the poor households access to loans and credit and improve their livelihood as a way to alleviate poverty. For De Soto, poor people within informality are seen as creative entrepreneurs who make a high contribution to the growth of the economy therefore through legalization of poor people assets and businesses; it will ensure equal flow of wealth between the formal and informal economies (Roy, 2005).

Project Area: Temeke Municipality

The Creation of Comprehensive Property Register for Economic Empowerment project was implemented in Temeke Municipality, Dar es Salaam city in 2005. The project covered fourteen wards as shown in *table 1.* This research was done in Temeke Municipality on the

Southern part of Dar es Salaam City as shown in *figure 1*. For the purpose of data collection, two wards were chosen from this Municipality and these are Sandali and Changombe wards, which are both beneficiaries of the formalization project refer *table 1* and where households were provided with residential licenses as a legal document for the ownership of their land and properties. Sandali human settlement has 1725 beneficiary of the project while Chang'ombe human settlement has 550 households who are beneficiaries of the project. These beneficiaries make a total of 2275 beneficiaries who were in my study area.

Table 1: Project Areas in Temeke Municipality

S/No	Ward	Residential License issued
1	Sandali	1725
2	Chang'ombe	550
3	Azimio	2460
4	Charambe	7080
5	Kigamboni	2345
6	Makangarawe	5902
7	Mbagala	5291
8	Mbagala Kuu	7529
9	Miburani	633
10	Mtoni	1553
11	Tandika	832
12	Temeke	619
13	Yombo Vituka	4900
14	Keko	969
	Total	**42388**

Source: *Temeke Municipality, 2016*

Figure 1: Location Map of Study Area Temeke Sandali and Changombe

Source: Extract from Google maps

1.1.2 Problem Statement

Dar es Salaam City is the largest city in Tanzania; its informal settlements which are characterized by overcrowding, insecure tenure, lack of public spaces, poor access to infrastructure and low income population, accommodate 70% of the total urban population (Kyessi, 2014).

In the early 2000, the Government of Tanzania, through the Ministry of Lands, and local authorities embarked on the creation of Comprehensive Property Register for Economic Empowerment project in Dar es Salaam City which included process of land regularization and property formalization, so as to provide the informal residents residential licenses as a form of legal ownership of their land and properties. The residential license would enable the households to use them as collateral for accessing financial markets and improve their livelihood strategies especially housing and business ventures because of the assumption that every poor people is an entrepreneur. (Soto, 1989, 2002)

There have been discussions by various authors, institutions and think tanks on the effectiveness of the idea of land titles in relation to access to financial resources, specifically loans and/or credits from financial institutions. USAID (2012); Lan (2012) ; Sander (2012) and Gilbert (2002) for example; argue that it is not always true that having a land title guarantees access to loans and credit especially for the urban poor. Many countries have not been successful in providing loans and credits to the poor just because there is a presence of a land title. Gilbert (2002) outlines that loans and credits have only been able to reach middle income and high income groups. In Indonesia, land titles have had an impact on credit access because they have been used as a means to prove household credit worthiness to the lending institution. These institutions believed that an individual with a land title limited the risks of credit default (Dower, 2010). The assumption that land titles influence access to credit is not always true since access to credit is not only guaranteed by possessing a land title but there are other factors that may influence or constrain the access to credit (Field, 2006). Gilbert, 2002; Mlonda, 2009; Abdulai et.al, 2010 and Dohemer et.al, 2012, have established that individual income, occupation, credit history, creditworthiness and perception are among the factors that affect the household decision of using their land titles for credit access. Location of the property used as collateral, the value of the property, the type of development within the property, availability of institutions that offer credit, their acceptance to offer credit, procedures for accessing credit, active land markets, Government support and power related to gaining and maintaining access to loans and credit all play a part in influencing the relation between land titles and access to credit (Abdulai, et.al 2010; Karanja. et al., 2014; USAID, 2012; Yala, 2008). But most importantly, household portfolio of assets, their strategies, need for credit and most importantly the risk associated with taking loans and credit are explained as factors which highly influences the decision of households to access credit or not.

Under the CPREE project in Dar es Salaam City which started in 2004, 230,000 properties were registered by year 2011 out of which 100,000 (43%) have been issued with residential licenses. 1430 households (1.4%) accounted to accessing financial resources with residential license as collateral. Where the process has been replicated in Tanga city in 2007, 640 properties were registered and 350 households (54%) have been issued with residential licenses; only 2 households (0.5%) have been able to access financial resources. In Njombe town, out of 694 households issued with residential license, only 54 households (7%) have been able to access financial resources (Ministry of Lands, 2012). What can be gathered from the data in Dar es Salaam City is that 1430 residential licenses have been used to access financial resources but the impact is observed as limited because following De Soto theory that poor people are entrepreneurs, the expectation was that many households would have taken the opportunity to use their land titles as collateral so as to expand their enterprises but only 1.4% did so.

Based on the above information, the problem statement establishes that although poor households have the possibility of using their land titles as collateral for accessing loans and credit only 1.4% have chosen to do so in the city of Dar es Salaam due to factors prevailing within the household and the institutions that offer loans and credit.

Therefore, it is the aim of this research is to find out why it has been so by explaining the influence that residential license have on household access to formal loans and credit. From literature review I have established several factors which play part in influencing access to formal loans and credit but my research will focus on household characteristics which include household level of vulnerability, household need for credit and loan conditionality.

1.1.3 Research Objectives

To explain the influence that residential license has on household access to formal loans under CPREE project in Temeke Municipality, Dar es Salaam city.

1.1.4 Research Question(s)

To what extent does residential license influence household access to formal loans under CPREE project in Temeke Municipality, Dar es Salaam City?

Research Sub Questions

i. What is the actual ownership status of residential license among households in Temeke Municipality?
ii. To what extent do vulnerable households need formal loans in Temeke Municipality?
iii. How does household vulnerability affect access to formal loans in Temeke Municipality?
iv. What are the constraining and supporting loan conditionality for accessing formal loans and credit?

1.1.5 Significance of the Study

The significance for this study lies in the fact that it is intended to shed light to the relevance and consequences of adopting policy programmes which have been implemented in other countries worldwide to local context. The CPREE project has similarities with land titling programmes that have been implemented by The World Bank in various countries in the world. The main similarity is the fact that all programmes aimed to provide legal documents of ownership of land and properties that have been developed informally so that these documents may enhance the properties to be used as collateral for accessing financial resources from commercial banks and microfinance institutions. The main difference between CPREE and land titling programmes is the fact that while land titling programmes provided full titles (freehold title) to beneficiaries, the CPREE project provided short term ownership documents referred here as residential license with the term of five years renewable. Academic literature have explored this topic in various areas and have documented how land titles have been used in accessing finance and have shown their success, failures and challenges. Residential license as a documents was envisaged as a tool also to enhance the households use their assets to acquire financial resources for economic empowerment. The project was fitted under the umbrella of poverty reduction policy in informal settlements, therefore through this study a gap has been filled to show how residential license has been used to influence access to formal loans in the local content of Tanzania as compared to the land titling programmes that were implemented elsewhere in the world.

1.1.6 Scope and Limitations

This research was focused on the CPREE project that was implemented in three Municipalities in Dar es Salaam City. Focus was limited to Temeke Municipality where the project was implemented in the year 2005. In this project residents were provided with residential license as a legal document of ownership for their properties so that they may be able to use them as collateral for accessing formal loans. In this respect the research covered the informal settlements where residents agreed to take the residential license and were in possession of the residential licenses. It did not seek information from the residents who did not take the residential licenses because they would not make much contribution to this study. This research is also limited to households who have a residential license as a short term property ownership document and not households who have land titles also referred to as Certificate of Occupancy (CO) in Tanzania, since the later are long term ownership documents. The main limitation that was encountered through this research is the fact that owners of the residential licenses were absent since they rented out their properties, a fact that forced to use convenient sampling when selecting respondents for the study. The main topics that were covered in the study included household strategies, vulnerability, household need and decision to take loans, loan conditionality and relevance of residential license to the residents.

Chapter 2: Literature Review/ Theory

This chapter describes an overview of academic literature and different theoretical approaches established by authors with relation to the theory of Hernando De Soto on property formalization. The review will first focus on the cyclic link between poverty and informality and the way they influence each other so as to establish the relationship between urban poverty and informal settlements. Then a focus on Hernando De Soto theory on formalization of property rights in informal settlements, its output which is a land title and how it has facilitated access to credit will be looked upon. Moreover, the review will look upon the strength, critics and gaps that other authors have established with respect to the relationship between land title and access to credit. For the purpose of answering the research question on the influence that land titles have on household access to formal loans and credit, the review will focus on establishing factors that may explain how land titles influence access to formal loans or not. The theory of access and sustainable livelihood framework will be reviewed so as to understand the factors influencing or constraining access to a resource and how households make choices regarding their assets. In addition to that theory of access, livelihood theory and role of land title on access to credit will be established so as to see how they form an inter-linkage. The research will be based on social science perspective and literature has been selected in a range of 10 years and the way they have brought different opinions on the subject so as to limit biasness.

2.1 Poverty

Poverty is a multidimensional concept since its meaning may differ from an individual perspective depending on culture, age and even socio economic aspects (Stewart, Harris-White, et al., 2007). The concept of poverty in this section is introduced so as to establish its relationship with informality because Hernando De Soto in his book, “The Other Path”, 1989, argues that poverty is a result of over regulation and bureaucracy posed by the State. He explains that if the latter conditions are dominant, the Government and business manipulates the whole system of production to their advantage while the common people are subjected to exploitation (Bromley, 1990). As a way out of this web of bureaucracy and over regulation by the state, people find creative ways of finding informal ways of establishing their business and housing through initiatives that are outside the Government hand (Bromley, 1990). As a way to understand the arguments laid down by De Soto a review on the concept of poverty is done so as to understand the multiple ways that people may be regarded as poor for the purpose of being able to understand the various initiatives that are put forth to reduce the levels of poverty such as those put forth by De Soto.

2.1.1 Monetary Approach to poverty

This approach is also referred to as income based poverty measure. It was pioneered by Booth and Rowntree in the nineteenth century (Stewart, Harris-White, et al., 2007). It recognizes poverty in the way an individual consumption falls below an established poverty line (Stewart, Harris-White, et al., 2007). The monetary indicators represent the way of identifying people who lack basic resources, such as food, health, housing and clothing. Monetary approach is based on the assumptions that poverty is a phenomenon that exists and it is individualist in a sense that it differs from one person to another and one circumstance to the other (Stewart, Harris-White, et al., 2007)

2.1.2 The capability Approach to poverty

This approach was developed from the work of Amartya Sen in 1980s, who established that income is not the only measure of the wellbeing of the people (Stewart, Harris-White, et al., 2007). Poverty is a situation where an individual is deprived in the capability to meet the minimum level of basic needs necessary for survival (Stewart, Harris-White, et al., 2007). In this circumstance an individual shows the need to be empowered so as to be able access basic services as to live a good life and uncover his potential as a human being (Stewart, Harris-White, et al., 2007). The approach looks at poverty from the outcome of the lives of the people, and it recognizes money as only a means of enhancing the ability of people to live a quality life.

2.1.3 Social Exclusion approach to poverty

This is an approach which describes poverty as a "process of marginalization and deprivation" where individuals are isolated from the daily patterns and activities of the communities where they reside even when they have the desire to take part into (Stewart, Harris-White, et al., 2007). In these circumstances, an individual misses on the opportunities offered and is subjected to being excluded from accessing basic resources. Social exclusion is more dominant and affects people by age, ethnicity, race or being handicap as a result of discrimination for the community (Stewart, Harris-White, et al., 2007)

2.1.4 Participatory approach to poverty

This approach describes poverty from the grassroots level of the poor people themselves. It establishes the fact that, it is through the voice of the poor themselves that the real meaning and magnitude of poverty can be derived and understood (Stewart, Harris-White, et al., 2007). It calls for the involvement of the people in all decisions concerning their wellbeing and it is through this way that solutions to poverty can be successful in targeting the needs of the people. These approaches to poverty explain the various ways that individuals perceive their level of deprivation. It is discussed that poverty prevails in different levels of the community and may differ from one household to the other. Poverty also differs in terms of locality; therefore, for the purpose of this study, poverty is reviewed from the urban perspective.

From the approaches to poverty discussed, this study has mainly cut across monetary approach, capability approach and participatory approaches to poverty. The study aims to discuss on the project which is developed under poverty reduction programme that giving household legal ownership over their land will influence them to use their properties for accessing credit. Credit is an indicator of income, hence if people re able to access credit, they will be empowered in their level of income. As a result their capability to meet minimum requirements of life will be enhanced. The participatory approach is focused on this study also to see if people were aware of the implication of this project and whether their views are taken into consideration when formulating poverty reduction strategies.

Furthermore, the level of poverty that is focused on this research is on household, therefore the livelihood framework to poverty is also reviewed so as to understand the levels of poverty and vulnerability within the household. The livelihood approach establishes that although poor household may lack income here referred to ask monetary poverty, they have in their possession other assets which may be used to enhance accumulation of income for their wellbeing and survival (Rakodi, 2002). The livelihood theory is an approach which shows an insight of a household as a unit of analysis. It describes how households live, how they control their assets and how they face challenges in the environments in which they live. This theory is then introduced so as to see how it fits to the strategies established by De Soto and in what circumstances can households use their assets to gain other benefits as proposed by De Soto that households may use their properties as collateral for loans and credit.

2.1.5 Livelihood approach

Livelihood framework is a tool which establishes the relationship between households, the assets they possess and the objectives they want to achieve in their life, here expressed as “livelihood outcomes” (Rakodi, 2002 pp. 9). The framework goes further to address the various strategies households employ to have a positive livelihood outcome. Moreover it addresses how household struggle towards their livelihood objective is affected by the effects of the dynamic environment (Rakodi, 2002). The vulnerability context is introduced to show how it influences the use of household’s assets and the objectives they seek out of this use. They include seasonal changes, hazards, and trends that occur in the context they live in. “Institutions, policies and processes” are also part of the framework to describe their influence the decisions of the households on the use of their livelihood capitals (Rakodi, 2002 pp.8)

2.1.5.1 Livelihood assets

Livelihood approach describes the wellbeing of the households as attributed by the way they use the assets in their possession (De Haan, 2012). Assets are referred to the material and non-material endowments of the households. They include physical assets, natural assets, human assets, financial assets and social assets (De Haan, 2012). Whereas human capital includes labour, skills, experience, knowledge and creativity natural assets include water, land, forests and minerals. Physical assets include houses, tools for production, machinery and food chains, financial assets include money in the savings, loan or credit and remittances while social assets include mutual social relationships that exist between family members, friends and/ or neighbours (De Haan, 2012). These assets are the ones from which individuals build their livelihood (Rakodi, 2002). By understanding the livelihood assets of the poor households, it is possible to identify the opportunities that may be obtainable. Assets can be stored, used, accumulated, exchanged or depleted for the purpose of generating more income and potential benefits (Rakodi, 2002).

This research introduced the livelihood assets because it seeks to understand how their status in the household may influence or constrain the household decision to put them to use for positive livelihood outcomes. Livelihood assets of households in Temeke have been looked upon so as to see the decision taken by households with varying assets profiles. Next to understanding the livelihood assets is the vulnerability context which introduces threats and shocks which may make household insecure to the environment in which they live.

2.1.5.2 Vulnerability and Risk

Poor people have assets and they choose how to use these assets depending on the circumstances they live in. Vulnerability comes in when households are affected by the dynamism occurring in the environment they live in and they become unable to recover from these effects posed by the changes that happen (Rakodi, 2002). Risk is one of the things that make households vulnerable. Risk is defined as the probability of harmful consequences or loss of something (UNIDSR, 2003). Shahbaz (2008) refers to risk as a situation where existence of something of value is endangered. What can be established is that risk is a situation which encompasses a threat that an individual may face in what is possessed. Risk is also related to insecurity that is posed in household and their assets (Rakodi, 2002). How vulnerable households are depends on their assets and the way they are able to assemble these assets so as to extract more benefits. This ability of the household, depends on their initial assets and how they use them to gain access to food, income and other basic services (DFID, 1999). Livelihood approach suggests ways that households can utilize their capitals. These ways include investing their assets, exchange of one asset to another and the use of assets in times they face risks (DFID, 1999).

Regarding risk, those who are considered as poor will most of the time try to defend their portfolio of assets and avoid exposing them to any threat or risk since when these assets are lost, it leads to more impoverishment (Rakodi, 2002). This hypothesis is also a base for this study because beneficiaries of residential license in Temeke have not responded in majority to gain opportunities offered through use of their properties as collateral. Therefor it is of essence to study the assets portfolio of beneficiaries so as to identify who are more vulnerable than the other. The households who show more vulnerability are those that have fewer asset portfolio and they also lack the ability to accumulate more assets therefore they will at most avoid being part of any strategy or opportunity that involves risk taking. The more vulnerable the household is the more they defend themselves and their assets against risky environment (Rakodi, 2002). From economists point of view, the ability of households to recover from risks depend on how well they can accumulate financial capital so as to smoothen their level of consumption and be able to solve other issues of health, education, business, and housing improvement (DFID, 1999).

Vulnerability and risk have been potential concepts in this research as they have contributed to the findings on sub research question three. It was of essence to study these concepts because households make decisions concerning their livelihood assets depending on the level they are able to recover from forces of the external environment.

2.1.5.3 Household Strategy

The combination between resources or household assets and opportunities is what makes up a livelihood strategy (Rakodi, 2002). Wallace (2002) refers to strategies as economic activities carried out by household form a basis for household strategies. The choice of strategy that household has depends on the status and quality of assets and the ability to use the available livelihood opportunities. Households carry out varying strategies for the aim of coping and recovering from risks hence expanding their capability of assets for a sustainable livelihood trajectory. Household strategies reflect the household control over their assets and how they can react to the opportunities within or outside the household so as to protect themselves from further deprivation (Rakodi, 2002). The control of household assets also reflects how households can enter into risky situations such as taking loans and credit which if successful may trigger economic prosperity. It is hypothesized that poor people will go along with strategies that enable them to survive only due to the fact that since they need to protect their existing assets, they will not go for strategies that require them to seek opportunities that are offered by external environment where there is risk (Rakodi, 2002). This is why most of poor households fail to engage in growth oriented strategies since they fear taking chances.

This study was inclined to get an understanding of the household strategies and see how they make choices between survival strategies and growth oriented strategies in with respect to the portfolio of assets they have and the type of vulnerability they face. Reviewing the livelihood theory is an essential step and this is described in the strength of this approach.

The limitations of livelihood theory are also reviewed so as to show what concept are used/not used for this study.

2.1.5.4 Strength of Livelihood approach

The livelihood framework is a key tool which describes how households struggle for positive livelihood outcomes. De Haan, 2012; Van Dijk, 2011 and Sakdapolrak, 2014, agree that the contemporary livelihood approach has been a useful tool for household oriented research by describing the variations in household level of deprivation and the focus on marginalized communities who face difficult conditions in ways which highlight their creativity and agency. The approach is derived from the grassroots level where the household is described depending on its capability to use assets in possession for producing positive livelihood outcomes. In other words the approach is thought to be bottom up (De Haan, 2012). The Livelihood approach has remained one of the most wide-ranging instruments due to the way it has kept an open eye for alternative measures that a household may take to enhance their lives (De Haan, 2012).

2.1.5.5 Weakness of the livelihood approach

Though there is an agreement on the role of livelihood approach on describing the household struggle for enhancement of their lives, the livelihood approach has disused the role of power relations on influencing the household livelihood trajectories (Van Dijk, 2011; Wood, 2015; De Haan, 2012; Jakimow, 2013). Power relations related to gender relation, political aspects and the way households interact socially within the community have not been used to show the impact they have on the livelihood of people (De Haan, 2012; Van Dijk, 2011). What has been proposed is incorporating *power and political relations* within the livelihood approach to show how they impact livelihood enhancement, unravelling and unpacking *social structures* and the way they are embedded in livelihood is also proposed as an alternative way of focusing the livelihood approach based on sociological conceptualization (Van Dijk, 2011; Wood, 2015; Banks, 2015). Moreover, Jakimow, 2013 and Banks, 2015 argue that livelihood approaches miss the role *socio cultural and political* aspects of the community play in urban poverty dynamics. They propose an integration of socio cultural and political aspects that influence the livelihood strategies of the people as an advancement of the livelihood approach.

Sakdapolrak, 2014 and Wood, 2015 discusses how the roles of different actors such as State, community, household and market play in shaping the livelihood opportunities and trajectories. Moreover structure and agency relation are not clearly defined making it difficult to be practically feasible in fulfilling peoples objectives. They propose reforms to incorporate other actors such as state, community, household and market and defining their roles in shaping the livelihood, incorporating agency and institutional relations so as to describe their social and institutional implication in achieving a sustainable livelihood.

Livelihood approach has been described in my research problem regarding the role of residential license in influencing access to credit. The relationship that has been established is that credit is a financial asset and that people are entitled to access it for improving their livelihood. Livelihood approach described access to an asset as a step further from endowment to entitlement (De Haan, 2012). Seeking credit is among the livelihood strategies of the households and it doesn’t stand in alienation from the surrounding structures governed by Institutions whether public or private.

Baker and Schuler (2008), establishes that poverty can be a combination of different conditions which affect each other in a never ending cycle. It is from poverty that informality develops as attributed by other factors such as lack of job opportunities and inadequate regular income. As the relationship goes on people opt to live in informal housing, they are then subjected to harsh living environment and their vulnerability towards health risks and hazards increases. This explanation follows an advancement of Hernando De Soto, 1989; 2000 on the relationship between poverty and underdevelopment to informality, that poverty which is a result of overregulation and bureaucracy from the Government leads to underdevelopment. As a means to survive in these webs of poverty, people choose to go informal since it is the only option left to avoid the overregulation and bureaucracy of the Government. Through informality, people find creative mechanisms to escape poverty and underdevelopment by expanding their informal business enterprises (Bromley, 1990;Roy, 2005)

2.2 Informality

De Soto (2000) describes informality as an act of dynamic entrepreneurship which is dominant where there are excessive regulations. For him, informality is the only option left for people to survive and succeed in their life (Bromley, 1990). Informality is recognized to be prevailing in the way people conduct their daily activities and the way they develop their housing in urban environment (Roy, 2005). The activities of people in the informal economy are blocked from the reach of those in the formal economy therefore as a solution towards this challenge legalization of poor people assets and businesses has been pioneered by De Soto as a way which will ensure equal flow of wealth between the formal and informal economies (Roy, 2005). In his theory of informality, De Soto argues that poverty is a result of exclusion and being blocked from the formal economy, hence the need to integrate the informal economy in the webs of formality (Roy, 2005). Informal sector includes various activities which range from basic activities to more advanced occupation; it is estimated that around 40-60% of people in Africa engage in informal employment (Suruga, 2010). For De Soto, people within informality are seen as creative entrepreneurs who make a high contribution to the growth of the economy.

2.2.1 Informality and Micro entrepreneurs

Informal economy represents informal works, own account work and a form of dynamic entrepreneurship in which people who are self-employed supposedly choose informal economy instead of formal economy (Biles, 2009). This self-employment represents well-organized market forces that are established as a reaction towards Government over regulation and domination (Biles, 2009). People involved in informality and informal economy are referred to as micro entrepreneurs due to their creativity and ability to find opportunities outsides the laid rules and regulations (Biles, 2009; Bromley, 1990).

Zuin (2004) defines micro entrepreneurs as those who develop their businesses through both production and selling of goods or services. International Labour Organization (ILO) refers to micro entrepreneurs as people who are engaged in production of goods and services with the objective to generate income and employment (Zuin, 2004). While De Soto sees micro entrepreneurs as those who conduct their economic activities informally and contributing into the growth of national economy. They are described as courageous people full of innovation and while conducting their activities they break official regulations in order to have a living and meet their basic needs (Bromley, 1990).

Onphanhdala et. al (2010) explains on micro entrepreneurs as people who start a business venture to meet demand. They are characterized as people with vision and good business organizational skills. They are also referred to as people who are creative and can take part in opportunities offered in the market so as to enhance their capability of meeting the demand of their potential clientele (Zuin, 2004; Biles, 2009; Soto, 1989)

Most micro enterprises operate at household level and engage casual job opportunities which are operated mostly by household members, kinship or other social relationship (Berner, Gomez, et al., 2012; Zuin, 2004). Studies have grouped micro entrepreneurs into two groups; those with short term strategies also referred to as survival strategies or hand to mouth strategies and those with long term strategies or growth oriented strategies (Berner, Gomez, et al., 2012; Coleman, 2012; Zuin, 2004). Other authors have referred to two groups as necessity driven and opportunity driven (Berner, Gomez, et al., 2012). The two groups differ in the way of conducting their enterprise where as those with survival strategies need only low capital for financing their business while those with long term strategies need more capital to expand their enterprise and grow (Berner, Gomez, et al., 2012; Zuin, 2004).

Growth oriented entrepreneurs are identified as those who are resourceful and can identify different sources of financing for development of their business. They are people who have the ability to enter into risky opportunities so as to avoid competition (Berner, Gomez, et al., 2012; Coleman, 2012). Survivalist entrepreneurs are referred to as those who conduct their business with the objective of meeting their subsistence needs and necessities (Berner, Gomez, et al., 2012). For them their ability lies in the way they cope with short term risks and normally avoid unnecessary risks. What is established from the literature is that the notion of entrepreneurship differs from one household and one individual from the other. Various indicators can be used to distinguish the strategies adopted by household. These indicators distinguish between households which have survival strategies from those that have growth oriented strategies. It is hypothesized that all these groups form micro entrepreneurs who are ready to take opportunities offered by the market in order to expand their businesses. For the purpose of this study a set of indicators will be used to identify household assets and strategies so as to be able to know whether they display the characteristics of micro entrepreneurs. This will help in answering the research study on their ability to take opportunities of the credit that are offered for them to expand their business and find a way out of poverty. The indicators that will be used to distinguish the categories of entrepreneurs that household can be grouped in include the scale of the enterprise, the environment where the enterprise takes place, the objective of the enterprise, the capital requirement, skills required, type of employees, the level of registration and ability to take risks (Berner, Gomez, et al., 2012; Coleman, 2012).

Informality as explained above is related to the works conducted by households. Another form of informality discussed by De Soto, 1989; 2000 is related to those who develop their housing outside the Government set ruled and regulation. This research has focused on the concept of informality through analysis of occupation that households in informal settlements perform and whether they are micro entrepreneurs as it has been established by De Soto.

Informal housing is introduced in this research so as to describe the way people living in informality are not poor but are endowed with assets which are worth a fortune and which need to be unlocked so as to generate more wealth as portrayed in the success stories from the West.

2.2.2 Informality and Housing

Informal housing, also referred to as informal settlements is explained as the acquisition and development of land outside the state laws and regulations (Roy, 2005; Soto, 1989; Horen, 2000). Informal housing host the majority of people in developing countries, and the investment that has been put into the properties is regarded as a greater investment than any investment that can be done by the State and greater than any loans that are provided by donor countries and institutions (Gilbert, 2002). Properties developed under informality have been referred to as "dead capital" because in their nature of informality, they can never be utilized to the fullest for the purpose of gaining other assets. In the developing countries, informal settlements provide housing to a large percentage of urban population including communities which are poor and marginalized and are characterized by being in low quality environment, they lack security of tenure, basic services and infrastructure and adequate housing. (Wekesa, Steyn, et al., 2011). These settlements have assets which are referred to as assets in defective forms and cannot be traded where people are not familiar with each other, cannot be used to enhance capability of getting loans or cannot be used to influence investment (Otto, 2009; Durand-Lasserve, et al., 2009;Meinzen-Dick et. al, 2008). As a way to unlock the potentiality of these dead or defective assets, De Soto established that by giving the poor legal ownership over their land and properties can turn them into active assets and therefore use them for economic empowerment to move out of poverty (Otto, 2009; Durand-Lasserve, et al., 2009; Kiddle, 2010). From this advancement of Hernando De Soto is where formalization process picked up pace and was implemented for the first time in Peru so as to unlock potentiality of poor people assets and hence integrate them into formal markets for the purpose of yielding wealth.

2.3 Formalization of Tenure Rights in Informal Settlements

Formalization of tenure rights is a process which involves State identifying, allocating and registering the rights that an individual has over land or properties in informal settlements (Meinzen-Dick et. al, 2008). The process involves titling as a mechanism whereby rights related to a defined land unit are allocated to an individual or group through a set of legal (authoritative) documentation (Meinzen-Dick et. al, 2008). This process has been adopted from the idea of Hernando De Soto, 2000, that poor households have assets which are in defective forms due to lack of legal rights. One such assets is land which does not have any form of legal ownership (Otto, 2009; Durand-Lasserve, et al., 2009). Properties developed under informality have been referred to as "dead capital" because in their nature of informality, they can never be utilized to the fullest for the purpose of gaining other assets. It can be established that formalization will lead to provision of legal tenure rights to individuals who reside in informal areas. Therefore land titles are regarded as the output for the formalization process.

2.3.1 Hernando De Soto theory on Formalization of Tenure Rights in Informal Settlements

De Soto argued that if poor households are provided with formal land titles over their land, it will enhance the security of tenure (Otto, 2009; Durand-Lasserve, et al.; 2009; Meinzen-Dick et. al, 2008; Kiddle, 2010; Van Gelder, 2010). These land titles are expected to influence investment by the households, improve housing, influence provision of infrastructure and services, improve health conditions, enhance access to credit, enhance land and property markets and realize adequate housing and thereby alleviate poverty (Otto, 2009; Durand-Lasserve, et al., 2009; Kiddle, 2010; Van Gelder, 2010). Moreover land titles are intended to protect residents from eviction and the threats associated with it (Payne, Durand-Lasserve, et al., 2009, Kiddle, 2010).

Kiddle (2010) and Van Gelder (2010), argue that by having possession of land title, households are enabled to improve their housing through the means they find suitable. Residents without legal ownership of land are thought to miss out benefits of tenure security associated with investing in their housing needs. Generally formalization of tenure rights is seen as a mechanism intended to enhance household participation in the formal economy for the purpose of gathering benefits for improved wealth and income (Kiddle, 2010, Van Gelder, 2010)

2.3.2 Strength of De Soto ideas on property rights

De Soto theory is described as the most persuasive, rational and favourable story which has enhanced the rule of law and means of poverty reduction (Otto, 2009). His ideas have stimulated academic research and discussions in the policy making not only in the way it provided solutions to the prevailing problems of the people but also on how it has attracted the attention of various organizations and donors (Otto, 2009; Durand-Lasserve, et al., 2009; Kiddle, 2010)

De Soto theory on formalization and land titling has been implemented by many countries in the world including Peru, Mexico, China, Cambodia, Argentina, Thailand and Bolivia to mention a few. In Tanzania De Soto was invited by the Government in 2003 so as to advise on the best strategy for poverty reduction in the context of Tanzania through his Institute for Liberty and Democracy (ILD). As a result formalization programmes were adopted sooner after his advisory and were adopted in the policy framework on reduction of poverty in the programme referred to as National Strategy for Growth and Poverty Reduction (NSGPR). Hernando De Soto was successful in influencing policy change I many countries and in the early 1990s any countries adopted formalization programmes which were funded by donor countries and agencies such as World Bank and United Nations Development Agencies.

2.3.3 Criticism of De Soto ideas on property rights

De Soto's idea on the mystery of capital, 2000, has been met with disapprovals from various authors. Otto (2009), Durand-Lasserve, et al. (2009) and Van Gelder (2010) argue that, investment in housing, access to credit and increased revenues have not been established under land titling programmes. Moreover there has been no proof of decreased levels of poverty associated with formalization. In addition to that, increased security of tenure has not been associated by the process of formalization entirely but has been attributed by the way households perceive the concept of security and other aspects of culture, political, historical and administrative manners (Otto, 2009; Durand-Lasserve, et al., 2009). What has been further established is that De Soto has made generalization of things by posing simplest assumptions which have been misleading in solving multiple problems (Otto, 2009).

De Soto argued that having a legal land title would unleash formal financing and that that would be an important source of funds for entrepreneurship (Otto, 2009; Durand-Lasserve, et al., 2009; Kiddle, 2010). The belief was built on a fact that the legal title would be used as collateral and the formal lending institutions can have something to possess in case of non-payment of the loans. The relationship between land titles and access to credit has been established as negligible and land titling programmes do not enhance the ability to get credit from formal institutions because households are reluctant to take credit just like the banks are reluctant to give out credit (Otto, 2009; Durand-Lasserve, et al., 2009; Kiddle, 2010). What is established is that, access to an asset is influenced by many other factors and not only possession of a land title. Therefore in order to understand what constitutes the concept access, the theory of access is reviewed so as to describe the meaning of access, what can influence or constrain access to as resource and the types of relations that facilitate access to resources

2.4 Theory of Access

Access is referred as being able to gather benefits from a particular thing (Ribot, et.al, 2003). Mosse, 2010 and Li, 2005 explain access as a person's entitlements or an act of deserving particular resources as influenced by a set of legal and market systems. Authors reflect on access as related to ***power*** which is associated with the ability to determine who gets to use what resources, in what ways and at what time (Ribot, et.al, 2003). These powers are constituted within the material, cultural, social and political aspects which determine the ability that individuals have on ***gaining***, ***controlling*** and ***maintaining*** access to assets (Ribot, et.al, 2003). Where individuals lack that ability to gain, control and maintain access, what is established is a barrier to access.

Barriers to access refer to circumstances that affect access to benefits. Ribot, et.al, 2003 ; Mosse, 2010 and Li, 2005 argue that, access can be hindered by social relations which give powers to individual to support or hinder the benefits one can gather from a resource. Social relations facilitate access to resource and regulate how the resource may be utilized for providing benefits to the household (Meinzen-Dick et.al, 2008). Utilization of land as a resource also depends highly on social relations which enhance decision making concerning a right over land. Access to credit is also influenced by social relations because the right to use land as collateral is associated with the fact that land is possessed by property rights which do not function as physical entity but a social entity that is surrounded by a bundle of powers. Other barriers to access include mechanisms which influence or affect the actors from benefiting a particular service, political, institutional and economic relations (Ribot, et.al, 2003; Li, 2005; Slater, 2013).

Access can be increased by enhancing equal distribution of power to affect decision making (Ribot, et.al, 2003). Facilitating entrepreneurial behaviour and eradication of corruptive practices can also be means of increasing access (Li, 2005). Moreover, elimination of rigid institutional rules and regulations regarding aspects of access can also be means of increasing access (Ribot, et.al, 2003). Formalization of informal economy is mentioned as a way to increase access and facilitating prosperity in places with informality (Roy, 2005). Formalization has been taken as one of key concepts in this research because what is studied is the relationship between formalization of property rights in informal settlements and the access to credit by the poor households.

Access is governed by rules regarding who/where gets what, how and when (Ribot, et.al, 2003). These rules include the context or where a person lives, social relationships and power relations evolving within the relations may determine the benefits that can be gained, controlled, maintained and also determine who gets what benefits (Ribot, et.al, 2003; Slater, 2013). In practice these rules are decided in policy environments, laws, customs and conventions (Ribot, et.al, 2003). The rules can be changed by involving other stakeholders in development issues so as the Government is not seen as the main controller of all the matters of the state (Li, 2005).

This research has used the theory of access because of its focus on access to loans and credit as explained on *section 2.4.1*.

2.4.1 Access to Loans and Credit

Access to loans and credit in this study is related to gaining and maintaining benefits derived from loans and credit (Ribot, et.al, 2003). Bataa (2008), uses the concept of access to credit to imply the use of finance resources as determined by demand and supply. With reference to my research problem which focuses on looking for the reasons why residential licenses have failed to assist household's access to credit the opposite of access studied involves exclusion of poor in accessing forms of financial resources after stepping out of informality through the process of formalization.

Barriers to access to credit which are among the factors which have caused limited access to credit are the mechanisms which influence or affect the actors from benefiting a particular service. Mechanisms which affect access to credit are right based which affect household access gaining while structural and relational based mechanisms affect household access maintenance. These mechanisms are influenced by legal practices, market systems and the context of the households. Other factors which influence access to credit include access to knowledge and information, access to regular income, access to authority and power.

Access to credit can be increased by identifying the benefit that people get from accessing credit and analysing the mechanisms for which households choose to gain, control and maintain access to credit and the implication of policies regarding the risks that can be encountered while seeking access to credit. What has been established for the theory of access is that, access is not a straight forward process it can be influenced or hindered by other intervening factors both from the individual and institutions that regulate gaining, controlling and marinating certain benefits.

2.4.2 Factors Influencing Access to Loans and Credit

In order to determine access to a resource or assets, households remain the key decision makers depending on the priorities and preferences they have at hand (De Haan, 2012). Decision to get credit is a livelihood strategy that requires the household to use their physical asset (house) as collateral but there are other factors that can affect the household decision to use their physical assets as collateral for gathering benefits from credit. These are discussed as follows;

2.4.2.1 Individual (household) Factors

Gilbert (2002), Mlonda (2009), Abdulai et.al (2010) and Dohemer et.al (2012) have established that individual income, occupation, credit history, creditworthiness and perception are among the factors that affect access to credit. The higher or the lower access to credit has been contributed highly by these factors and they are the factors which explain individual ability or decision to gather benefit from gaining credit. Individual income affects access to credit because for financial institutions income will determine the ability of the household to service the loan and avoid defaulting. Personal income is analysed further to include a demonstration of regular income so as to ensure ability to pay the loan (Gilbert, 2002). Individual occupation and the need for credit likewise are determinants for loans because it demonstrates cash flows and ability to repay loans. Individual perception is related to the acceptability to access loans and the ability to assume the risks associated with it (Mlonda, 2009).

2.4.2.2 Geographical and physical factors

These factors include location of the property used as collateral, the value of the property and the type of development within the property. These factors have determined who gets credit because financial institutions are willing to provide loans for properties which are considered in well located, suitable areas and which are not located in risky environment (Abdulai et. al, 2010; Gilbert, 2002; Dohemer et. al 2012; Beck et.al, 2007)

2.4.2.3 Institutional Factors

These are related to the availability of institutions that offer credit, their acceptance to offer credit, procedures for accessing credit, lending criteria, active land markets, Government support and power related to gaining and maintaining access to credit (Abdulai, et.al 2010; Karanja. et al., 2014; USAID, 2012; Yala, 2008). Credit is a financial capital mostly provided by financial institutions which are grouped as formal institutions such as banks, semi-formal institutions such as savings and loans associations, credit unions and NGOS while informal institutions include money lenders. All these financial institutions differ in the way they provide credit. They have different rules, regulations, criteria and intentions with regard to provision of credit to poor households (Ossei-Assibey, Bokpin, et al., 2012)

2.4.2.4 Legal Factors

These are related to the legal enforcement mechanisms related to foreclosure and moral hazard depicted by the way legal framework protects the people against the possibility of losing their property due to defaulting (Dohemer et.al, 2012; Beck et.al, 2007). In some countries, households are protected against any harsh treatment that are subjected to them by the banks after failure to repay the amount of loan that is taken from the bank. One of the legal procedures that households are advised to protect themselves from losing their properties is through taking property insurance but most households fail to take property insurance since they see it as insignificant and also they lack the ability to make the insurance payment hence making their properties vulnerable to loss once a hazard strikes.

2.4.2.5 Socio Cultural Factors

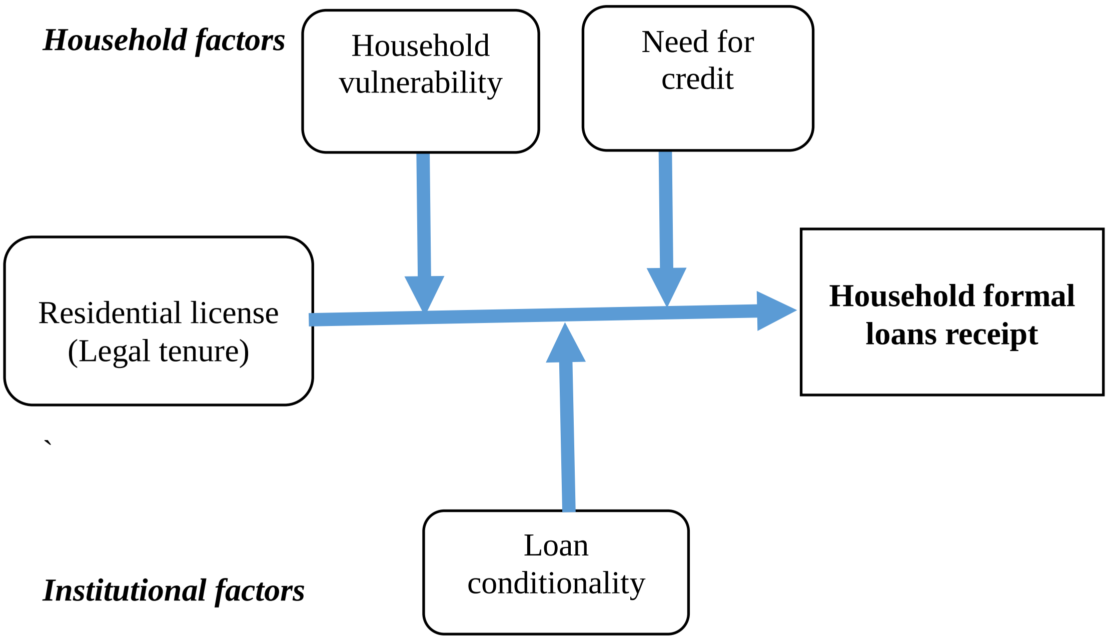
These include socio cultural values that property holds within the household. The values are related to the way household perceive the property that is expected to be used for collateral. Some cultures hold a house as an asset that brings social status. Therefore the house is perceived with respect to its use value and not exchange value (Mlonda, 2009; Yala, 2008; Galeana, 2004).

These factors are discussed as having influence on decision to access credit for livelihood enhancement. This study aims to focus on explaining factors which prevail in the demand side and supply side. These factors are individual (household characteristics) and institutional factors. Focus on demand side will be put on household assets, risk and household need for credit while on the supply side focus will be put on financial institutions especially on the loan conditionality. These factors are being researched to see the extent they influence the decision of household in using their physical asset (house) as collateral for accessing loans and credit. Following the above establishment, this research has not delved on legal factors and socio-cultural factors influencing access to credit. Physical factors have been slightly discussed on the aspect of physical assets on *page 52.*

2.5 Conceptual Framework

The starting point for my conceptual framework will be on the relationship between the variables as formulated in the research question. The research question is asking for the influence of residential license on household access to formal credit. This relationship is also studied through the intermediary variables household vulnerability, household need for formal credit and loan conditionality which literature has established as intervening factors in the relationship between residential license and household receipt of formal loans. Livelihood approach establishes that there is a close inter-linkage between household vulnerability, the assets that households have and the way they can gather other resources in case of need. Moreover household's livelihood choices vary between one household and the other. This is due to the amount of assets they have, how diverse they are and how they balance these assets in their possession for a positive livelihood outcome. The decision of household to substitute their carnal assets (house) and use it as collateral for mobilizing income for their entrepreneurial activities therefore depends on the household level of vulnerability, their initial asset portfolio which determines how vulnerable they are and the way they show the ability to recover from the dynamics of the environment. From monetary point view of poverty, access to financial capital is established as a potential for survival, this is why even access to formal credit for poor people is emphasized from these projects on formalization and titling. The conceptual framework in *figure 2* below then explains how residential license as an independent variable plays a role on access to formal loans together with vulnerability, household need for credit and loan conditionality as intermediary variables influence the dependent variable (access to formal credit).

Figure 2: Conceptual Framework



Source: Own construct, 2016

Chapter 3: Research Design and Methods

3.1 Introduction

This chapter describes the research design for the study. It outlines the research questions and main concepts of study which are then operationalized into variables and indicators. Then the research strategy used which is a case study is explained together with the data collection methods. The choice of a sample used for the study is then outlined followed by validity and reliability for the study. Data analysis technique used for this study and limitations for the study then sum up the chapter.

3.1.1 Revised Research Question(s)

To what extent does residential license influence household access to formal credit under CPREE project in Temeke Municipality, Dar es Salaam City?

Research Sub Questions

i. What is the actual ownership status of residential license among households in Temeke Municipality?
ii. To what extent do vulnerable households need formal credit in Temeke Municipality?
iii. How does household vulnerability affect access to formal credit in Temeke Municipality?
iv. What are the constraining and supporting loan conditionality for accessing formal credit?

3.1.2 Operationalization: Variables, Indicators

In this section, concepts in the research questions and conceptual framework are defined and unpacked to variables which can be measured through use of indicators. The indicators have been useful in formulating questions which have been administered to respondents so as to obtain information relevant to answering research questions. Variables and indicators were also used as guide during interview and focus group discussions.

Concepts have been operationalized in *table 2* below and they include residential license, household vulnerability, need for credit, loan conditionality and access to formal credit. Indicators to measure variables are also outlined to ensure each variable was captured consistently.

Table 2: Operationalization of Concepts

S/No	Concept	Definition	Variable	Indicators
1.	Residential License	Residential license is a legal document of **property ownership** that confers upon the licensee the right to occupy land in non-hazardous land in urban or peri-urban areas (URT, 1999)	Ownership	Composition of residential license owners
				Term of ownership

2.	Household vulnerability	Vulnerability refers to a **threat** or **risk** that household and their **assets** face in the environment they live in (Rakodi, 2002; Shahbaz 2008)	Threats	Types of threats
			Risks	Loss of asset
				Loss of honour
				Family conflicts
			Human assets	Type of occupation/ work
				Type of skills
				Level of awareness
				Household members able to work/ number of dependents
			Financial asset	Sources of income
				Ability to save
				Regularity of income
			Physical assets	Quality of land/house
				Other physical assets (car, jewellery, land, house furniture)
			Social assets	Number and type of networks
				Type of benefits from networks
				Membership in associations
				Type of benefits from associations
3.	Need for formal loans		Use for formal loans	Type of Household strategies
			Sources of loans	Number of Semi-formal sources of loans
				Number of Informal sources
4.	Loan conditionality	Refer to the conditions and requirements that are needed for successful lending. (Abdulai, et.al 2010; Karanja. et al., 2014; USAID, 2012; Yala, 2008; Assibey et.al, 2012)	Formal loan conditions	Loan availability
				Type of Collateral required
				Loan amount
				Loan processing time
				Amount of Interest rate
				Type and number of Procedures
5.	Access to formal credit	Refers to **gaining benefits** derived from credit (Ribot, et.al, 2003; Bataa (2008)	Gaining loans	Number of Household acquiring loans
				Number of Household not acquiring loans

3.1.3 Research strategy

For the purpose of my research which intended to explain the influence that residential license has on household access to formal credit, the research strategy that I have applied to fulfil the objective is a Case Study Research because this strategy is the one which studies causal relationships between independent variables (for my case residential license, household vulnerability, household need for credit and loan conditionality) and dependent variable (household receipt of formal credit).

Case study research strategy was adequate for my study because my study chose depth of study so as to gain more knowledge and be able to contribute to answering my research question (Verschuren and Doorewaard, 2010b). Moreover case study was chosen as a strategy because all the information relating to my study have been collected in the field; on site hence an empirical study. Despite the fact that factors influencing loans and credit access are documented in literature, I left myself open to acquiring more understanding from the vulnerable households themselves who were promised opportunities in formalization projects but the outcome sometimes is not as expected. That is why a case study was appropriate for me to gather new information, beliefs and perception of the households and the part of the Government.

The case study strategy was implemented through a single case which was represented by the Comprehensive Property Register for Economic Empowerment project which has been implemented in various cities in Tanzania but focus was in Temeke Municipality in Dar es Salaam City.

3.1.4 Data Collection Methods

This includes the type of data that has been collected for the purpose of this research, sampling technique and the selection of sample for the study.

3.1.4.1 Primary Data

For this study, data collection methods used included structured interviews with closed ended questions and semi structured interviews with open ended questions (Neuman, 2014). Structured interviews used closed ended questionnaires as an instrument for data collection because considerable amount of knowledge has been reviewed and operationalized to measurable indicators which formed a base for items in a questionnaire. These questionnaires were administered to households who are the beneficiaries to the formalization project. Semi structured interviews used an interview guide as an instrument for data collection so as to be able to gather more knowledge, opinions and perceptions of the respondents. Semi structured interviews were conducted with Government officials, key informants and households. Use of questionnaire was best for this study because respondents were given a chance to choose answer options from the knowledge that has been established from existing academic literature. The use of established indicators provided an opportunity to verify existing academic debate from a local point of view. Semi structured interviews were also the best option to answer my research question because despite giving interviewees insight on the study they left an opportunity for the interviewees to express facts, belief and perceptions which were also key to explaining the causal relationship between having a residential license and the role it played on household access to formal loans. In addition to that, use of questionnaire, semi structured interviews and secondary data were key for triangulation purpose so as to check for internal validity.

3.1.4.2 Secondary Data

Secondary data was collected from previously collected and stored data, published reports on the formalization project from the Ministry of Lands, Housing and Human Settlements, Temeke Municipal Council and Property and Business Formalization Programme Offices in Dar es Salaam City. Published academic articles and previous research reports were also used to enrich information about the research in hand. Secondary data for this study was of importance because data on all beneficiaries of residential licenses could be found in them together with the status of each residential license regarding accessing credit or any other financial assistance.

3.1.4.3 Sampling

Purposive sampling was used to draw samples for this study because the idea was to select respondents who are knowledgeable on this research (Neuman, 2014). Two human settlement in Temeke Municipality, Dar es Salaam City were used for this study. These are Temeke Sandali and Temeke Chang'ombe. Respondents selected for semi structured interviews included key informants from Temeke, Ministry of Lands Officials, Officials from Temeke Municipality where the study was conducted and Loan Officers from two commercial banks and households. A survey was also be done on households through questionnaires and convenient sample of 63 respondents was used for this study. Since the study used both structured and semi structured interview, structured interviews were mainly conducted on convenient sample of selected households beneficiaries of formalization project with different portfolio of assets and strategies while semi structured interview were conducted on key informants, Government officials and banks staff.

A sample of respondents was drawn using purposive sampling in Temeke Municipality (Neuman, 2014). Convenient sampling was be used to draw respondents for semi structured interviews and survey. In selecting a sample for questionnaire, a formula by Slovin (1960) was used at confidence level of 0.9 to make a total of 95 respondents (households) who were needed to fill in the questionnaire from the population size of 2275 households. But due to time constraints and unwillingness of people to participate a sample of 63 respondents was used for a survey (questionnaire).

3.1.5 Validity and Reliability

For a case study, it was important to ensure I measured what is relevant for the study in order to ensure there is validity of results (Verschuren and Doorewaard, 2010b). In this study validity was enhanced through use of different data collection methods and sources also referred to as triangulation (Verschuren and Doorewaard, 2010b, Van Thiel, 2007). This study use different sources such as households, key informants and officials as a way to validate the data that is collected for the variables of the study. Also triangulation of data collection methods was done by use of interviews, survey and secondary data so as to check and measure the same variable (Verschuren and Doorewaard, 2010b, Van Thiel, 2007). Moreover, the questionnaires were pre-tested to a sample of observers before administering so as to increase accuracy and consistency In order to check for reliability of the data that I collected, I used Cronbach's Alpha described in *table 3* below for the fourth variable loan conditionality in order to test for internal consistency. The test produced a significant value 0f 0.689 which indicated that from the variable loan conditionality there was consistency in the answering of the questions. Finally before making inferences I have used other fellow researchers in a peer check on the reliability of my study findings (Van Thiel, 2014).

Table 3: Reliability Test by Cronbach Alpha

Item Statistics

	Mean	Std. Deviation	N
44. credit and credit facilities are available in my area.	2.14	.931	63
45. banks are willing to offer credit to me	2.32	.964	63
46. the amount offered is satisfactory	2.46	.737	63
47. procedure for requesting loans are satisafcatory	3.62	.792	63
48. residential license is enough for getting a loan	4.05	.658	63
49. interest rates are affordable for me	4.16	.653	63
50. loan processing time is satisfactory	3.49	.821	63

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.689	.682	7

3.1.6 Data Analysis Methods

Primary data from my structured interviews were analysed through SPSS software for statistical analysis (Neuman, 2014) where Chi square test was used since independent variables and dependent variables are nominal in nature. Descriptive statistics was done where different graphs, charts and frequency tables were produced to explain the influence of my independent variables (residential license, household vulnerability, need for formal credit and loan conditionality) on dependent variable (access to formal credit). Primary qualitative data was analysed through qualitative analysis using Atlas Ti software where information was transcribed then coded depending on the respondents' answers (Neuman, 2014). A mixed methods was found suitable for this study because the study required triangulation of data be done since it was a case study research. The secondary data were also obtained from the Municipality and Ministry of Lands.

3.1.6 Limitation of the study

Since most of my indicators were nominal in nature one of the limitations that I faced was in reliability test using Cronbach Alpha which produced a significant value less than 0.2 but variable on loan conditionality produced Cronbach Alpha above 0.6 therefore indicating reliability in the question and responses. Another limitation faced was on the part of households where they showed no willingness to participate in the study hence affecting the number of questionnaires that I was supposed to administer. Out of 95 questionnaire that I was required to administer, I could only administer 70 questionnaire and received 63 completed questionnaire hence a response rate of 80% which was satisfactory for my study.

Another limitation that was encountered through this research was the absence of property owners since they rented out their properties, a fact that forced to use convenient sampling when selecting respondents for the study. In addition to this, I encountered a delay in getting permission for site work from Temeke Municipality since it took a whole week for permission to be granted for the study therefore reducing the time that I would have taken to collect my data. Despite these drawbacks, I managed to conduct all my interviews and questionnaires.

Chapter 4: Research Findings

This chapter documents the research findings for the study conducted in Temeke Municipality in Dar es Salaam City. The chapter is organized in two sections. Section one is about the descriptive statistics of respondent's characteristics while section two is on the major findings of the research. This chapter starts with respondents characteristics so as to establish a relationship between the respondents and the findings that follow. The descriptive statistics of the respondents is also made more elaborate in this chapter because it has relied on the data that has been collected during fieldwork and there is a degree of analysis that has been done to ensure that respondents' characteristics are interpreted in a way that showed relevancy to the study. Results and findings for this research are then interpreted and backed up by academic literature so as to be able to answer the main research question for this study.

4.1 Respondent Characteristics

This section describes sources of data, description of the respondents, their characteristics and the data collection instruments used. For this research the respondents were derived from the beneficiaries of the CPREE project in Temeke Municipality who were provided residential license as a land tenure document. A total of 74 households participated in the study through semi structured interviews and questionnaires.

4.1.1 Description of Respondents:

Beneficiaries with residential license

From the data collected from the questionnaires, I made sure that all the questionnaires were filled by households who are beneficiaries of the project. 100% of all respondents were part of the project and they had received a residential license.

Gender

52% (33) of the respondents were female while 48% (30) of respondents were male.

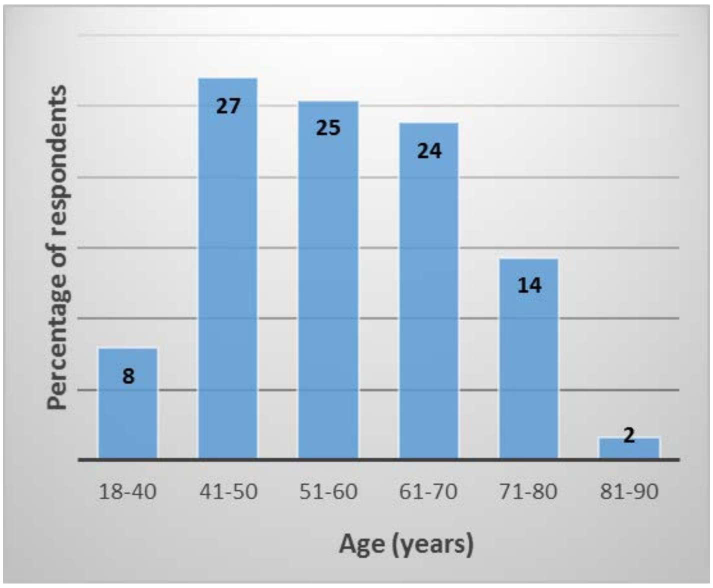
Possession of a residential license

All respondents that participated in the study had residential license which had been obtained from 2005-2015. Majority of respondents 67% had their residential license for a period of 8-11 years from the start of the project and who were expected to have used their residential license to access formal credit and improve their livelihood. This information is more elaborated in *chart 5* on pp. 41.

Age

Majority of respondents were between the ages of 41-70 years. They constituted of 90% of all respondents. While the remaining 10% is from the groups with respondents aged 18-40 and 81-90 as reflected on *chart 1* below. This study aimed for respondents from the age of 18 because that is the legal age limit that a person can take decision concerning ownership of his/ her property.

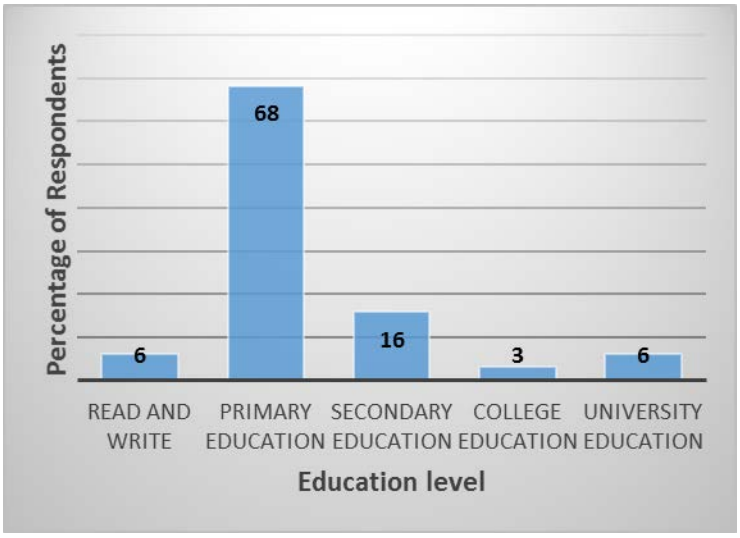
Chart 1: Respondents Age



Education level completed

Majority of the respondents 68% had completed primary education, followed by 16% who had secondary education. 6% could read and write, another 6% had university education while the remaining 3% had a college education as reflected on *chart 2* below.

Chart 2: Respondents Education



4.1.2 Other Sources

1. CRDB Bank

It was founded in 1996 but started to accept residential license as a collateral for loans in 2007. It is among the biggest private commercial banks in Tanzania and it provides personal, business and mortgage loans to households. It doesn't have special groups of customers, it accepts all people from different income groups as long as they are able to pay up for the loan that they request for. The requirements for loan for getting a loan from this bank include

- A well running business,
- The business must be registered
- Regular cash flows
- Savings
- Security where residential license is accepted but the house must be in good condition and the plot must not have conflicts
- Spouse consent
- Property Insurance

2. Bank X

It was founded in 2007. It is a private commercial bank that does not accept residential license as a form of collateral for loans.

3. Project officials

Principal Town Planner from Ministry of Lands, Housing and Human Settlement Development was selected for a semi structured interview because she was part of project committee during implementation and a Principal Land Officer from Temeke Municipality was also selected for a semi structured interview because he was part of the committee that produced the project report. These two interviews aimed at understanding how the CPREE project was carried out.

4. Expert from Property and Business Formalization Programme

This expert was consulted for an interview on the formalization programme. He is a senior expert from the Poverty alleviation programme which is responsible for all matters of formalization of poor people assets in Tanzania. Among the assets that are under the formalization programme are informal lands and business. This respondent was chosen because he has been a programme manager in formalization programmes and has experience in the subject.

4.2 Data Analysis and Findings

This section describes and explains the findings that were derived from the fieldwork. The analysis is done following a series of research questions.

4.2.1 Sub-Question 1: What is the actual ownership status of residential license among households in Temeke Municipality?

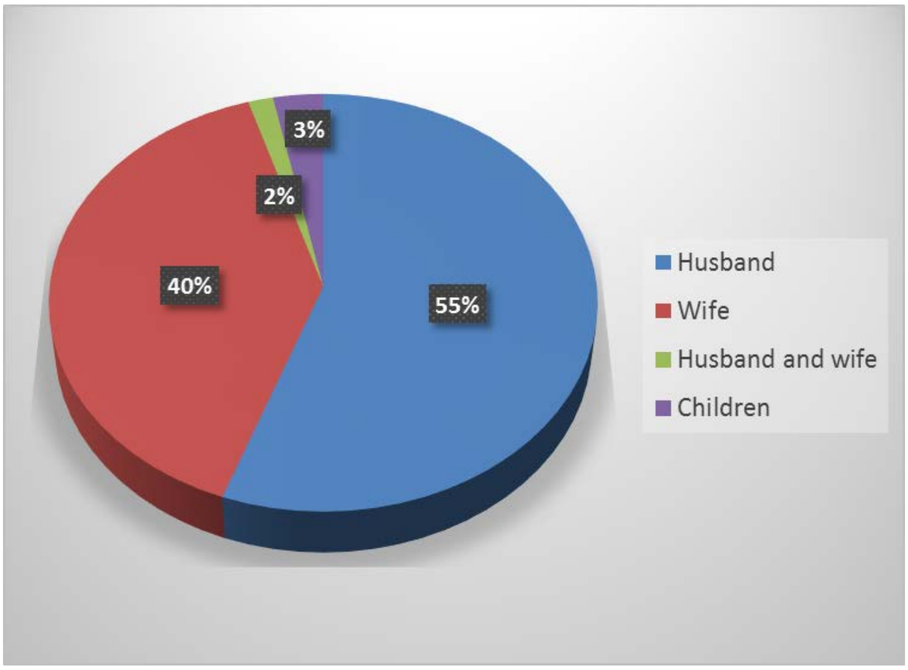
Ownership

This variable was analyzed so as to check the extent that household possess residential license in this study area. This variable was studied through questionnaire and interviews. The purpose was to seek for analysis that indicate the ownership status, characteristics of owners and the time that they have been possessing their residential license. Secondary data sources indicate that the project started in year 2005 and this was the earliest time to which households were issued with residential license.

Ownership status

This variable was studied to describe how ownership of properties was distributed among households. The essence was to check if there was any variation between households where the property is owned by husband, wife, children or both husband and wife. Data from questionnaire in *chart 3* has revealed that 55% of properties were in the name of husbands and it is only the name of the man that appears on the residential license. 40% of properties were in the name of wives, and it is only the name of a woman that appears on the residential license, 3% of properties were in the name of children of the family while 2% of properties were in the name of both spouses (husband and wife).

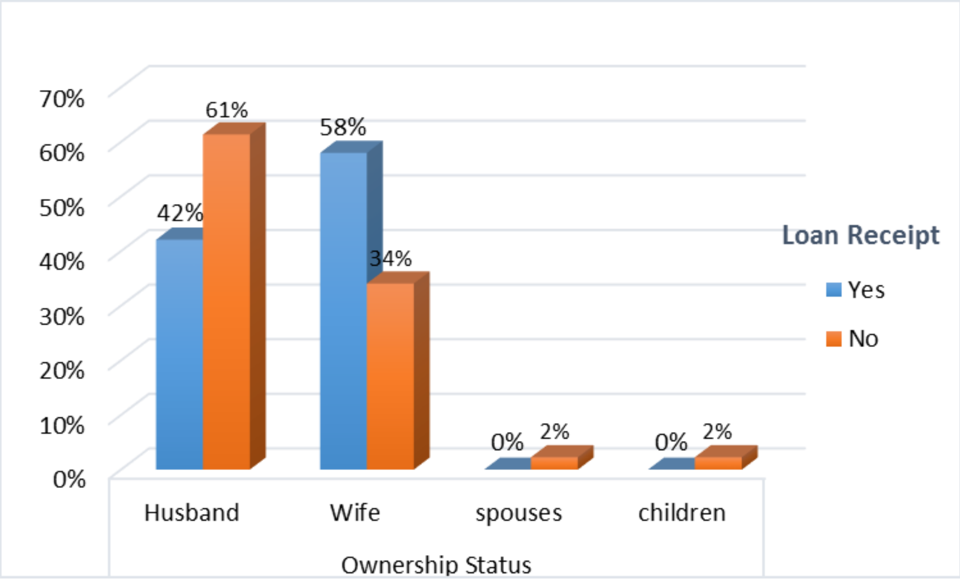
Chart 3: Property Ownership Status



The analysis in *chart 3* above is also backed up by findings from a study conducted by (Kironde, 2006) in Dar es Salaam where by it was established that where the issuing of residential licenses was done elsewhere in the city of Dar es Salaam, majority of the properties were in the names of the husbands. This was explained to be as a result of less sensitization on gender aspects in property ownership.

An analysis was done in *chart 4* to check for relationship between the property ownership status and loan receipt with cross tabulation analysis among the groups of male owners (husbands), female owners (wives), spouse owners and children owners. These groups were divided with reference to whose name appears in the residential license. In these residential licenses it is allowed by law to have more than one name that is why there is a group where both spouses (husband and wife names appear) but it is normally a rare case and in my study I managed to get one such group of respondent. Another rare case is a residential license document with more than one name of children of the family. This happens when the property is owned after inheritance due to death of parents. In this study I also managed to get two cases where residential license document had the names of two children in the family.

Chart 4: Cross tabulation: Ownership Status/ Loan Receipt



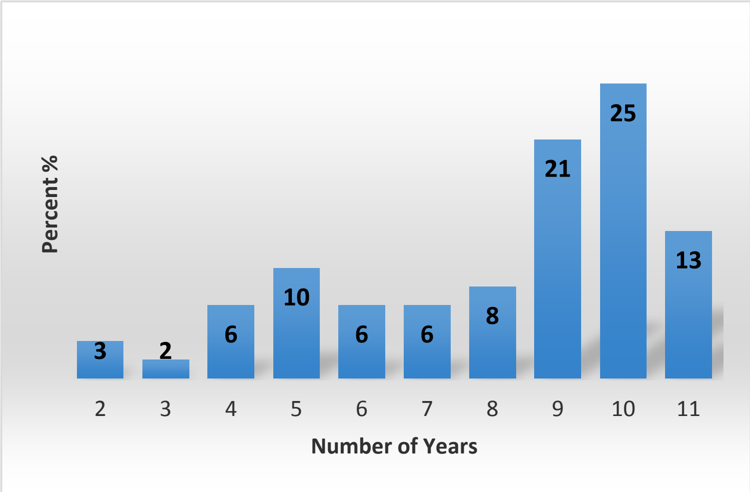
Cross tabulation analysis between ownership status and loan receipt in *chart 4* above produced the result that among those who managed to secure loans 58% were women while the remaining 42% were men. So loan receipt was dominated by two groups of male and female owners. The other two groups did not secure loans and this is because in order to secure a loan, there was a need for a consent from a partner whose name appears in the residential license document. This analysis is backed up by the respondent from the bank who indicated that among the requirements for securing a loan is having a spouse consent. This finding has been found opposite to what Payne, Durand-Lasserve, et al., (2009) established that where households have taken loans male headed households outnumbered female headed households.

With regard to not receiving loans, 61% of those who did not seek loans are men, 34% are female owners and the remaining 3% includes the groups with spouse owners and children owners. This result indicates that with residential license which have more than one owner, there was less attempts made to secure loans than in residential license documents with sole owners.

Time of possession

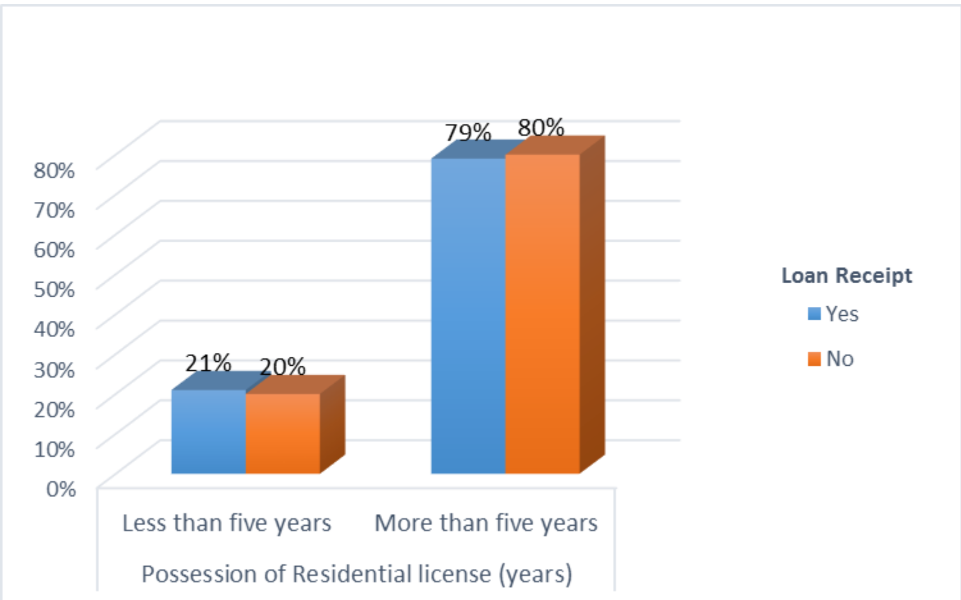
This indicator was analyzed to check the time that households have in possession of their residential license. The essence for this variable was to see how this factors has influenced the decision to take loans. In this analysis I have distinguished two groups of respondents to use. In my earlier chapters I have described that in Tanzania, a residential license is a short term document of ownership which is given for a term of five years renewable. Therefor my groups are divided between those who possess a residential license within less than five years and those who possess their residential license more than five years.
Data from questionnaire in *chart 5* has revealed that majority of households (79%) have been possessing their residential license for a period of more than five years while the remaining 21% consist of household who are in possession of their residential license for a period of less than five years.

Chart 5: Possession of Residential License (years)



A cross tabulation analysis was done in *chart 6* between the two groups, those who possess residential license for less than five years and those who possess a residential license more than five years with the indicator loan receipt so as to check their response towards taking loans from commercial banks. In this analysis, since those who are in possession of residential license of residential license for more than five years are many as compared to those who possess residential license for less than five years, the cross tabulation analysis indicated that 79% of those who possess residential license for more than five years secured loans and the remaining 21% was for the respondents who possess residential license for less than five years.

Chart 6: Cross tabulation: Time in possession/ Loan receipt



A further analysis was done by using a Pearson chi square test in *table 4* to check for a relationship between time in possession of residential license and loan receipt.

Table 4: Time in possession of Residential license/ Loan receipts

Test	**Value**
Pearson Chi-Square	**.891** (Not statistically significant)
****Level of significance**	**.05**
N of Valid Cases	63

The test produced a significant value of 0.891 which is above 0.05 hence indicated no significant difference between those who possess residential license for more than five years and those who possess residential license for less than five years. Therefore there is no relationship between loan receipt and time that a respondent has had his residential license.

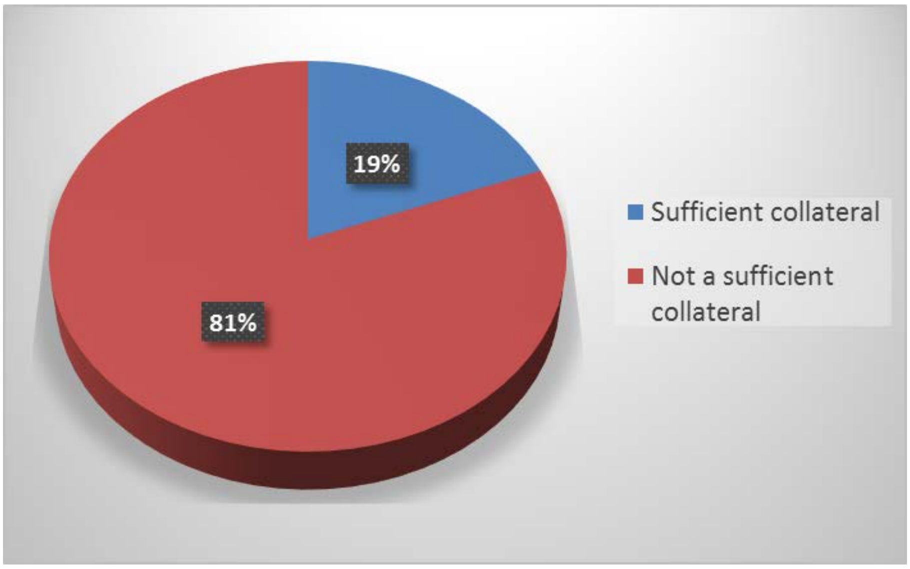
Residential License as Collateral

This indicator was analyzed to check if residential license was a sufficient form of collateral for getting a loan from the commercial banks. In an interview with the bank official B_01, he stated that residential license was not the only requirement that was sufficient to give out loans. He stated that *"….a residential license is like a last requirement on the list of things needed to give out a loan".*

To back up this claim an interview with another bank respondent B_02 when asked if residential license was sufficient as a form of collateral he stated that *"it is just not possible to take the RL only and assume everything is fine, we won't be doing these people justice… what about the other requirements'*

In household interviews majority of respondents reported that a residential license is used when requesting loans but it is not a sufficient form of collateral because banks have other requirements which are needed despite it. Households were asked in a questionnaire if by having a residential license, they had a sufficient collateral and the results in *chart 7* showed that majority of respondents (81%) informed that a residential license was not a sufficient form of collateral.

Chart 7: Residential License as Collateral



This finding that a residential license is not a sufficient form of collateral concurs with the establishment made by Payne. G and others in their final report submitted to the Ministry of Foreign Affairs, Norway Government. Payne, Durand-Lasserve, et al., (2009) established that there has not been evidence from previous studies and case studies that property titles have been accounted for as sufficient form of collateral when requesting for loans since banks are not only using property titles to give out loans but they sometimes ask for a third party guarantee and in some cases an evidence of regular income before giving out loans.

4.2.2 Sub-Question 2: To what extent do vulnerable households need formal credit in Temeke Municipality?

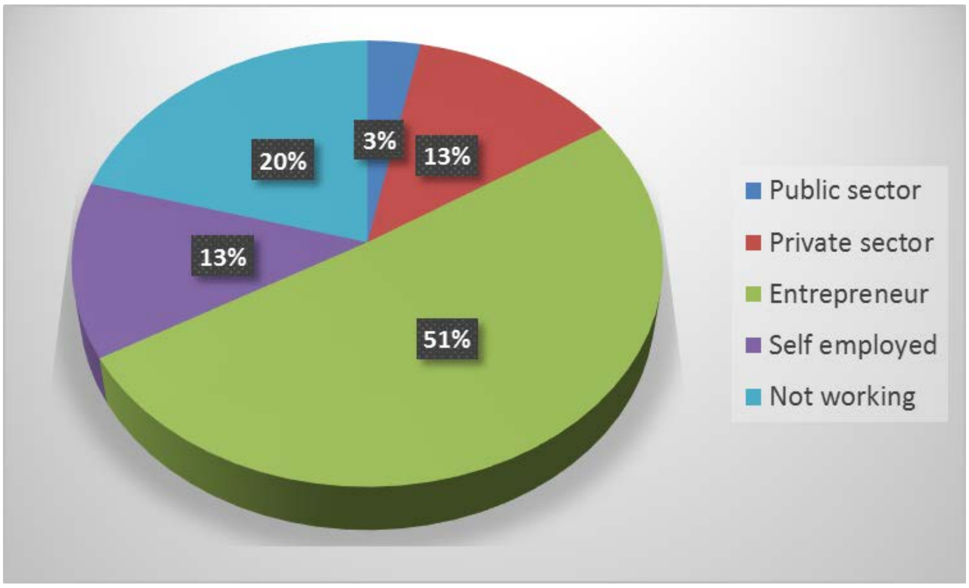
Household strategies

The need for formal credit was studied by looking at the household strategies that were partaken by the respondents and if they have taken the decision to approach banks for loans which would improve their strategies. When the project was started the aim of it was to facilitate household access to loans so that they may improve, create or expand their business enterprises. The variable of household strategy was analyzed through three indicators which are beneficiary occupation so as to determine who are micro entrepreneurs, type of entrepreneurship (necessity driven or opportunity driven) and business ownership status.

Respondent Occupation

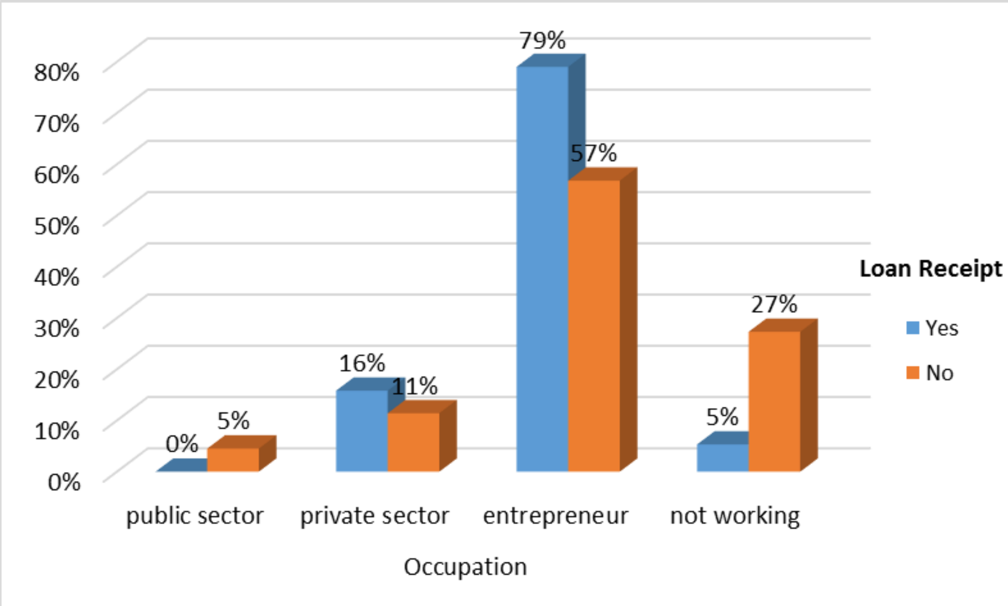
The first step was to identify respondents by their occupation. Results in *chart 8* showed that out of 63 respondents who made up the 100% sample, 40 respondents (64%) of the respondents were micro-entrepreneurs, 16% the consisted of people who are employed in private and public sectors while 20% included people who are not working.

Chart 8: Respondents' Occupation



Cross tabulation analysis between respondent occupation and household loan receipt was done in *chart 9* so as to find if there is any significant difference between respondents with different occupation and their response to taking loans.

Chart 9: Cross tabulation: Respondent Occupation/ Loan Receipt



Results of analysis in chart 9 above shows that in the group of respondents who secured loans, 79% of respondents were micro entrepreneurs, 16% were respondents who are employed in private sector and 5% was from a group of respondents who are not working. This result was rather surprising in the part of the 5% of the respondent who were not working but decided to take a loan. During interviews, one respondent said that he does not need a loan because he is not working and it would be difficult to repay the loan. Therefore from this interview, I made a hypothesis that those who are not working will not show a need to go formal loans. In an interview, male *respondent M_01 informed me that he has no need for formal loans because he does not have income to enable him pay the loan. He said *"…I don't need a loan at all, I am a retired officer, I have never done business in my life and I will not start now at this age, I will gladly take on my pension and leave everything to rest. Not that I am against the thought but seriously, time has left me. I can't do business at this age."*

But another interview with female respondent F_04 provided the possible circumstance where a person who is not working can take a formal loan.

In the interview she explained that although she is not working, she agreed to take a loan on behalf of his two sons who have a business enterprise but did not have a property to use as collateral. That is why they asked their mother to use the document since it was in her name. When interviewed she said "*I myself have not used the RL to get loans, but I sat down with my sons and they told me their need to use it so that they may get more finances to expand their business. As a mother, I agreed to their idea. I gave permission for them to use it, I hear they got 40 million from it and I blessed them. I myself have no any business, no any income source and I am now confined here I depend totally on them"*

Another observation was made on the part of micro entrepreneurs of whom majority (79%) secured loans. This is in line with literature and was an expected result because literature has established that micro entrepreneurs are capable of taping opportunity offered by the external environment so that they may be able to expand their enterprises (Berner, Gomez, et al., 2012). But analysis on *chart 9* also revealed that even though micro entrepreneurs had a large percentage from among those who took loans, they also occupy 56% among those who did not take loans. This observation was explained further in the indicator which studied the type of micro entrepreneurs on *page 47* where by it is revealed that although they are termed as micro entrepreneurs majority of them fall within survival entrepreneurs who do not show the characteristic of finding more resources for their enterprises (Berner, Gomez, et al., 2012).

On a further analysis, Pearson chi square was run on beneficiary's occupation in *table 5* to see whether there is any statistical difference between household who had different occupations against decision to take loans. The statistical test on beneficiary occupation against receipt of formal loan yielded a significance level of 0.085 which is above the significance level of 0.05. This result indicates that there is no statistical difference between the beneficiaries occupation in terms of the decision to take a loan by using their residential license. The test reveals that occupation has no significant influence on the decision to take a loan since all respondents who worked in private sectors, micro entrepreneurs and those who are not working all took chances in taking loans.

**Described in Respondent List in annex 3*

The same applies to those who did not take loans where respondents with different occupations also did not show the desire to take a formal loan.

Table 5: Chi Square Test: Respondent Occupation/ Loan Receipt

Test	**Value**
Pearson Chi-Square	**.085** (Not statistically significant)
****Level of Significance**	**.05**
N of Valid Cases	**63**

Business Ownership

This indicator was studied with the essence of distinguishing micro entrepreneurs according to what strategy they do for their living. Biles (2009) refers to micro entrepreneurs as people who are self-employed supposedly in an informal economy instead of formal economy. In addition Suruga (2010) explains on micro entrepreneurs as people who start a business venture to meet demand. Therefore business ownership was used as indicator to distinguish respondents who were grouped as micro entrepreneurs, self-employed and those employed in public and private sector.

In the household interviews conducted, respondents were engaged in business enterprises, self-employment in construction, civil works and carpentry, others were employed in Public sector while one respondent was not working. Results from questionnaire analysis in *table 6* below indicated that from the 63 respondents 34 (54%) had business enterprises while the remaining 29 (46%) had no business enterprises.

Figure 3: Shops within Study Area

Source: *Fieldwork, 2016*

Even among 40 entrepreneurs analyzed in *chart 4* above only 34 had business enterprise while the remaining 6 were self-employed. (2) In construction industry, 2 in carpentry and the other 2 in plumbing and motorcycle transport.

Table 6: Business ownership Status

Business Ownership	**Frequency**	**Percent (%)**
With business	34	54
Without business enterprises	29	46
Total	40	100.0

To determine the need for credit by looking at business ownership strategy between households. The focus was on business enterprise so as to check whether there is any statistical difference between those with business enterprise as a household strategy and those who do not have any business strategy. A Pearson chi square test in *table 7* indicated a significance level of 0.009 between household who received credit against whether they had any household strategy that needed the loan provided by commercial banks. The significance level of 0.009 is less than 0.05 which therefore indicates that there is a statistical difference between those households who took a loan and those who did not take loans. A fact of having a business enterprise as a household strategy influenced households to take out loans more than those who did not have any household strategy

Table 7: Chi-Square Tests: Business Ownership/Loan Receipt

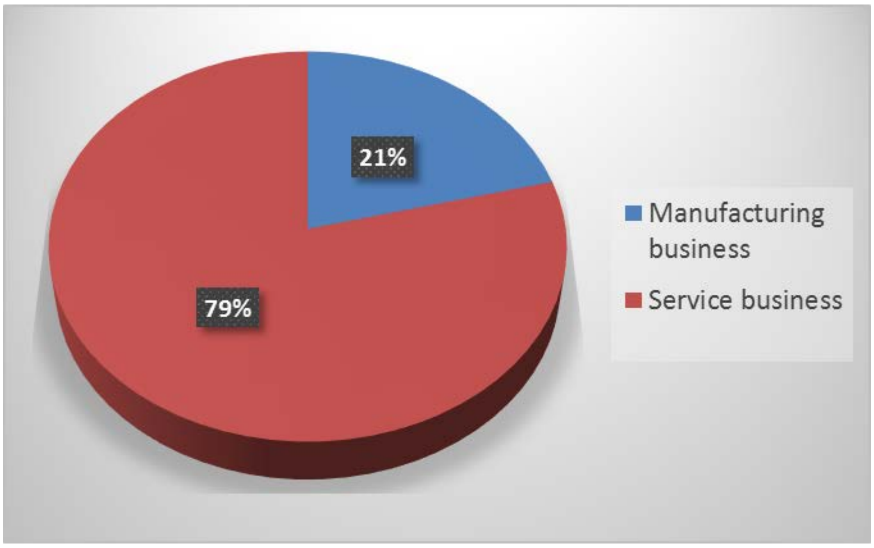
Test	**Value**
Pearson Chi-Square	**.009** (Statistically significant)
****Level of Significance**	**.05**
N of Valid Cases	**63**

When the respondents were asked in interviews as to why they do not opt to have a business as a household strategy, one respondent reported being sick from fire accident, two respondents reported due to having dependents at home, one respondent reported due to business not doing well and another respondent reported that due to old age he cannot start doing business. Another respondent who is a public sector employee said he did not need to do business because he did not want to mix two occupations at once. In an interview with one respondent M_04 to see the extent that he needs formal loans, he said *"I do not have any business and it is difficult in a public sector to mix these things. It may create problems, therefore I do not need any loan."* and another respondent F_02 *said "Business is difficult here. I don't know if it is a cultural thing on this street but you can never do a business and succeed here. Many people have attempted to open up frames for business, but it has not taken them a year, they have closed them down and shifted from here*"

I made an attempt to ask those respondents who have business enterprises and why they decided to do it. One respondent informed me that due to poor education background, she could not find jobs anywhere that is why she decided to do business. In an interview respondent F_03 said *"I am a business woman. That is the best job I can do. I just ended up with a primary education. What can I do? I cannot get employed anywhere so I have tuned myself into doing business"*

A further study was carried out to check the type of business that were run by the respondents, and it was revealed that of all respondents 79% engaged in small service business where as the remaining 21% was made up of respondents who are involved in manufacturing business as indicated in *chart 10* below:

Chart 10: Type of Business



This finding concurred with Zuin (2004) who established that micro entrepreneurs normally develop their businesses through both production and selling of goods or services. Moreover, findings have also revealed that majority of respondents (79%) are engaged in service business just as it has been established by Berner, Gomez, et al., (2012), Soto (2002) and Zuin (2004) that households in informal settlements operate their enterprises through both production of goods and services with the objective of generating income and employment.

Type of entrepreneurship

As revealed by one respondent during interview, entrepreneurship is a strategy that involves a lot of risk whether the enterprise is small or big. Therefore, it was necessary through this study to classify micro entrepreneurs according to their entrepreneurship behaviors and to know whether they are growth oriented or survival oriented so as to be able to find a relationship in their chances of accessing credit facilities. In this study the people who are engaged in entrepreneurship have been referred to as micro entrepreneurs and literature review has identified two groups of micro entrepreneurs. Those that are necessity driven or survival entrepreneurs and those that are opportunity driven or growth oriented entrepreneurs (Rakodi, 2002).

For the purpose of this study, several indicators have been used to define the characteristics of micro entrepreneurs so as to be able to analyze how far they can be able to take opportunities that are offered for expansion of their enterprises. The aim of this study was to differentiate entrepreneurship behavior by looking at indicators such as the scale of the enterprise, the environment where the enterprise takes place, the objective of the enterprise, the capital requirement, skills required, type of employees, the level of registration and ability to take risks. Data from questionnaire has revealed that all respondents share these characteristics except the need for expansion of their enterprises and the ability to save from the income generated from their enterprises. For this study these characteristics (need for expansion and ability to save) have been used to differentiate the type of entrepreneurship that exists between households. The purpose is to check the respondents who qualify as growth oriented entrepreneurs or survival entrepreneurs.

Questionnaire analysis result have shown that Out of the 40 entrepreneurs only 16 respondents (40%) qualify to be grouped as growth oriented entrepreneurs while the remaining 24 respondents (60%) qualify as survival entrepreneurs because they have not had any plans to expand their business and they lack the ability to save out of their income.
To test whether there is any statistical difference between the two groups in terms of the receipt of loans, a chi square test was run in *table 8* and the test yielded a significance level of 0.01 which is below the standard 0.05. This result reveals that there is a statistical difference between growth- oriented entrepreneurs and survival entrepreneurs when it comes to taking opportunities that are offered by the environment.

Table 8: Chi-Square Test: Ability to Save/ Loan Receipt

Test	**Value**
Pearson Chi-Square	**.001** (Statistically Significant)
****Level of Significance**	**.05**
N of Valid Cases	**63**

A substantial support for this finding is obtained from academic literature that reveals that growth oriented entrepreneurs will take any chance to see that they expand their business so as to achieve accumulation of profits (Rakodi, 2002).

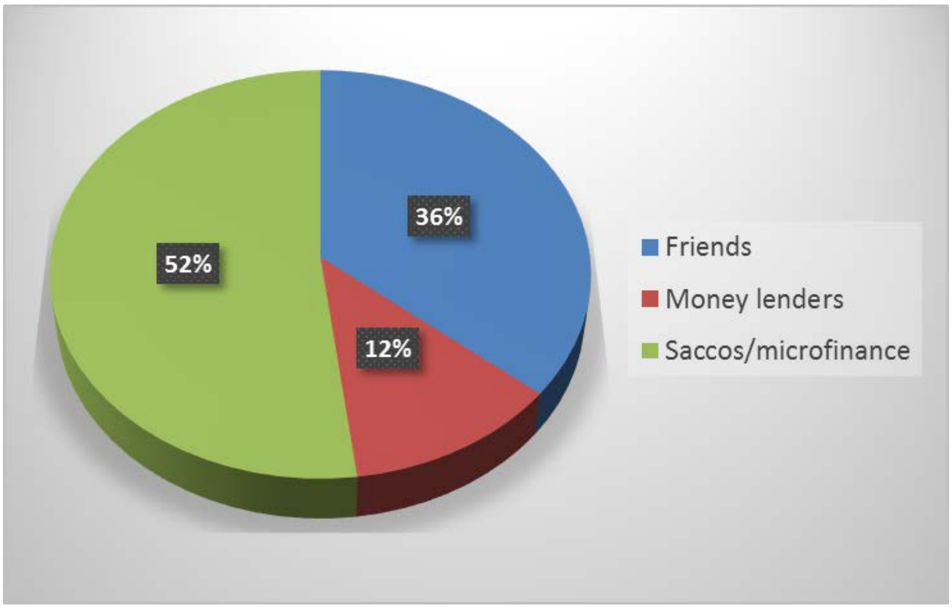
Other Sources of Credit

In this study there was also a need to test a hypothesis that households do not go for formal credit because they have their other sources of credit that they depend on. This has been analyzed through interviews with respondents. The interview was analyzed from three respondents from the groups of employed, survival entrepreneur and those not working. Among the interview the other sources of loans which have been mentioned include use of salary slip to take loans from work place (2 respondents) friends (1 respondent) microfinance institutions who only require a member to use household furniture as collateral (1 respondent) and some mentioned their relatives as their sources of loans (1 respondent). Interview with an employed respondents revealed that there is no need for them to use their residential license to get credit because there is another way they can get credit and not necessarily using their residential license. This respondent F_02 revealed that she can easily use her salary slip to obtain a loan that is why she has not used her residential license. She said "*I have never used my RL to get loans from the bank. I am still working with the Government, so I won't need the loan. I don't have any business to need a loan. In other words I would not know what to do with it. If ever I need a loan, I would rather use my salary slip than my RL*". In an interview with a survival entrepreneur M_04, he revealed that he does not need any formal loans because his business is too small and therefore he does not need a big amount of money from the bank to run the business. He prefers to take money from small microfinance institutions where it is easy to pay up. "*The loans that I allow in my house are these small loans, and they are taken by my wife. With small loans I know even if she fails to pay up, I will be able to rescue her*".

An interview with a respondent F_05 who is a business woman revealed no need for formal loans because when in need she can easily get loans from friends and family. "*As you can see I am not working but I am a member of a saving group here on our neighborhood. We give each other small loans for our needs. We do not need big money that is why I am part of it.*"

These arguments are backed up by data from questionnaires which asked the respondents the other means where they can get loans and respondents mentioned sources such as friends, microfinance and informal lending. *Chart 11* showed what respondents revealed as their sources of loans, of which are satisfactory to them, therefore they do not need formal loans.

Chart 11: Household Other Sources of Loans



The above finding concurred with Payne, Durand-Lasserve, et al., (2009) who established that majority of vulnerable households prefer to find their financial resources through individual savings or getting soft loans from extended families, friends and informal loan sources. This tendency of relying on these small loans has not facilitated any growth of household income potentiality because the loans are more expensive and not sufficient for development activities. The only advantage of these loans lies in the fact that they are easy to access and are more flexible than bank loans. Tis establishment then explains also why households in Temeke also showed their preference in getting loans from friends, money lenders and small microfinance institutions as describes in *chart 11* above.

In another research done in Dar es Salaam City where respondents were asked about their willingness to get credit, 64.7% of the household heads showed the willingness to take loans from financial institutions while 35.3% of households indicated no need in taking formal loans (Shemdoe, 2012).

Use of credit

This variable was studied so as to establish how many among those who had business enterprises have ever requested and needed formal loans for their business. Out of the 34 micro entrepreneurs, 15 respondents (44%) have requested and obtained formal loans and out of these 15 respondents, 13 respondents (86%) used their loans for expanding their business while 2 respondents (14%) used their loans for building their houses. This finding although does not concur with Payne, Durand-Lasserve, et al., (2009) who established that majority of households who have taken loans have used it for house improvement and a small percentage have used it for expanding their business.

Data from variables answering question two reveal that household need for credit has a significant influence in the household decision to request and get a loan. Questionnaire, and interviews both reveal that the type of household strategy that is taken by a household plays a major role in deciding whether to get a loan or not. It has been shown in analysis that most majority of respondents (60%) had business enterprises as a household strategy but the enterprise is just run to cover daily consumption and so that one can have something to do and not stay idle. The business is run in a hand to mouth basis, since respondents lack the desire to grow and expand their enterprises. They are satisfied with what they get and see no need to seek further opportunities. What has been observed is that those who need loans have gone ahead to use their properties as collateral since they have the willingness to expand their business and grow. This finding concurs with what is established by Berner, Gomez, et al., (2012) and Zuin (2004) that households with long term strategies need more capital to expand their enterprise and grow whereas as those with survival strategies need only low capital for financing their business that is why there has been a variance in the degree of seeking and accepting loans. What is established from the literature is that the notion of entrepreneurship and acceptance to loans differ from one household and one individual from the other (Berner, Gomez, et al., 2012;Zuin, 2004).

4.2.3 Sub-Question 3: How does household vulnerability influence access to credit in Temeke Municipality?

Household vulnerability is key to answering question therefore analysis was done through three variables which are interlinked. These variables are household assets, threats and risk. Household assets were analyzed so as to check the quality of assets that household in Temeke Municipality possess so that to be able to check the types of threats or risk that affect the households. Literature has established that households who show more vulnerability are those that have fewer asset portfolio and they also lack the ability to accumulate more assets therefore they will at most avoid being part of any strategy or opportunity that involves risk taking. The more vulnerable the household is the more they defend themselves and their assets against risky environment (Rakodi, 2002). Based from literature, I have established the hypothesis that households with fewer assets will try to defend their asset profiles due to belief that if they lose these assets they will be more vulnerable. As related to the study, the hypothesis is explained that households will avoid as much as possible not to use their properties as collateral to avoid losing them. Another hypothesis that I have established from literature is that informal settlements are characterized as having dilapidated properties which are not suitable to be used as collateral (Abdulai et. al, 2010). Therefore this study intended to test these hypothesis to see if the factors mentioned have affected access to formal loans.

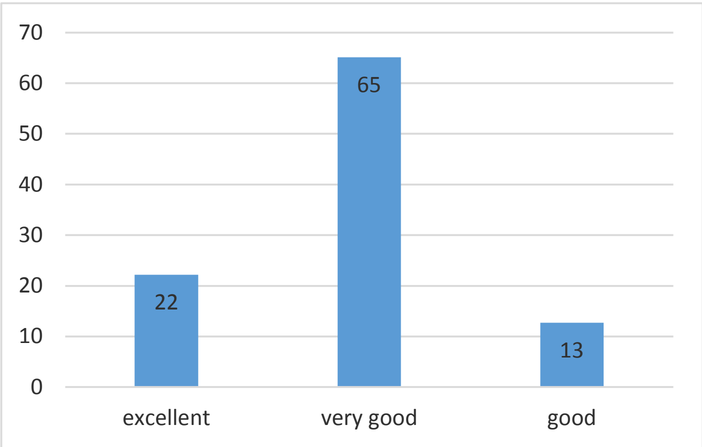
Physical assets

This variable was studied so as to document the quality of physical assets households have and see if they face any threats that can make them vulnerable.

Quality of property

From the analysis of data it has been observed that the properties that these households have range in size whereas most of the plots are of high density ranging from 100-300m2. Plots that are of high density consisted of 87% while the remaining 13% were plots that are of medium density with size ranging from 301-600m2. In interviews, different views were expressed by respondents, some claiming the sizes were very small but others expressed that the size was adequate given the nature of development. The properties built by these respondents were studied and 100% of all properties were permanent structures built by contemporary building materials such as tiles, iron sheets and cement blocks. The only difference was on the finishing of these houses where by 64% of all properties had plastered and well finished walls, while the remaining 36% had no plastered wall, but were built of cement blocks. *Chart 12* showed the quality of the properties/building in terms of their condition where 65% are in very good condition, 22% are in excellent condition while 13% are in good condition.

Chart 12: Quality of property



Data on quality of properties show no threats that these households face. The only vulnerable condition that these households face is in the possession of other physical assets that can be used to generate income when in need. *Figure 4* below is shows the types of buildings that are found in the study area, and it can be seen that the properties range from excellent condition to good condition.

Figure 4: Types of Buildings found in the Study Area

Source: *Fieldwork, 2016*

Findings on the quality of properties in Temeke has revealed that most of the properties are in good condition that qualifies them to be used as collateral for getting loans. This finding does not concur with Abdulai et. al, (2010) who established that informal settlements are characterized as having dilapidated properties which are not suitable to be used as collateral. Properties studied in this research have been found to have been built by modern building materials and are in good condition.

Possession of other assets

Analysis of data from questionnaire in *table 9* revealed that 50 respondents which is 80% of all respondents have only houseware, furniture, car, motorcycle and jewelry which although are assets they cannot be acceptable as security for loans in commercial banks. The remaining 13 respondents, 20% revealed to possess other houses and plots within the city hence having the opportunity to use them as security for taking loans. 80% of the respondents were vulnerable because they had less assets as compared to the other 20% of respondents who had more assets.

Table 9: Asset Possession

Assets possession	**Frequency**	**Percentage**
House/plot	13	20%
Car	1	1.5%
Motorcycle	2	3.5%
Machines	2	3.5%
Jewelry	2	3.5%
Houseware and furniture	43	68%
Total	63	100%

When asked on the quality of their physical assets against the receipt of formal loans, data reveal that those with more tradeable assets such as other houses and plots were more willing to acquire loans from the banks than the ones who had no tradeable assets. A cross tabulation was done in *table 10* below with quality of physical assets against loan receipt indicate a significance level of 0.016 which indicates a significant difference in receipt of loans between people with various physical assets with those respondents possessing house and plots (84)% were able to request and acquire loans.

Table 10: Cross tabulation: Assets Possession/ Loan Receipt

Physical assets/ household	**Loan Receipt**		**Total**
	Yes	**No**	
House/plot	11	2	13
	84%	16%	100.0%
Car	0	1	1
	0.0%	100.0%	100.0%
Motorcycle	0	2	2
	0.0%	100.0%	100.0%
Machines	0	2	2
	0.0%	100.0%	100.0%
Jewelry	0	2	2
	0.0%	100.0%	100.0%
Houseware and furniture	6	37	43
	14%	86%	100.0%

The above results indicated that lack of quality physical assets affected households from accessing credit. This finding concurs with academic literature that households who show more vulnerability are those that have fewer asset portfolio and they also lack the ability to accumulate more assets therefore they will at most avoid being part of any strategy or opportunity that involves risk taking. The more vulnerable the household is the more they defend themselves and their assets against risky environment (Rakodi, 2002). Based on this establishment, the results have led to acceptance of the hypothesis which I have established that, households with fewer assets will try to defend their asset profiles due to belief that if they lose these assets they will be more vulnerable (Rakodi, 2002).

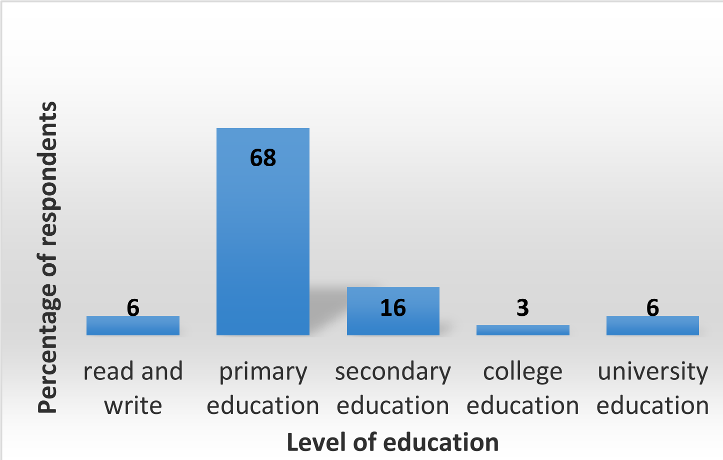
Human Asset

This variable was analyzed to check the quality of human capital that households have and how it has influenced their decision to acquire formal loans from the banks. The study analyzed human capital by looking at the education level of the respondents, their capacity to work, awareness on the use of RL, number of households members able to work and number of dependents. A further analysis was done to check the types of threats that households possess and how it has affected them in getting loans.

Education

From interviews analysis, 7 respondents had primary education while the remaining 4 respondents had college education. Data from questionnaire analysis in *chart 13* revealed that majority of respondents (68%) had primary education while only 6% of respondents had reached the level of University education.

Chart 13: Respondent Education



A cross tabulation analysis was done in *chart 14* on level of education against receipt of loans. Results reveal that respondents from all education levels were able to receive loans from the banks but majority of them (74%) had a primary education. This is because majority of respondents in this study had primary education so the result was not surprising. The only group that did not seek formal loans are those who could only read and write, which for this study are the ones who are vulnerable in with respect to education level. A further analysis with chi square test was done in *table 11* to find a relationship between respondents of various education against their loan received, and the test produced a significance level of 0.686 which is greater than the standard 0.05 hence showing that there is no significant difference between various education levels with respect to receiving loans. This analysis shows that education level is not a determinant of whether a household will go to the bank in search for a loan or not.

Chart 14: Cross tabulation Analysis. Respondent Education/ Loan Receipt

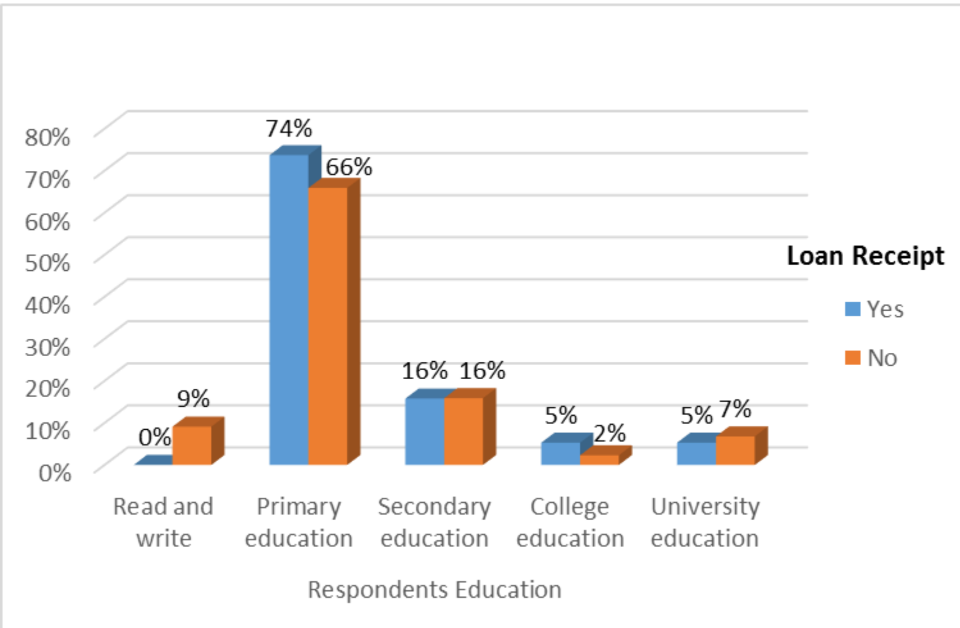


Table 11: Chi-Square Test: Education/ Loan Receipt

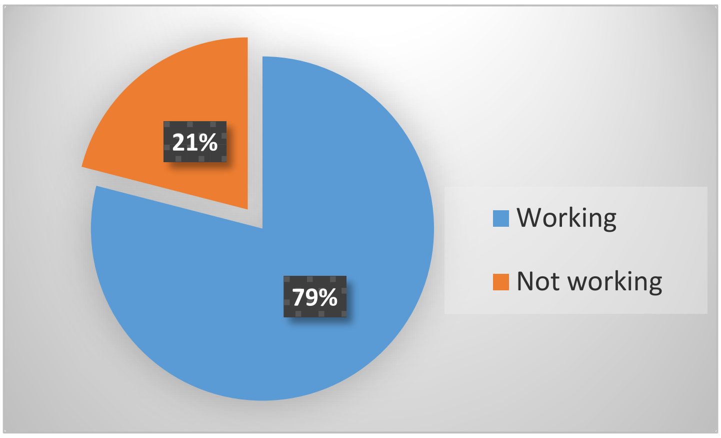
Test	Value
Pearson Chi-Square	**.686** (Not Statistically Significant)
****Level of Significance**	**.05**
N of Valid Cases	**63**

Data from interview with the banks also confirmed that banks don't distinguish their clients in terms of what education they have. When interviewed the bank official B_01 said "*We don't at all check the respondents education whether he/she is studious or not, what we check is their performance in the way they do their business…..These people need to have business skills, they must be able to know how to borrow money and the discipline to use that money"*

Capacity to work

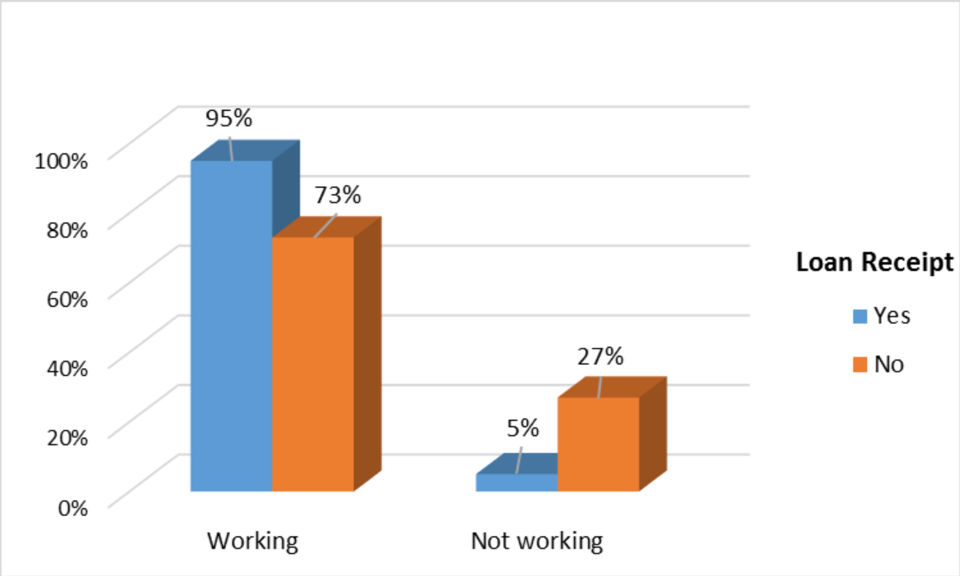
Analysis from household interviews revealed that majority of respondents had capacity to work and a small minority of respondents showed no capacity to work due to being invalid after a fire accident. Data from questionnaire analysis in *chart 15* revealed that out of 63 respondents, 50 respondents (79%) were working while 13 (21%) were not working.

Chart 15: Work Status



An analysis was done in a cross tabulation in *chart 16* between the respondents capacity to work and loan receipt in order to see how working capacity it influenced access to loans.

Chart 16: Cross tabulation: Capacity to Work/ Loan Receipt



Results in *table 12* have revealed that capacity to work has no significant relationship with receiving loans, because the Pearson Chi square value of 0.085 shown no relationship between capacity to work and loan receipt. Therefore capacity to work has no influence because out of those who have taken loans 95% were working and likewise out of those who did not take loans 73% were also working.

Table 12: Chi-Square Test: Capacity to Work/ Loan Receipt

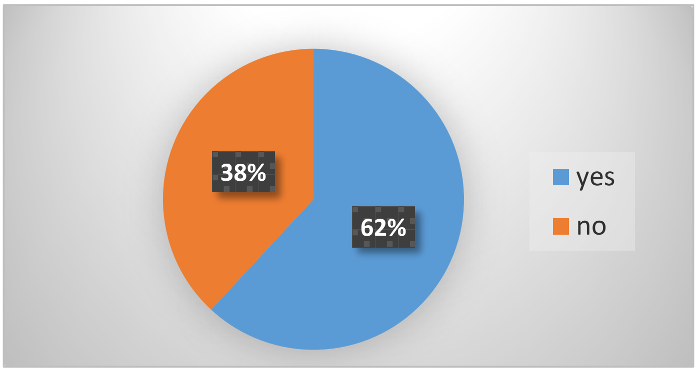
Test	**Value**
Pearson Chi-Square	**.085** (Not Statistically Significant)
****Level of Significance**	**.05**
N of Valid Cases	**63**

Level of Dependency

An analysis on dependents was done between respondents in order to find if there is any significant relationship between the number of dependents that households have and their decision to take loans or not. In an interview, one respondents revealed that he has his residential license and his property can easily be used as collateral for loans but he is currently taking care of his sick sister therefore he himself cannot engage in any productive work. This respondent M_05 informed me that having a dependent at home makes one very vulnerable because he lacks ability to work. "*My sister is depending on me….I use most of my time and resources on her treatment. I do not get sufficient time to work so for now I just depend on the money that I get from rent. In this situation I have failed to get out there to get loans, but if I could, I would have done so….. Despite my age I want big money to take care of my business and enjoy what time I have left.*

Data from questionnaire in *chart 17* indicated that 62% of households had dependents at home while 38% of respondents had no dependents.

Chart 17: Households with Dependents



For further analysis, a cross tabulation in *chart 18* to find a relationship between having dependents and the decision to take loans was done and the chi square test in *table 13* revealed a significance level of 0.893 which indicates that there is no significant difference between those with dependents and those without dependents and their ability to take loans. Therefore household vulnerability through having dependents shows less influence to the decision to take loans because respondents with dependents and those without dependents all took part in acquiring loans.

Chart 18: Cross tabulation: Dependents/ Loan Receipt

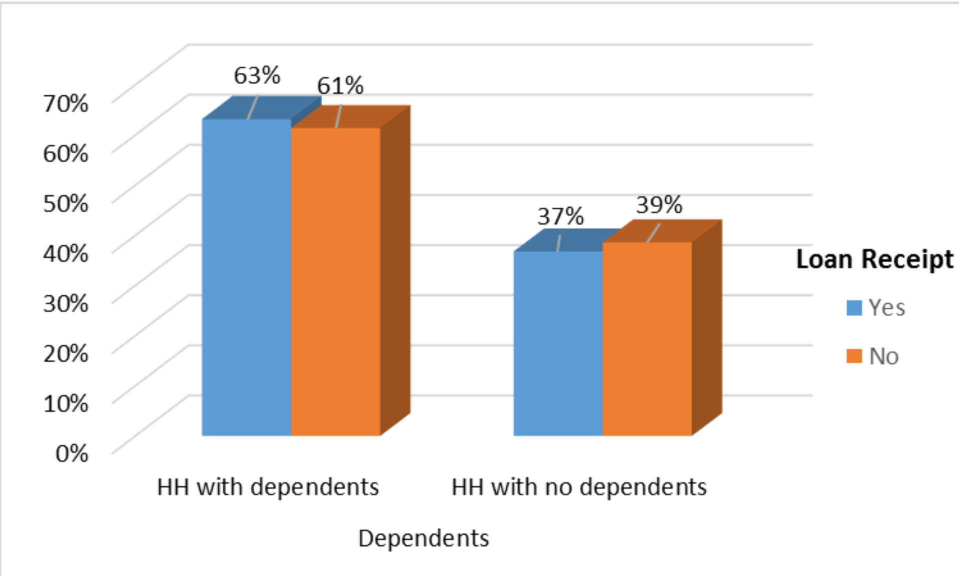


Table 13: Chi square test: Dependents/ Loan Receipt

Test	Value
Pearson Chi-Square	**.893** (Not Statistically Significant)
Level of Significance	**.05**
N of Valid Cases	**63**

Level of awareness

An analysis was done to check the level of awareness that respondents have on how they may benefit from their residential license. The purpose was to see whether there has been much exposure on the respondents on how they can benefit from having a residential license.

An interview with official from the project revealed that there has been much awareness creation on the respondents on the importance of their residential license and how it can benefit them through accessing loans. In an interview with an official from the local authority O_02 indicated that "*…..Awareness creation was made on the part of the people so that they may know the importance of the RL and how they can be used to empower them economically……. we talked with the banks representatives operating here in the country and informed them how legit these documents are and how they can be used to improve the lives of the people. We then also talked to the people so that those who needed more finance can take the opportunity"*. This interview was backed up by an interview from the bank official B_01 who reported that " *in the beginning when we started we used to form small groups with these people and informed them how they can be successful in getting loans using their residential license….."*

In an interview with seven (7) beneficiaries also revealed that when the project was starting there was awareness creation on how to use their residential license "*we were informed of the objectives that when you have a residential license and you need a loan you can use it to get the loan* "reported respondent M_04.

An analysis from the questionnaires in *table 14* revealed that 76% of all respondents had an awareness on how to use their residential license to get credit. All respondents who got credit were aware of the use of residential license and among who did not get credit 65% had awareness on the fact that they can use their residential license to get credit. The only statistical difference was observed in the fact that while 100% of respondents who got loans were aware and none was not aware, among those who did not get credit 34% revealed being not aware of using their residential license to get loans.

Table 14: Cross tabulation Analysis: Level of Awareness/ Loan Receipt

Loan receipt	**Awareness on use of residential license**		**Total**
	Aware	**Not aware**	
Yes	19	0	19
	100.0%	0.0%	100.0%
No	29	15	44
	65.9%	34.1%	100.0%
Total	48	15	63
	76.2%	23.8%	100.0%

An interview with respondent M_04 also revealed that banks were making an effort of trying to reach them and giving them information on how they may benefit from loans. "… *I see a lot of announcements regarding loans for economic empowerment……they pass here in the streets with their small cars…."*

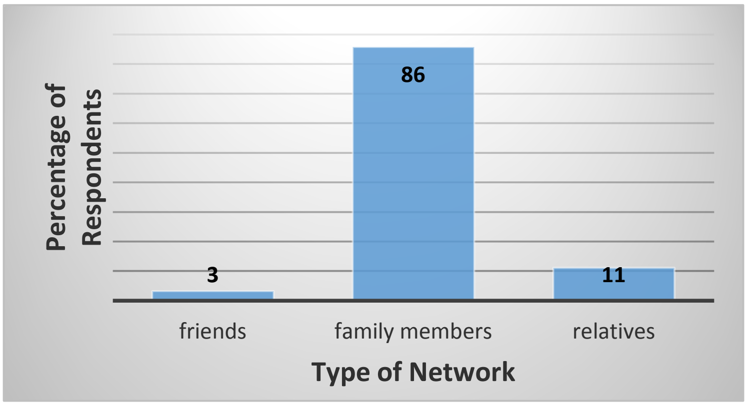
In an interview with one respondent M_03 who reported not being aware on the fact that he can use his residential license to get loans, I asked him why he was not aware of this fact and he informed me that when the project was starting he was not a resident of Temeke Municipality. He said *"I was not living here by the time the project started"*

Secondary sources also indicate that households are aware that they can use their residential license as collateral for acquiring loans (Kironde, 2006).

Social capital

This variable was analyzed through existing family relationships and membership in association so as to check how vulnerable the household are when it comes to forming network which may be beneficial to them. A hypothesis driving analysis of this variable is that household who have fewer social networks and involvement in social associations tend to be more vulnerable than those who have many social networks. In an interviews with respondents, majority of them expressed that they have social relationships mostly with family members and the rest expressed social ties with friends and relatives. Analysis from questionnaire *chart 19* revealed that 85% of respondents had strong network relationship with their family members, 11% had strong relationship with friends while the remaining 3% had a strong network relationship with relatives.

Chart 19: Respondent Social Networks



An analysis was done in *table 15* to see if there is a relationship between having a strong network and the decision of getting a formal loan with the hypothesis that those with strong networks could gather benefits from their social networks than those without social networks.

Table 15: Cross tabulation Analysis: Social Network/Loan Receipt

Loan receipt	**Household Social Relationship**			**Total**
	Friends	**Family members**	**Relatives**	
Yes	1	14	4	19
	5.3%	73.7%	21.1%	100.0%
No	1	40	3	44
	2.3%	90.9%	6.8%	100.0%
Total	2	54	7	63
	3.2%	85.7%	11.1%	100.0%

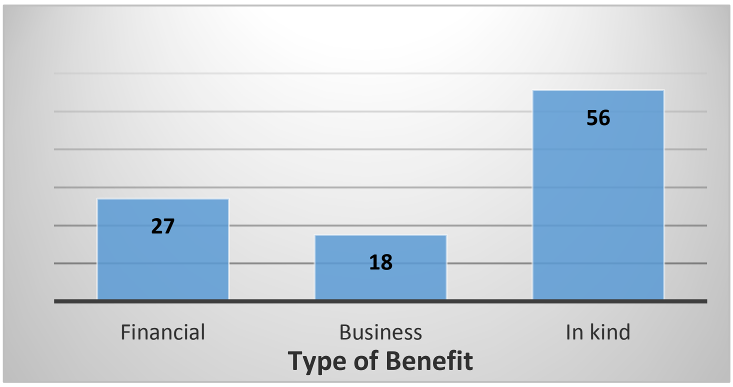
Data revealed that social relationships has not been an influence on the decision of the household to take loans or not. There exists networks between family members, friends and relatives and respondents from each group has taken a decision to take a loan and others did not take that decision to take a loan. An analysis from a chi square has supported the findings because the test has produced a significance level of 0.197 which is above the standard 0.05 hence indicating that there is no significant difference between the respondents who took loans and those who did not take loans when cross checking against their quality of social relationships. So having a strong social relationship has not been a driving force for respondents to go get loans.

In an interview with respondent M_05 as to the benefits that he derives from having relationship with his family members, the response was "*Children of this era do not help their parents like the way we used to help our parents. During our times we used to be potential assets to our parents. But people of your age do not remember. They have their own needs. They want to take their children to best schools, they want nice cars, they want nice houses to live in so where do they get the money to send to me?*

Benefits derives from relationships

Data analysis on questionnaire was also done in *chart 20* to show the benefits that respondents gain form their social networks. Results indicated that 6% of respondents benefitted in kind, 7% benefitted through financial resources while 18% benefitted in their business enterprises.

Chart 20: Benefits from Social Networks



Membership in associations

This variable was analyzed to see difference in loan taking habit between those who engage in associations that offer financial benefits and those respondents who do not engage in any associations. The question was directed in such a way that respondents were asked if they engage in association to see the benefits that they derive if is enough hence to facilitate a need for getting loans.

In an interview, one respondent indicated she is engaged in a credit union because that is where she can get assistance when she is in need. She went further to clarify that the types of benefits that are derived from these associations are both in kind and financially. When asked if she was engaged in any association, respondent F_01 replied "yes *I am everywhere (laughing). I am a member in a widowed women association. We help each other from time to* *time. When anyone of us is in need we are there for each other. It is not only finances we are interested in, in this association, we help each other in weddings, funerals, and the money too"*

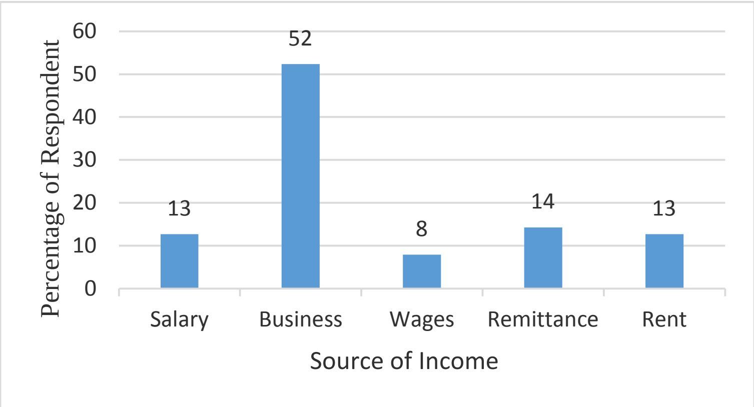
An interview with a male respondents M_06 provided a different response, since when he was asked if he was engaged in any association, he replied "*No I do not have time for these saving groups, they require you go to meetings or you are terminated. With my work, I do not have that extra time"*. Data from questionnaire revealed that 74% of all respondents were not involved in any associations, 19% of respondents were involved in small microfinance and 6% were involved in business groups. Interview reveled that those in associations did not show a need for formal loans because they had another source of getting loans.

Financial capital

This variable was analyzed so as to check whether it is has been of influence on the household decision to take a formal loan. In an interview with a respondents from a commercial bank revealed that among the requirement that is of importance to facilitate receipt of loans is having a regular incomes and ability to save in these financial institutions. When asked whether respondent income was a prerequisite for getting a loan, he responded that "we *require that the one seeking a loan must be able to show regular cash flows and he must also be able to make savings, especially with us, so that we may monitor his monthly repayments".*

In questionnaire analysis in *chart 21* analysis it has been revealed that 52% of respondents got their income from business enterprise, 14% of respondents got their income through remittances, 13% of respondents got their income from rented rooms, 13% got their income from salaries and 8% got their income from wages.

Chart 21: Respondent Source of Income



Interview with household revealed two groups of respondents who were able to save in this respect not vulnerable while those who could not save were analyzed as vulnerable groups.
A cross tabulation between the respondents source of income and their ability to save was done in *table 16* so as to see the relationship between them.

Table 16: Cross tabulation: Source of Income/ Ability to save

Source of Income	Saving ability		Total
	Yes	No	
Salary	5	3	8
	63%	38%	100%
Business	19	14	33
	58%	42%	100%
Wages	2	3	5
	40%	60%	100%
Remittance	3	6	9
	33%	67%	100%
Rent	1	7	8
	13%	88%	100%
Total	30	33	63
	48%	52%	100%

A cross tabulation analysis in *table 16* above revealed that people who have a salary as their source of income were the ones who showed a greater ability to save while a less percentage was seen with people who were not working because 88% of them showed no ability to make any savings. In a totality 52% of all respondents showed no ability to make savings hence vulnerable while 48 of respondents showed the ability to make savings hence less vulnerability.

A further analysis using a chi square test was done in *table 17* so as to see if source of income has an influence in a person's ability to make a saving. The test revealed a significance level of 0.149 which is greater than the standard 0.05 hence indicating that respondent source of income has no influence on the people's ability to save because people with different sources of income all fell in both groups of those with ability to save and those without the ability to save.

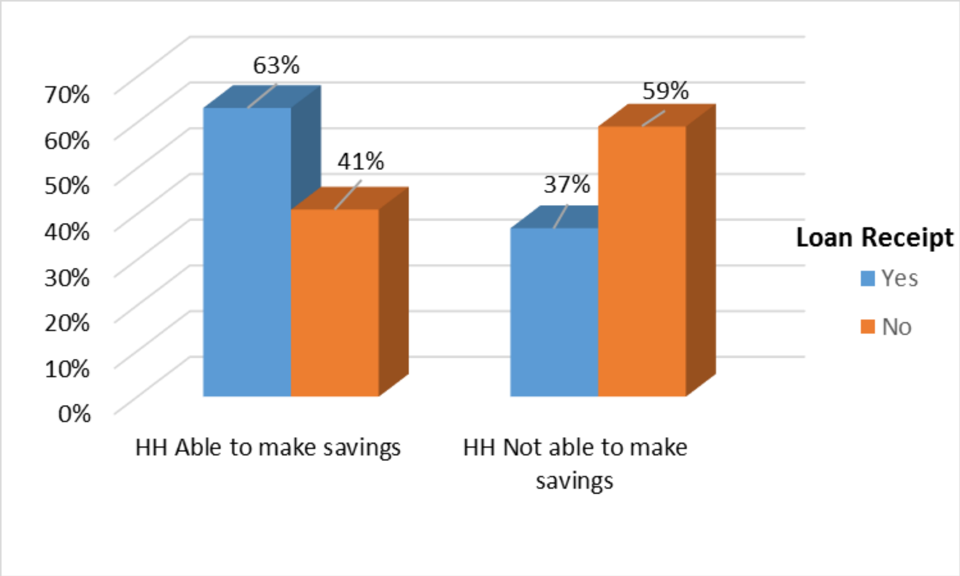
Table 17: Chi-Square Test: Source of Income/ Ability to Save

Test	**Value**
Pearson Chi-Square	**.149** (Not Statistically Significant)
****Level of Significance**	**.05**
N of Valid Cases	**63**

A further analysis was carried out in *chart 22 below* to check whether financial vulnerability in terms of ability to save played an influence on the receipt of loans and data revealed there is no any influence of financial vulnerability on getting loans. *Chart 22* below indicates that out of 19 respondents who got loans, 12 respondents (63%) showed ability to make savings out of their income while 7 (37%) did not have the ability to make savings out of their income. Likewise in a group of respondents who did not get loans, 18 respondents (40%) showed the ability to save from their income while 26 respondents (60%) showed no ability to save from their income.

Although banks have stated that ability to save is among the things that are of importance, data has revealed that even those who did not have the ability to save have been able to get loans form the banks. This information has been clarified from an interview with an elderly woman F_04 who fell in a group of those with no ability to save but has gotten a loan from the bank. She said that *"I myself have not used the RL to get loans, but I sat down with my sons and they told me their need to use so that they may get more finances to expand their business. As a mother, I agreed to their idea. I gave permission for them to use it, I hear they got 40 million from it and I blessed them. I myself have no any business, no any income source and I am now confined here I depend totally on them"*

Chart 22: Cross-tabulation: Ability to Save/ Loan Receipt



Perceived Risk

This variable was analyzed to check the extent to which respondents perceived the risk of using their property as collateral for accessing formal loans. The variable was approached with the hypothesis that there is a relationship between loan receipt and the attitude towards risk that households have. The analysis was to establish the extent that households felt threatened if they used their residential license and properties as collateral to access formal loans. Literature has established that those who are considered as poor will most of the time try to defend their portfolio of assets and avoid exposing them to any threat or risk since when these assets are lost, it leads to more impoverishment (Rakodi, 2002)

In an interview with one respondent M_01 when asked the extent that attitude towards risk influenced his decision to get a loan he responded *"……..to use this house just so I can get money to start business, I will tell you NO, a big NO. I will not do it and if I entertain that thought, my children may do it while I am alive. You kids nowadays can do anything. You clearly know when you pawn your house and you don't pay the money………you are going to lose the house while you are looking. As for me I will not risk that. Let me live on through the little money I have"*

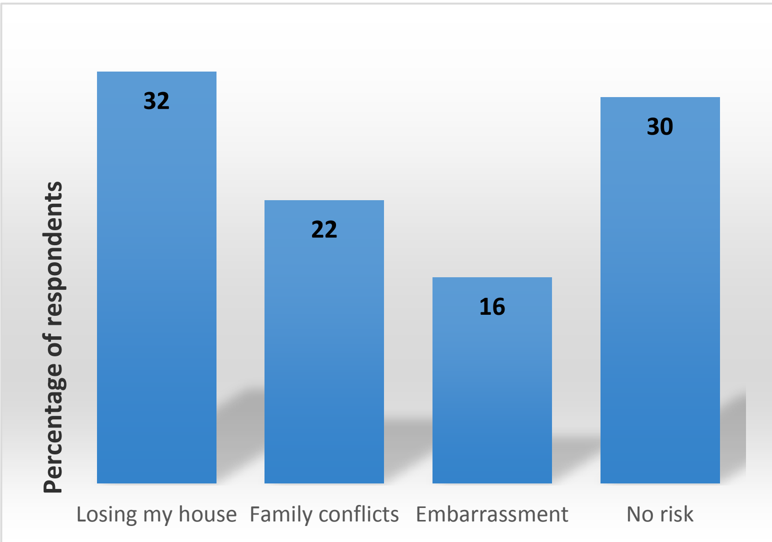
In his response this respondent would not use his property as collateral fearing the risk of losing the house when he fails to repay the loans. A support was also provided in an interview with a bank official B_02 who said" *The people are not ready to take risks, so are we"*

In interviews with households on the attitude of risk against taking a loan, one respondent M_03 stated that "*I hardly get enough to eat, then I should use my house to borrow money, so that they sell it, no way, I would rather remain poor, but with a house I would not risk something like that".*

In interviews four (4) respondents revealed that they will not attempt to go take a loan because the risk of losing their properties is too high given the uncertainty in the type of business they do. Other two (2) respondents revealed their fear and risk of being put to shame and embarrassed in the community while one (1) respondent stated his need to avoid family conflicts if the loan is not repaid and the property is put up for sale.

The risk of losing properties was supported by data from questionnaire when respondents were asked their attitude towards risk of losing their house when taking loans, data on *chart 23* reveal that 32 % of respondents who did not take loans were threatened by the risk of losing their properties.

Chart 23: Respondent Perceived Risk



Respondents felt more risk in losing their properties with 32% of respondents indicating that taking a loan would in cases result in loss of properties hence they felt threatened. In an interview, respondent F_05 reported that "*I have never used this RL to get any loans. My father never did also. He was so against it. I myself fear losing the shelter we get out of this house. We depend on it because it gives us money to survive. So I will not risk getting loans by using this house."*

An interview with the official O_02 from the project supported quantitative data by stating that "*…… there have been people who have lost their properties as a consequence of failing to repay the loan. We have done several transfers here, I can't have specific data but people have lost their properties in the game……. they take the loan for another purpose apart from doing production activities so that they may be able to repay the loan. They use the money without any discipline as if it is theirs. And they don't listen or remember anything until the whole money is gone and damage has been done. That is why for others who see people lose their properties in this way, they fear meeting the same fate, which is why people are so hesitant to go out there and take the loan. They fear the risk"*

In an interview one respondent M_04 reported his refusal to take a loan due to the threat of being embarrassed by the banks. He stated that *"I will never take a loan because taking loans have scandals which I do not entertain. I may take a loan and not do well in my business, then fail to return the money. Those bankers when they follow up on their money, it depends on a person's morals, you know we have been raised differently. This person may fail to be reasonable when following up the money and may harass me. This will cause shame, harassment and embarrassment on my part that is why I do not like anything that has to do with loans"*. This statement was supported through questionnaire analysis where it was revealed that 16% of respondents were threatened of being embarrassed in the community they live if they fail to repay the loan.

In another analysis, new information was generated from interview with one respondent M_02 who indicated religion barriers when it comes to getting loans. When asked if he has attempted to use his property as collateral, he stated that it was against his religion to conduct in any deeds involving transaction with profits. This was a new information because it was not anticipated in my study. In the interview, he stated that *"I have never used this residential license to get loans…..First my religion does not allow such issues of getting things at such higher profits and interest rates, so I don't do it. But also this house is a family asset how can I use it for that purpose, my siblings would not allow it. So I would never attempt it otherwise I will invite family conflicts"*.

In the same analysis, 30% respondents indicated that they felt no risk in taking loans from the commercial banks. In an interview, one respondent F_01 supported the finding by stating that "*I did not fear for anything because I knew I had to work hard to repay the loan. You know the saying? Your fear is your poverty…So I have a principle in life, if I want something is should go for it"*

Likewise another respondent F_03 stated that having an attitude towards risk is not something that will make an entrepreneur grow. She said "*….When you are doing a business, you need to take a risk otherwise you will never grow"*.

To find a relationship between the attitude to risk and loan receipt a further analysis was done using a chi square test in *table 18* to check whether there is any statistical difference between attitude to risk and loan receipt. The test provided a significance level of 0.018 which is less than the standard 0.05 hence indicating a statistical difference between those who received loans and those who did not receive loans. What can be observed from this test is that attitude to risk towards taking a loan by using properties as collateral is a factor that had an influence on household decision of whether to take loans or not. That is why 70% of respondents indicated not taking loans due to the risk that is associated with it.

Table 18: Chi-Square Test: Risk/ Loan Receipt

	Value
Pearson Chi-Square	**.018** (Statistically Significant)
Level of Significance	**.05**
N of Valid Cases	**63**

The above finding concurred with the establishment made by Payne, Durand-Lasserve, et al., (2009) that household shave a deeper fear of being in debt and the loss of their prime assets which is their property that is why majority of households have not attempted to use their properties as collateral for securing loans. This observation also concurred with Mlonda (2009) who also establishes that majority of households have not used their properties as collateral due to the fear of foreclosure of their properties and being homeless in case they fail to repay the loans.

4.2.4 Question 4: What are the supporting and constraining loan conditionality for accessing formal credit?

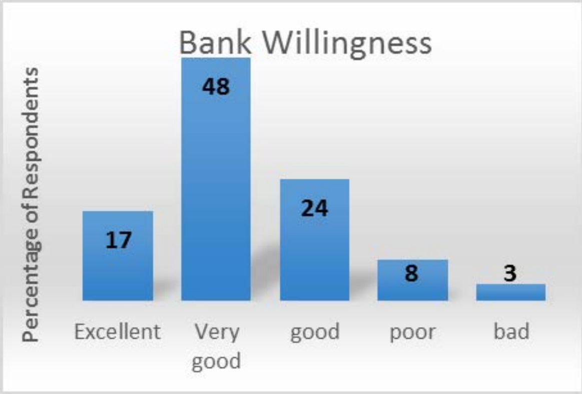
Loan conditionality

This variable was analyzed to establish whether there is any relationship between the loan conditionality and the decision to get loan from financial banks. The variable was analyzed through seven indicators which are availability of loans, banks willing ness to offer loans, interest rates charged by banks, procedures for getting loans, time taken to process loans, the amount of loans and the type of collateral that was required by banks. In this indicators residential license was also analyzed to see its sufficiency as a form of collateral.

In an interview with an official from the project, a question was raised as to whether there is availability of loans for the beneficiaries and if the banks were willing to offer loans to the households. It was reported that when the project was starting all representatives from banks operating in Tanzania were called in a meeting and were informed that residential license is a legit document therefore household should be allowed to take loans through them. Official O_01 reported that "*we conducted stakeholder meetings of which banks, microfinances all were invited and were informed of the objectives of this project. They also gave out their comments which were incorporated in the project implementation………people have been taking loans, although not to the expected rate and this is because some banks ……have refused to accept the residential license as a form of collateral despite several consultations*"
A further analysis was done through interview responses from bank official where by one bank official B_02 reported their un willingness to offer loans through use of residential license and he stated that "*…from the beginning it was our policy not to accept these RL….Those areas are always undergoing major changes, today you may hear a road is being built, tomorrow, excavators are passing, that is really not something we need. We require areas which are not always in changes*".
Another bank official B_01 reported that they have been willing to accept residential license as a form of collateral for loans and have made loans available for people. He said "*we have been giving loans to residential license owners for ten years now*"
An analysis was further done with quantitative data in *chart 24 and 25* where respondents were asked if loans were available for them and if banks were willing to give them loans. The results indicated that 94% of respondents and 89% of respondents indicated that loans are available for them and banks are willing to offer them loans respectively.

Chart 24: Availability of Loans

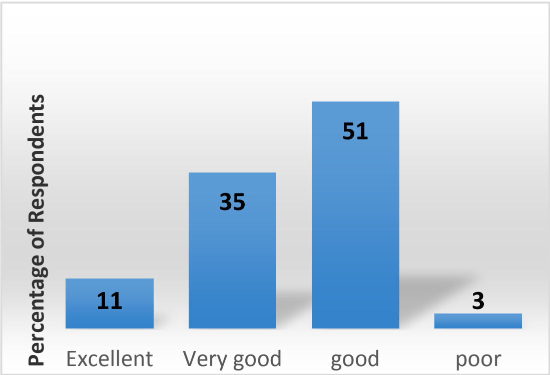
Chart 25: Bank Willingness



Amount of loans

This variable was analyzed to check whether the amount offered by commercial banks is satisfactory. Data from questionnaire in *chart 26* revealed that 97% of respondents informed that the amount of loans that are offered by banks was enough and only 3% of respondents informed that the loan amount offered is not satisfactory that is why they have not gone forward and requested for a loan.

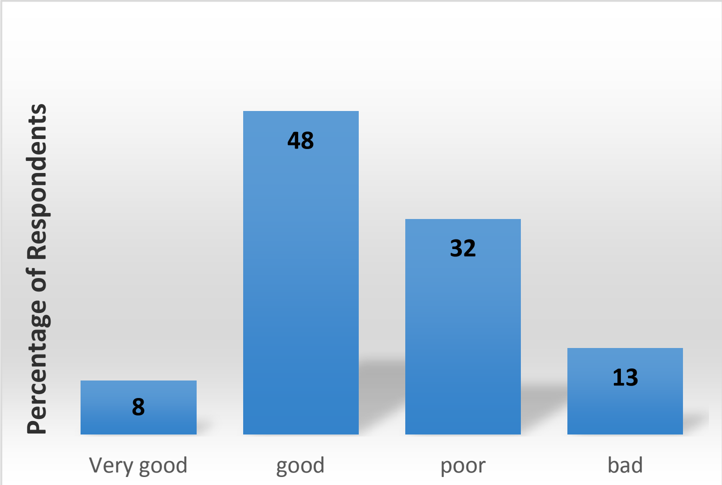
Chart 26: Loan Amount



Loan processing time

Data from questionnaire in *chart 27* reveal that when the respondents were asked about the time taken to process the loan, 56% of respondents reported that the time was satisfactory while the remaining 44% rated the time taken to process the loan as poor. Interviews with respondents revealed that it took them 1-3 months to finally receive their loans from the banks, of which to some was a long and tiresome journey.

Chart 27: Loan Processing Time

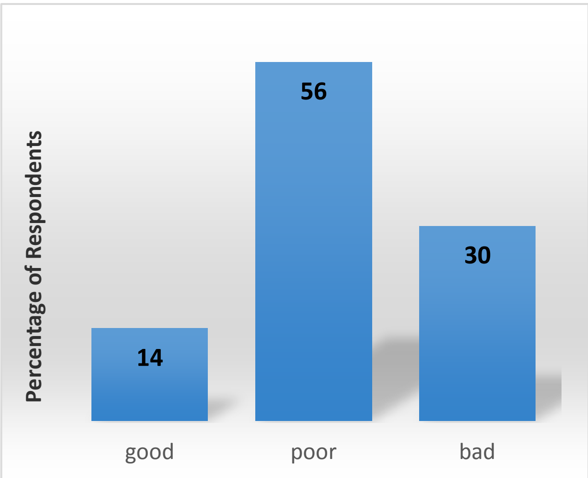


When the bank official B_01 was interviewed regarding the time they take to issues loans to those who request, he said one month was a maximum time that would be taken for a loan to be issued, *"…….a maximum time, which is a month. So within a month the loan is supposed to be ready. Unless there are obstacles encountered"*.

Interest rate

When the respondents were asked on the interest rates that are charged by the banks if they were satisfactory or not, results in *chart 28* reveal that only 14% of respondents reported that the interest rates were good but the remaining 86% of respondents showed dissatisfaction with the interest rates that are charged by the banks. This information was supported by the interviews, when respondent F_03 reported that the rates were too high for him to manage to make the monthly payment. He said *"Banks have higher interest rates, this bank charges 18% interest rate, so you can imagine."*

Chart 28: Interest rates

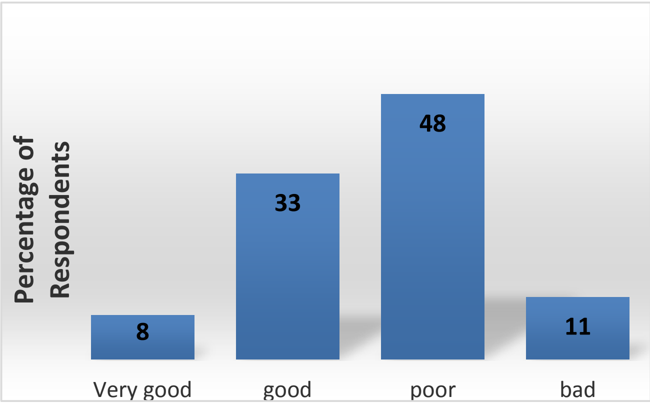


Likewise when respondent F_05 was asked about the interest rate that is charged by the banks he said it was higher and that is why she does not go to the banks but to other loan providers where the interest rate is as low as 2%. In an interview she said "…….*the interest* *rate is very small only 2% unlike the banks where they take I don't know 20% per month. So these small loans from small lenders are what suit me."*

Loan Procedures

Respondents were asked a question on the procedure that were followed by the banks and how they influenced their decision to get formal loans. In *chart 29* result revealed that, 41% of respondents reported that the procedures were good and satisfactory while the remaining 59% reported that procedures for getting loans were many and tiresome. In an interview, one respondent M_03 said that *"….I was asked, where your business is, do you have cash flow records, is your business registered, do you have business plans, what security are you going to provide……….all that for one person.. Then a series of inspection and letters to local leaders, even a person in a right mind cannot remember all those procedures, may be if I had a pen and a book to write in, the experience was horrible"*

Chart 29: Loan Procedures



One respondent F_03, in an interview regarding the procedures that were followed by the banks, she said "……*My experience was okay, a lot of procedures but in a month my money was ready, took it and here I am. They inspected our house, luckily we have a nice house, inspected our business and went ahead with our request"*.

Interview with respondents revealed that the procedures that were taken by the banks included inspecting the property, inspecting business, filling out forms, getting a recognition letter from a local leader, opening an account for those who did not have and signing spouse consent to a lawyer for those who were married. As data from analysis reveal that to some respondents, these procedures were many and not satisfactory.

Table 19 described the influence of Loan Conditionality on loan receipt. In doing this analysis respondents were asked to give a score on indicators which are under the variable loan conditionality so as to get their perception as to how they felt about these indicators. The score ranking for these indicators was made in a five scale where respondent was free to rank an indicator ranging from excellent to poor.

Score, 5=excellent, 4= very good, 3=good, 2=fair, 1=poor

Table 19 described the average score for each indicators which then reflects the original scores that were set and the column on remarks showed the implication of the score according to respondent's views.

Table 19: The Influence of Loan Conditionality on Loan Receipt

S/No	Variable	Indicator	Score based on findings	Remarks
	Loan Conditionality	Availability of loans	3	Respondents have indicated that the availability of loans has a score of 3 which is good.
		Willingness	3	Respondents have indicated the banks willingness to offer loans has a score of 3 which is good.
		Sufficiency of collateral	1	Respondents have indicated that sufficiency of residential license as a form collateral has a score of 1 which is poor.
		Loan amount	4	Analysis has revealed that loan amount given by banks has a score of 4 which is very good.
		Bank interest rates	1	Analysis has revealed that the interest rates charged by banks has score of 1 which is poor
		Loan procedures	1	The procedure for getting loans have a score of 1 which is poor
		Loan Processing time	2	From analysis loan processing time has a score of 2 which is fair.

A cross tabulation analysis of indicators under the variable loan conditionality was done in *table 20* so as to check if there exists any statistical relationship between those indicators with loan receipt. The test resulted into different significant values which shows indicators which have influence on loan access and those which do not have influence.

Table 20: Chi square test summary on Loan Conditionality

S/No	Indicator	Pearson's Chi Square value	Remarks
1	Availability of loans	X2 (4, N=63) = 0.783, p=0.000	Statistical significant
2	Bank Willingness	X2 (4, N=63) = 0.676, p=0.000	Statistical significant
3	Residential license as collateral	X2 (2, N=63) = 0.346, p=0.083	Not statistical significant
4	Loan amount	X2 (3, N=63) = 0.740, p=0.601	Not statistical significant
5	Bank interest rates	X2 (2, N=63) = 0.244, p=0.044	Statistical significant
6	Loan procedures	X2 (3, N=63) = 0.567, p=0.000	Statistical significant
7	Loan Processing time	X2 (3, N=63) = 0.526, p=0.061	Not statistical significant
	Level of Significance 0.05		

From the variable loan conditionality, Pearson's chi square value in *table 20* above has been analyzed to be statistically significant in availability of loans, willingness to offer loans, interest rates and loan procedures. This analysis indicates that those were the indicators that have a relationship with loan receipt and they can influence the increase or decrease in loan taking habit. Loan amount and loan processing time has shown to have no relationship with the decision to take loans from banks.

This analysis concurs with academic literature since Payne, Durand-Lasserve, et al., (2009) have established that lending institutions have not been able to embrace their practices to the needs and existing economic condition of the low income households who reside in informal settlements. This explain why in this study also loan conditionality have been found to be unfavourable to majority of the households. Payne, Durand-Lasserve, et al., (2009) have revealed that loan procedures and other conditions set by the financial institutions do not counter to the expectations of majority of households just like it has been found out in this study.

Purpose of getting a residential license

When conducting this study, interviews with respondents and secondary data indicated a new information which was not anticipated before the study. When the formalization project started the Government not only expressed the need to facilitate economic empowerment to the households through the use of their residential license to access loan facilities but the project was also put forward so as to curb further growth of informal settlements and increasing tenure (URT, 2012)**.** This was outlined in the project report where by it is established that the project was implemented with the need for the Government to curb poverty through enhancement in using land to support economic activities (URT, 2012)**.** That was the base that is why residential license were provided to households to be used as a legal document or security for loans (Kironde, 2006). In interview with the project officials and expert Ex_01, from PBFP, it was revealed that this objective had two components which go hand in hand. The first component is the residential license itself as a legal document of ownership and the second component is the residential license as a tool to facilitate access to financial resources. The official O_01 said *"This was a big project and economic empowerment was among the objectives that we had. The other objectives of the project were to identify land owners and provide them with residential license as a legal document that recognizes them as owners. Going hand in hand with that was the objective of letting people use their residential license so that they many able to empower themselves economically through getting loans from financial institutions"*. She went on by saying *"Not only that we as the Government aimed to create a database for controlling and coordinating all the developments taking care in these informal settlements, moreover through this project we were aiming to reduce further development and destruction of environment through the uncoordinated development. We also aimed to expand the Government revenues through collection of land rent and property tax from these areas. And finally we wanted to expand our expertise if we could replicate this project in other areas in Tanzania"*.

A further review from the project report indicated that it was to fulfill the Land Policy 1995 and Land Act no.4 of 1999 which aimed to identify, record and incorporate the customary land rights into the existing legal framework. Also another purpose for giving residential license was to recognize residents with long standing use of land without having security over it (Kironde, 2006).

Further the project report indicated that giving residential license to residents has given them confidence in their property ownership status in informal settlements (Kironde, 2006).

This information from secondary sources prompted a need to ask respondents the purpose and drive for them to get the residential license. Through interviews the nine respondents reported that the main purpose or drive for getting a residential license was for them to have security of tenure. One respondent M_01 among them said that ", *I really accepted this residential license so that it can make me a legal owner of my land in the face of law. I do not like living with uncertainty that I am not an owner of this land. If I have this document I know* *it may help me in the future because you never know when problems may strike*". He went further to insist that "…*but using it for the purpose of getting a loan, I would seriously deny that*". Two respondents revealed the main drive for them to get a residential license was to be legal owners of their properties as well as using their residential license to get loans from financial institution. Another two respondents informed that they decided to get a residential license so that they may use it as collateral for getting loans. In an interview another respondent M_06 said that "*I needed money for my business, then one of my friend just joked about it. He told me I had this nice building why shouldn't I use it to get money from banks…….. That's when I stared to make a follow up so that I may get a residential license*".

This information indicates that majority of households who were interviewed had the aim of improving their tenure security that is why they decided to take the residential license and that is why their response towards using these documents as collateral has been minimum. This finding concurs with Payne, Durand-Lasserve, et al., (2009) who have established that with reference to a case in South Africa, land titles have made households more empowered and able to defend their ownership rights. Land titles have strengthened households' social networks and the ability to appeal to external authority when their property rights are put in question (Payne, Durand-Lasserve, et al., 2009). In addition to that tenure security is expressed as the powerful benefit of having a land title since it has made households less vulnerable to loss of their properties through forces of eviction (Payne, Durand-Lasserve, et al., 2009).

Chapter 5: Conclusions and recommendations

This chapter explains the main research findings of each research sub question so as to be able to answer the main research question. The research objective was to explain the influence of residential license on household access to formal loans. To study this influence other intermediately factors such as household vulnerability, need for formal loans and loan conditionality were also studied to show the extent that they influence the relationship between residential license and access to formal loans. The research was done in Temeke Municipality in Dar es Salaam City in the case of Comprehensive Property Register for Economic Empowerment project. The main question was asking on the extent that residential license had on household access to formal loans in the local context of Temeke. In order to answer this question, this chapter is organized in two section where by the first section explains the main discussions of the research findings and the second section documents on conclusion and recommendation with reflection on the research findings.

5.1 Discussion on Findings

5.1.1 Residential License: Independent Variable

Residential license was an independent variable for this study and it was relevant for this study due to the theory that if households are given this document as a proof of ownership of their land/properties, it may be a tool to unleash the potentiality of these properties as assets hence be used as collateral for acquiring financial resources such as loans and credit for economic empowerment (Soto, 2002) . Based on this fact, the first hypothesis that I made is that having a residential license as a property ownership document will influence household access to formal loans. Analysis on this variable was done in two folds. First by looking at the ownership status and secondly through time in possession of the residential license. The ownership status aimed to check whether these households who are beneficiaries of these documents have used these documents for the expected purpose. Statistical tests were done by using Pearson chi square which produced a result that owning a residential license is not a factor that one was able to use for accessing loans. This is backed up by interviews conducted to households and officials that this document is not enough to ensure that one may be able to access credit.

Results have also shown that for those who were able to get loans they had to fulfill other requirements for them to able to get loans. This finding reflects back on the theory of access which established that there are factors that may hinder an individual from gaining benefit from a resource (Ribot, et.al, 2003); and in this case financial resources in the form of loans. Ribot, et.al (2003) established that access can be influenced by legal practices, market systems and the context of the households therefore providing a residential license as a sole factors would not unleash the potential of gaining access to formal loans.

From the analysis it was revealed that 30% of households had managed to get formal loans from commercial banks but it was not through the influence of having a residential license only and 70% of respondents were not able to access loans despite having a residential license since other factors played part to affect their decision to get loans.

Another indicator that was studied under this variable was time in possessing a residential license which also proved to have no influence on access to loans since the Pearson chi square test revealed that the indicator is not statistically significant. So what can be concluded from this variable is that there residential license alone would not influence access to formal loans just like it was established under the work of USAID (2012); Lan (2012) ; Sander (2012) and Gilbert (2002) for example who argued that it is not always possible that having a land title in this study a residential license guarantees access to loans and credit especially for the urban poor. This is why other intermediary variables were also analyzed to see if they have a significant influence on access to formal loans.

5.1.2 Household need for formal loans

The need for formal loans was analyzed in this study through household strategies and the alternative sources of loans that household have. This analysis meant to distinguish the types of strategies that households have and check if there is any relationship between the household strategies that is conducted by household with the decision to take formal loans. The alternative sources of income were analyzed so as to see the extent that they fulfil household needs and if this affects their decision to take formal loans. When the project was implemented in Dar es Salaam City, among the expectations of the Government was that people living in informal settlements are have their various enterprises and will take their residential license and use it as collateral for accessing loans so as to improve their enterprise. Data analysis has revealed that majority of respondents (63%) in this study were micro entrepreneurs but a further analysis of these micro entrepreneurs revealed that 60% of them are categorized as survival entrepreneurs who only work as entrepreneurs for the purpose of fulfilling their daily subsistence as established by (Berner, Gomez, et al., 2012). They saw no need of expanding their enterprise and they did not have any ability to save out of their income.th remaining 40% were categorized as growth oriented entrepreneurs since they showed the ability to expand their business, they had the ability to save out of their income and had employed up to three people in their enterprises. A statistical analysis was done using chi square test between household strategies and loan receipt and result revealed that there was a difference between growth- oriented entrepreneurs and survival entrepreneurs when it comes to finding more resources for expanding their enterprises. This collaborates what literature has established that Growth oriented entrepreneurs are resourceful and can identify different sources of financing for development of their business while Survivalist entrepreneurs would conduct their business with the objective of meeting their subsistence needs and necessities only (Berner, Gomez, et al., 2012; Coleman, 2012).

This study also sought to find if households have other sources of income which they found satisfactory as compared to banks. Results from both questionnaire and interviews revealed that households have others sources of loans which they got from friends, relatives and small microfinance institutions. Interviewed respondents revealed their preference in these other sources because they only needed small amount of money and from these sources it was easy as compared to the banks.

From this variable it can be seen that these households all received residential license but they differed in the strategies that they conduct and this has had an influence on their decision to get loans. The fact that there was a presence of other sources of loans also influenced the decision to get loans because households could weigh their option and got to the source that they saw as suitable for them. This also backs up the literature that there are other factors that influence access to loans and not the presence of residential license only (Otto, 2009; Durand-Lasserve, et al., 2009; Kiddle, 2010).

5.1.3 Household Vulnerability

Household vulnerability was analyzed through asset portfolio of respondents and their perception towards risk associated with use of their properties. Rakodi (2002) has established that household with fewer asset portfolio and who lack capability to accumulate more assets would as much as possible defend their existing assets to limit the risk of losing them and becoming more vulnerable. From this establishment and as related to the study, I made a hypothesis that respondents with fewer asset portfolio would not attempt to use their physical assets, properties in this case as collateral for accumulating more financial asset in this case loans fearing the risk of losing their properties. The second hypothesis I made is based on establishment that informal settlements are seen as areas with poorly built and dilapidated housing and are therefore more vulnerable to health risk and hazards (Baker and Schuler 2008). Related to this hypothesis is the establishment that properties in informal settlements are in bad condition and do not fit to be used as collateral (Abdulai et. al, 2010; Gilbert, 2002). Findings on the quality of asset physical assets revealed that 90% of respondent properties were permanent structures built by contemporary building materials such as tiles, cement blocks and iron sheets. Therefore this observation, made me to reject the hypothesis that informal settlements are built of poor material and have dilapidated structures for the case of Sandali and Chang'ombe in Temeke Municipality. In addition to this finding it was revealed that 80% of respondents had only this asset which is issued with residential license and that could be used as collateral therefore showed a need to protect it so as to limit the risk of losing it. This observation made me to accept the hypothesis that household with fewer assets will try to protect them so that they do not lose them. Factors which showed influence on receipt of loans include capacity to work, saving ability and source of income. Capacity to work had an influence on access to work since majority of those who had work (95%) were able to get loans. The quality of asset portfolio showed an influence on the decision of the household to get loans because it has been revealed that those who had fewer assets selected themselves out of getting formal loans from the banks since they needed to protect the assets that they have.

On the other hand the quality of asset also influenced the risk perception among the households since those with fewer assets were hesitant to use their properties as collateral due to risk of losing them in case they fail to repay the loan. Findings revealed that 80% of respondents feared the risk of losing their properties, family conflicts and embarrassment in the community once they lose their properties. This finding collaborates establishment by Rakodi (2002) that the more vulnerable the household is the more they defend themselves and their assets against risky environment. This finding concludes the fact that even though households may possess residential license for their properties and can use it to access formal loans, household vulnerability and risk context plays a major role in guiding the decision of gaining access to formal loans that is why majority of households selected themselves out of taking formal loans.

5.1.4 Loan Conditionality

This variable was analysed to check the extent that it has influenced access to formal credit. Data analysis from questionnaire and interview revealed that interest rates, the procedures to follow on requesting for a loan, availability of loans and willingness of banks to offer loans were all found to be statistically significant when they were tested in chi square against loan receipt. This indicates that although households possessed residential licenses, 70% of them could not request for loans due to the conditions that were put forward by commercial banks. This finding reflects an establishment by Ossei-Assibey, Bokpin, et al., (2012) who stated that banks have different rules, regulations, criteria and intentions with regard to provision of credit to poor households, some are willing to give loans to the poor and some are not. Abdulai, et.al (2010); Karanja. et al., (2014) and Yala (2008) have also established that access to loans is related to the availability of institutions that offer loans, their acceptance to offer loans, procedures for accessing loans and lending criteria. All of these facts supports the fact that when a household possesses a legal document of ownership of property what is fulfilled is only part of what is required by the banks for them to give out loans.

Secondary data also has revealed that among the factors that may have influenced the slow response to accessing formal loans is the fact that the project was targeted to all Temeke Municipality but it was not compulsory that all land owners need to acquire the residential license. This is why not all households turned up to go and get their residential license (Kironde, 2006). In my study area in Sandali 5042 properties were supposed to be issued with residential licenses but as of 2016 only 2275 (45%) properties have been issued with residential license because the project has not made it compulsory for all land owners to get residential licenses therefore 55% of landowners have not acquired their residential license (URT, 2012). This indicates why fewer households have taken the opportunity to use their residential license to get loans.

5.1.5 The Influence of Residential license on access to loans in Temeke Municipality

With reference to my research question and conceptual framework, the main finding that has been drawn is that there is a relationship between having a residential license and access to formal loans in the case of Temeke Municipality since the (30%) of households which have received formal loans have used it as collateral or security for loans as the loan officer has called it. From among the people I have interviewed and those that filled in my questionnaires, those who had used their residential license as collateral could not produce it for me to see because they had left it with the bank until the loan is repaid. Therefore for the case of Temeke residential license was an important requirement in receiving a loan. In addition to this observation, findings from my respondents reveal that the decision to request a loan was influenced by vulnerability context since those with more assets decided to get loans as compared with households with fewer assets. Need for formal loans also was of influence in getting loans together with loans conditionality which all played its part to influence access to loans. Therefore the conceptual framework is not altered but it has added knowledge that when a relationship between residential licenses is established there is a need to take consideration of household level of vulnerability, the need for the formal loans and the loans conditionality which need to be pro poor.

5.1.6 Conclusion and Recommendations

The study on the influence of residential license on household access to formal loans has been successfully conducted in Temeke Municipality and the findings have been discussed extensively in chapter four. The main conclusion that can be drawn from this study is that all issues related to the rights that households have on their properties is of uttermost importance as reflected on how households opened up and gave their opinions concerning the use of their properties as collateral for loans. What has been learnt from this study is that households were aware of the implications of using their properties as collateral, and although they have shown a need for more financial resources, households have more fear of requesting for loans due to the risk of losing their properties and hence becoming more vulnerable. Giving households' residential license has facilitated access to loans to some households who showed a strong base for repaying the loans while those who had doubt on their ability to repay the loan, attempted not to request for loans.

Key issues of interest have arose on household other sources of finance and the sufficiency of residential license as a form of collateral. Residential license was issued to households to facilitate access to formal loans but majority of households revealed their preference to secure loans from microfinance institutions as reflected on *chart 11* on *pp.49*. With this observation, it is recommended that the Government sees the need to strengthen the operations of the ***Microfinance institutions*** so as to allow households access more financial resources since they have shown a great preference in them. Durand explained that households prefer loans from other sources than the banks because these loans are easy to access and more flexible as compared to those provided by banks (Durand-Lasserve, et al., 2009).

Additionally, findings on *chart 7 on pp. 42* have revealed that majority of households have expressed that a residential license is not a sufficient form of collateral. Interview with one bank official revealed that they do not accept residential license as a form of collateral because the document is of short term ownership of property (five years) and that the areas held under residential license are constantly undergoing changes which distort property boundaries. This findings calls for the responsible local authority to conduct a ***full regularization*** on the informal settlements so as to upgrade the status of the residential license to that of Certificate of occupancy which is a long term ownership document (Mlonda, 2009). Full regularization will ensure proper property boundary allocation hence limiting any chance of property boundary distortion.

Although not the main focus of the study, findings on *section 5.1.4 on pp. 75* revealed that not all households participated in the project and although residing in the same area, they did not collect their residential license. It is recommended that land titling projects should be ***compulsory*** to all households therefore, there is a need to ensure a ***full participation*** of all households in any project involving land titling (Kironde, 2006). This way the responsible local authority may be able to keep comprehensive database of households under their jurisdiction, a fact that will enhance availability of up to date and precise information. This will limit chances of having different information that describes the same project like it has been found in secondary data which concern this project.

Conclusively, since the use of residential license to access formal loans has been found to have limited impact in Temeke Municipality, area for further research is recommended on the viability of microfinance institutions as an alternative mechanism for households to access loans for improving their livelihood. There is a need to study on the existing operations of microfinance institutions to see the extent that their operations are pro poor, that way a sustainable strategy may be developed to enhance financial capability of household residing in informal settlements.

Bibliography

Abdulai, R. and Hammond, F. 2010. Landed Property Market Information Management and Access to Finance. 28 (4), pp. 228-244.

Awotona, 1999. Housing Provision and Bottom-up Approaches Family case studies from Africa, Asia and South America. Louisiana, USA: Baton Rouge.

Baker, J. and Schuler, N. 2008. Analyzing Poverty; A Summary of Methods and Approaches.

Banks, N., 2015. Livelihoods Limitations: The Political Economy of Urban Poverty in Dhaka, Bangladesh. *Development and Change* . 47 (2), pp. 255-290.

Beck, T. and De la Torre, A. 2007. The Basic Analytics of Access to Financial Services.

Berner, E., Gomez, G. and Knorringa, P. 2012. 'Helping a large number of people become a little less poor': the logic of survival entrepreneurs. *European Journal of Development Research,* 24 (3), pp. 382-396. Available at: http://www.palgrave-journals.com/ejdr/journal/v24/n3/pdf/ejdr201161a.pdf [Accessed 14-01-2016].

Biles, J. J., 2009. Informal work in Latin America: competing perspectives and recent debates. *Geography Compass,* 3 (1), pp. 214-236. Available at: http://onlinelibrary.wiley.com/doi/10.1111/j.1749-8198.2008.00188.x/epdf [Accessed 01-10-2015].

Bromley, R., 1990. A new path to development? The significance and impact of Hernando De Soto's ideas on under development, production and reproduction. *Economic Geography,* 66 (4), pp. 328-348. Available at: http://www.jstor.org/stable/pdf/10.2307/143968.pdf [Accessed 30-10-2015].

Coleman, S., 2012. Gender, Entrepreneurship and Firm Performance: Recent Research and Considerations of Context.

De Haan, L., 2012. The Livelihood Approach: A Critical Response. *Erkunde* 66 (4), pp. 345-357.

DFID, 1999. Sustainable Livelihood Guidance Sheet.

Dohemer, P. and Abdulai, R. 2012. Access to Credit in Developing World; Does Land Registration Matter. 33 (1), pp. 163-177.

Dower. P, P., E, 2010. Signaling Credit-Worthiness: Land Titles, Banking Practices and Access to Formal Credit in Indonesia. 155.

Field. E, T. M., 2006. Do Property Titles Increase Credit Access among the Urban Poor? Evidence from a Nationwide Titling Program. USA: Harvard University.

Galeana, F., 2004. Who want Credit? Explaining the Demand for Land Titling in Mexico. pp. 16-21.

Gilbert, A., 2002. On the mystery of capital and the myths of Hernando de Soto: What difference does legal title make? *International Development Planning Review,* 24 (1), pp. 1-19. Available at: http://online.liverpooluniversitypress.co.uk/doi/pdf/10.3828/idpr.24.1.1 [Accessed 13-01-2016].

Horen, B. v., 2000. Informal settlement upgrading: bridging the gap between the *De Facto* and the *De Jure*. *Journal of Planning and Education Research,* 19 (4), pp. 389-400. Available at: http://jpe.sagepub.com/content/19/4/389.full.pdf+html [Accessed 14-01-2016].

Jakimow, T., 2013. Unlocking the Black Box of Institutions in Livelihoods Analysis: Case Study from Andhra Pradesh, India, *Oxford Development Studies.* . pp. 1-7.

Karanja. J, Mwangi, A. and Mjakarimi, S. 2014. Analysis of Factors Influencing Access to Credit Services by Women Entrepreneurs in Kenya, 5 (11), pp. 2222-2847.

Kiddle, G. L., 2010. Key Theory and Evolving Debates in International Housing and Policy; from legalization to perceived security of Tenure Approach. 4 (7), pp. 881-892.

Kironde, L. J. M., 2006. Issuing of Residential Licenses to Land Owners in Unplanned Settlements in Dar es Salaam Tanzania.

Kyessi A.G, 2014. Formalizing Property Rights and its Implication on Poverty Reduction, the Case of Dar es Salaam, Tanzania. 5 (12), pp. 2352-2370. [Accessed 05 March 2016].

Lan, C., 2012. Informal Institutions and Property Rights. Available at: https://scholarship.law.wm.edu/facpubs/1427 [Accessed 10 March 2016].

Li, T. M., 2005. Beyond “the state” and failed schemes. 107 (3), pp. 383-394.

Meinzen-Dick, R. and Mwangi, E. 2008. Cutting the web of interests; Pitfalls of Formalizing Property Rights. 26 (36), pp. 43.

Mlonda, B., (unpublished) The Future of Land Titles in Informal Settlements in Prime Areas; A dilemma for Residents of Manzese in Dar es Salaam. Msc. Erasmus University.

Moser, C. O. N., 1998. The asset vulnerability framework: reassessing urban poverty reduction strategies. *World Development,* 26 (1), pp. 1-19. Available at: http://www.sciencedirect.com/science/article/pii/S0305750X97100158/pdf?md5=599d212fc0ffd1ba24cd9c2c3344d4c2&pid=1-s2.0-S0305750X97100158-main.pdf [Accessed 05-10-2015].

Mosse, D., 2010. A Relational Approach to Poverty, Inequality and Power. 46 (7), pp. 1156-1178.

Neuman, W. L., 2014. Qualitative and quantitative measurement. Qualitative and quantitative measurement. 2006. Social research methods: qualitative and quantitative approaches (sixth edition). Boston: Pearson, Allyn and Bacon. pp. 188-210.

Onphanhdala, P. and Suruga, T. 2010. Entrepreneurial Human Capital and Micro and Small Businesses in Lao PDR. 48 (2), pp. 181-202.

Ossei-Assibey, E., Bokpin, G. A. and Twerefou, D. K. 2012. Microenterprise Financing Preferences. 39 (1), pp. 84-105.

Otto, J. M., 2009. Rule of Law Promotion, Land Tenure and Poverty Alleviation: Questioning the Assumptions of Hernando De Soto. 1 pp. 173-195.

Payne, G., Durand-Lasserve, A. and Rakodi, C. 2009. The limits of land titling and Home Ownership. 21 (2), pp. 443-462.

Rakodi, C., 2002a. A livelihoods approach - conceptual issues and definitions. In: C. Rakodi and T. Lloyd-Jones eds., 2002a. London: Earthscan. pp. 3-22.

Rakodi, C., 2002b. A livelihoods approach: conceptual issues and definitions. In: C. Rakodi and T. Lloyd-Jones eds., 2002b. Urban livelihoods: a people-centered approach to reducing poverty. London: Earthscan. pp. 3-22.

Ribot, J. C., & Peluso, N. L., 2003. A theory of access*. 68 (2), pp. 153-181.

Roy, A., 2005a. Urban informality: toward an epistemology of planning. 71 (2), pp. 147-158.

Roy, A., 2005b. Urban informality: towards an epistemology of planning. *Journal of the American Planning Association,* 71 (2), pp. 147-158. Available at: http://www.tandfonline.com/doi/pdf/10.1080/01944360508976689 [Accessed 01-10-2015].

Sakdapolrak, P., 2014. "Livelihoods as social practices. Re-energising livelihoods research with Bourdieu’s theory of practice." *Geographical Helvetica,* Bangladesh. 69 (1), pp. 19-28.

Sander, W., 2012. The Negative Effects of Hernando De Soto's "Mystery of Capital". The Land property conflict in the Nueva Rinconada. Msc. Nijmegen: Radboud University.

Shahbaz, B., 2008. Risk, Vulnerability and Sustainable Livelihoods: Insights from North West Pakistan.

Shemdoe, R. S., 2012. The Role of Housing Licenses in Accessing Loans as a strategy to Urban Poverty Alleviation. 15/12), Investment Climate and Business Environment Research Fund.

Slater, T., 2013. Your life chances affect where you live: A critique of the ‘cottage industry’ of neighborhood effects research. 37 (2), pp. 367-387.

Soto, H. d., 1989. Informal housing: The other path: the invisible revolution in the Third World. London: I.B. Taurus. pp. 17-57.

Srinivas, H., Defining squatter settlements. Available at: http://www.gdrc.org/uem/define-squatter.html [Accessed 14-01-2016].

Stewart, F., Harris-White, B. and Saith, R. 2007. Defining Poverty in the Developing World.

UN-Habitat, 2002. International Instruments on Housing Rights. pp. 33-37. Available at: mirror.unhabitat.org/pmss/listItemDetalis.aspx?publicationID=1281 [Accessed 22/02/2016].

United Republic of Tanzania, 2013 Population and Housing Census. Dar es Salaam: Government Printers. Available at: www.kilimanjaro.go.tz/29 March 2013 (8) census General report [Accessed 20 December 2015].

URT, 2012. National Programme for Regularization and Prevention of unplanned settlements 2012-2021. Dar es Salaam: Government Printers.

USAID, 2012. Land Titling and Access to Credit. pp. 1-10. Available at: www.usaidlandtenure.net/sites/default/files/USAID_Land_Tenure_and _Credit_Access_brief_0.pdf [Accessed 05 March 2016].

Van Dijk, T., 2011. ."Livelihoods, capitals and livelihood trajectories a more sociological conceptualization." *Progress in Development Studies*. 11 (2), pp. 101-117.

Van Gelder, J. L., 2010. What tenure security? The case for tripartite view. 27 pp. 449-456.

Verschuren, P. and Doorewaard, H. 2010a. Project design. Project design. 2010a. Designing a research project. The Hague: Eleven International Publishing. pp. 15-27.

Verschuren, P. and Doorewaard, H. 2010b. Research strategies. Research strategies. 2010b. Designing a research project. The Hague: Eleven International Publishing. pp. 155-186.

Wekesa, B. W., Steyn, G. S. and Otieno, F. A. O. 2011. A review of physical and socio-economic characteristics and intervention approaches of informal settlements. *Habitat International*, 35 (2), pp. 238-245. Available at: http://www.sciencedirect.com/science/article/pii/S0197397510000652/pdfft?md5=2f14095e0594fe4a7d52aaff7f5b43f6&pid=1-s2.0-S0197397510000652-main.pdf [Accessed 14-01-2016].

Wood, G., 2015. Situating informal welfare within imperfect wellbeing regimes, *Journal of International and Comparative Social Policy*. 31 (2), pp. 132-150.

Yala, C., 2008. Improving Access to Finance through Land Titling; Evidence from the Hoskins Small Holder Oil Palm Project. 23 (1), pp. 39-58.

Zuin, V., 2004. Business Strategies of Informal micro Entrepreneurs in Lima, Peru. Geneva: International Institute for Labour Studies.

Annex 1: Research Instruments

Closed Ended Questionnaire for Households

My name is Anna Mgalula, a M.Sc. Student at Institute for Housing and Human Settlements Development, Rotterdam. I am administering this questionnaire to obtain information for my research on the influence of residential license on access to formal loans as established under CPREE project. All information gathered through this questionnaire will be treated for academic purposes only and all respondents will be treated with outmost anonymity.

(Please tick whichever answer is appropriate to you)

Date:…………….
Respondent No…………

1. **Gender**

M	
F	

2. **Age**

18-40	
41-50	
51-60	
61-70	
71-80	
81-90	

3. **Do you possess a residential license?**

Yes	
No	

4. **Years in possession of residential license**

Less than five years (specify)	
More than five years (specify	

5. **Whose name appears in the residential license?**

Man	
Woman	
Spouses	
Children	

6. **Education level**

Read and Write	
Primary education	
Secondary education	
College education	

University education	

7. Household composition

Man and wife	
Man headed	
Woman headed	

8. Number of household members

Less than five	
More than five	

9. Are there household members who are dependents?

Yes	
No	

10. Current Occupation

Public sector employee	
Private sector employee	
Entrepreneur	
Self employed	
Not working	

11. Size/ density of plot

High density	
Medium density	
Low density	

12. Quality of house

Permanent House	
Temporary House	

13. Building condition

Excellent	
Very good	
Good	
Poor	

14. Walling material

Concrete blocks	
Cement Blocks	
Burnt blocks	
Sun dried	
Mud and wattle	
Wood	

15. Floor material

Cement	
Earth	
Wood	

Other	

16. Roofing material

Tiles	
Corrugated Iron Sheets	
Asbestos	
Tins	
Grass straw	

17. Is your property insured?

Yes	
No	

18. Accessibility of property

Accessible by road	
Accessible on foot	

19. Other assets possessed

House/plot	
Car	
Motorcycle	
Tractor	
Machines	
Jewelry	
Houseware and furniture	

20. Do you have a business enterprise?

Yes	
No	

21. If *yes*, what type of business enterprise? If no go to Qn. 30

Manufacturing business	
Service business	

22. How long have you been doing business? (specify years)

23. Is your business registered?

Yes	
No	

24. What is your business ownership status?

Sole owned	
Family business	
Co-owned with friends	
Co-owned with relatives	

25. Do you keep record of your cash flows?

Yes	

No	

26. Do you need special skills to do your business?

Yes	
No	

27. How many people have you employed in your business?

1-5	
More than five	

28. Where do you conduct your business?

At home	
On streets	
In a shop	
Market	
Ware house	
Industry	

29. Do you have any plans to expand your business?

Yes	
No	

30. Who do you have strong relationship with?

Family members	
Friends	
Relatives	

31. What benefits do you get from your relationship?

Financial	
Business	
Information	
In kind	
None	

32. What association are you a member of?

Business associations	
Religious associations	
Saccos	
Religious associations	
None	

33. What benefits do you gain from your group membership?

Financial	
Business	
Information	
In kind	
None	

34. What is your main source of income?

Salary	
Business	
Wage	
Remittances	
Rent	

35. When do you normally get your income?

Monthly	
Weekly	
Daily	
Other	

36. Are you able to make a saving out of your income?

Yes	
No	

37. Can you use your residential license to take loans?

Yes	
No	
I do not know	

38. Have you ever requested for a formal loans?

Yes	
No	

39. If answer to Qn. 38 is Yes, what did you use as collateral for your loan?

Residential license	
Business license	
Salary	
Car	
None	

40. For what purpose did you take this loan?

Business	
Housing	
Household consumption	
Education	
Health	
Emergency	

41. If answer to Qn. 38 is No, why have you not requested for a formal loan?

1	I have other means of getting loans	
2	The requirements are too difficult	
3	I fear taking loans	
4	My business is small	
5	I do not have a business	
6	I do not need formal loans	

42. If the answer to Qn. 41 is (1), what other means of getting loan do you have?

Friends	
Family	
Workplace	
Saccos/ microfinance	
Money lenders	

43. If the answer to Qn. 41 is (2), what loan conditions were difficult for you?

Interest rate	
Loan amount too small	
Insufficient time to repay the loan	
Unregistered business	
Lack of business plan	
Lack of business cash flows	
Long time to process loan	
Too many procedures	

44. Do you fear risk associated with taking loans?

Yes	
No	

45. If the answer to Qn. 41 is (3), why do you fear taking loans?

Risk of losing my house	
Risk Family conflicts	
Risk Embarrassment	

Please give score for the following statements: (put a tick where applicable)

5= excellent, 4= very good, 3= good, 4=poor, 5= bad

46. Availability of loan/loan facilities

5= Excellent	
4= Very good	
3= Good	
2= Poor	
1= Bad	

47. Banks willingness to offer loans

5= Excellent	
4= Very good	
3= Good	
2= Poor	
1= Bad	

48. Loan amount given

5= Excellent	
4= Very good	
3= Good	

2= Poor	
1= Bad	

49. Procedure for requesting loans

5= Excellent	
4= Very good	
3= Good	
2= Poor	
1= Bad	

50. Interest rates

5= Excellent	
4= Very good	
3= Good	
2= Poor	
1= Bad	

51. Loan processing time

5= Excellent	
4= Very good	
3= Good	
2= Poor	
1= Bad	

52. Residential license as collateral

5= Excellent	
4= Very good	
3= Good	
2= Poor	
1= Bad	

Semi Structured Interview Questions (Households)

1. For how long have you had your residential license?
2. Were you clearly informed of the objectives of getting a residential license?
3. What are those objectives?
4. Why did you decide to get a residential license?
5. What occupation do you do?
6. Do you have any business?
7. What kind of business do you do?
8. How many people work for you?
9. Where do you do your business?
10. What kind of investment do you need for your business?
11. Can you tell me about your sources of income?
12. Are you able to save from your income?
13. How many household members contribute to household income?
14. What can you tell me about the income that you generate from your business?
15. What can you tell me about the performance of your business?
16. Are you a member of any savings group/credit unions?

17. Do you get financial support anytime you need it?
18. Have you ever used your residential license to get a bank loan?
19. If No, why?
20. If yes, did you get it?
21. Can you tell me your experience?
22. Have you asked for a loan from another provider?
    If yes, where did you ask for a loan?
23. Did you get it?
24. What did they ask as collateral?
25. If No, why?
26. Can you tell me how has your residential license helped you up to now?

Semi Structured Interview Question (Ministry Staff/ Temeke Municipality /PBFP)

1. What were the main objectives of the project?
2. Were the people clearly informed on the uses of residential license?
3. Were there any measures taken to facilitate access to formal loan?
4. If yes, what were those initiatives?
5. Why have the residential licenses not been used to access formal loan?
6. What is the future for the residential licenses?
7. Were there any banks that were part of project to facilitate ease access of loan?
8. If yes, which are those?
9. What opinion can you give on residential license and its usability as a form of collateral?

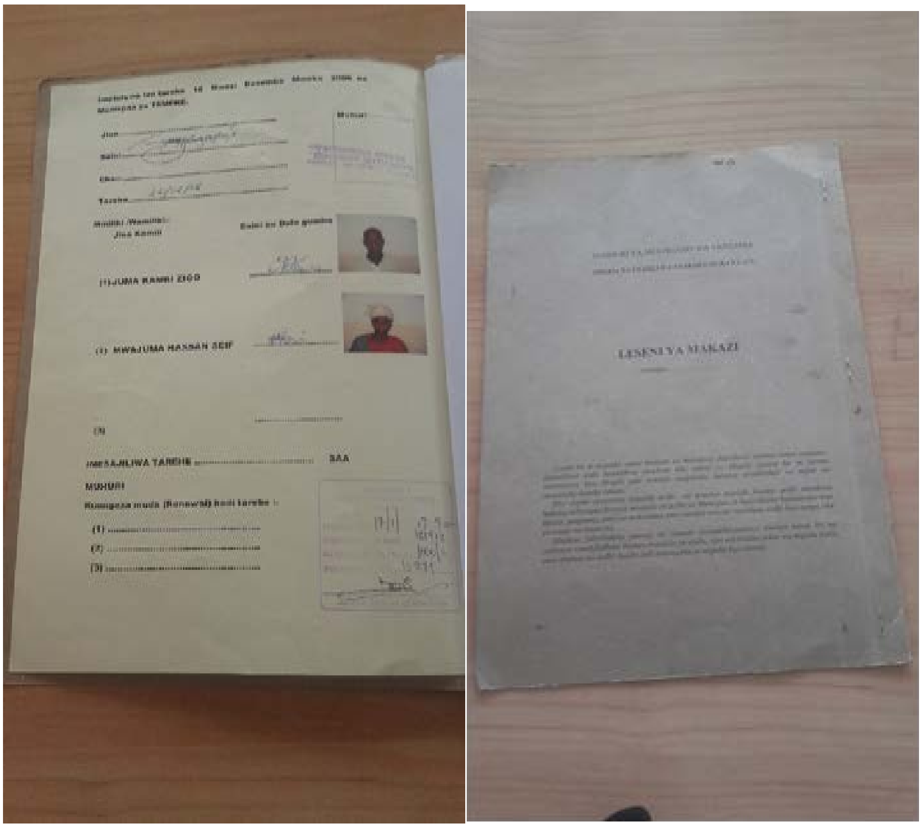
Semi Structured Interview Questions (Banks)

1. Have you given loans for residential license holders?
2. Do you request any other requirement apart from a residential license?
3. What are those requirements?
4. What can you say about the ability of the people to meet the requirements?
5. Which requirement is a challenge to households?
6. What amount of loans can a person with a residential license get?
7. For how long is the loan required to be paid?
8. What conditions are put on the loan?
9. What is the average time that is taken to issue a loan for a residential license holder?
10. What opinion can you give on residential license and its usability as a form of collateral?
11. Are there specific loans for entrepreneurs?
12. What type of collateral do they need?
13. Do they fulfil the requirements to get loans?

Annex 2: Some photographs from Fieldwork, 2016

Temeke Sandali Ward Office

Residential License Document



Interview with my Respondents

Some Business Areas in the Study Area

Annex 3: Interviewee List

S/No	Interviewee	Gender	Code	Title	Source
1	Household 1	Female	F_01	Business woman	Temeke
2	Household 2	Female	F_02	Public sector/ teacher	Temeke
3	Household 3	Female	F_03	Business woman	Temeke
4	Household 4	Female	F_04	Not working/retired	Temeke
5	Household 5	Female	F_05	Business woman	Temeke
6	Household 6	Male	M_01	Civil technician	Temeke
7	Household 7	Male	M_02	Carpenter	Temeke
8	Household 8	Male	M_03	Business man	Temeke
9	Household 9	Male	M_04	Public sector	Temeke
10	Household 10	Male	M_05	Self-employed/construction	Temeke
11	Household 11	Male	M_06	Business man	Temeke
12	Office1	Female	O_01	Principal Town Planner	Ministry of Lands (MLHHSD)
13	Office 2	Male	O_02	Principal Land Officer	Temeke Municipality
14	Expert	Male	Ex_01	Project Manager	Property and Business Formalization Programme
15	Bank 1	Male	B_01	Loan Officer	CRDB Bank
16	Bank 2	Male	B_02	Loan Officer	X Commercial Bank

Annex 4: Research Activities Timeline

Activity	Timeline				
Research proposal	March- June, 2016				
Data collection (fieldwork) in Temeke Municipality, Tanzania	June 13th-July 15th 2016				
	Week1	Week2	Week3	Week4	Week 5
In office fieldwork modalities					
Case area reconnaissance					
Interview with Key Informants					
Interview with Expert					
Interview with Project Official					
Interview with Households					
Administering questionnaires					
Data preparation and processing					
Data analysis	July- September, 2016				
Thesis compilation, Recommendation and Conclusion	September, 2016				
Final Thesis submission	September, 2016				