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WOMEN'S ACCESS TO FINANCIAL MARKET SERVICES IN TANZANIA— THE IMPACT OF ECONOMIC REFORM

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WOMEN'S ACCESS TO FINANCIAL MARKET SERVICES IN TANZANIA— THE IMPACT OF ECONOMIC REFORM

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EXECUTIVE SUMMARY

Women's Access to Financial Market Services-- The Impact of Economic Reform in Tanzania

A three-member team (consisting of a macro-financial economist, a microeconomist with expertise in gender issues and a Tanzanian professor of economics) assessed the impact of economic reform on women in Tanzania during a three-week study. This study isolated key financial market issues that might be investigated in greater depth in future sectoral assistance programs for low-income developing countries throughout sub-Saharan Africa. The impetus for this study--and an accompanying one in Madagascar--was a March 1994 World Bank workshop on Gender Issues and Economic Adjustment.

Overviews of economic conditions in Tanzania from the Bank of Tanzania (BOT), IMF and World Bank data were supplemented with interviews of financial market participants--banks, government of Tanzania (GOT) policy-makers, NGOs and women entrepreneurs in Dar es Salaam, Arusha and Mwanza, the second largest city of Tanzania. Recommendations were based on congruence between the available data and interviewees' responses from different strata in financial markets with particular emphasis on those characterizations evincing agreement from demanders and suppliers.

Tanzania is handicapped by a persistently high rate of population growth, the remnants of its socialist experiment and its high rate of inflation which is driven in large part by the continuing large government deficits. These unstable conditions make any financial commitments risky and cumbersome. Firms (or individuals) with collateral, credit history and market share can obtain credit regardless of the gender of their management; this characterization was substantiated both by bank officials and by women entrepreneurs; however, this is small comfort for women entrepreneurs who do not have such collateral. As is well known, women's access to finance is impeded by the patrilineal property and inheritance laws; it is further hampered by the uncompetitive banking system and a lack of other financial arrangements--notably leasing and trade credit. Thus, the problem to be addressed is access by low-income entrants and, to a lesser extent, moderate-income individuals for whom the monopolistic and segmented banking system has no current impetus to reach out.

From this characterization, we derived a set of policy recommendations which follow a two-stage cascading reform structure: In the first stage, the gross macroeconomic/institutional defects in the financial sector are corrected; in the second stage, persisting microeconomic gender bias is addressed. These recommendations assume the continuation of the IMF Structural Adjustment Program. This program constrains the range of financial policies focused on women's financial market access that might otherwise be adopted--such as subsidies or directed credit arrangements. We believe that the stabilization that will be provided by the IMF program will benefit all Tanzanians, rich and poor, men and women. In any case, as the donors have indicated that they support this program, to consider options inconsistent with it would be moot. In particular those policy recommendations that would require GOT subsidies have the phrase "GOT, with donor assistance, should..." appended.

First stage--Macroeconomic stabilization and privatization:

1) BOT should follow the IMF goals for monetary restraint in order to lower the inflation rate.
2) GOT should reduce its monthly expenditures to not exceed average receipts during the preceding three months, in line with the agreed program.
3) GOT should increase its tax collection efforts.
4) GOT should reform its tax system, both to reduce the negative effects on trade and to more efficiently spread the burden of support for the public sector.
5) GOT should expedite the general privatization of state owned enterprises.
6) GOT should expedite the privatization of NBC and CBRD.

Second stage--Microeconomic, institutional and regulatory reforms:

7) GOT, with donor assistance, should provide incentives for the establishment of financial institutions that service small-scale borrowers and savers.
8) BOT should maintain gender disaggregated data in the banking sector to monitor equity in use of financial services and in locating potential sources of bias.
9) GOT should enact legislation to permit leasing.
10) BOT should mandate regulations to systematize the collections and sharing of credit histories of borrowers by banks and other lenders.
11) GOT should consider providing guarantees for financing of vocational training courses offered by private firms.
12) GOT, with donor assistance, should provide incentives for establishing financial institutions and arrangements that cater to small-scale borrowers and savers.
13) GOT should revise inheritance laws and land title regulations to ensure that women have legal access to such property.
14) GOT should revise property laws to ensure that the presumption is that property acquired during a marriage is divided equitably between husband and wife at divorce. This would include a time limit on the refund of the bride price.
15) GOT should review rules and procedures for appointments to Cooperative Councils to ensure that women can be members of such bodies.
16) GOT should review rules and procedures for appointments to boards of directors of Rural Cooperative Financial institutions and Community Banks to ensure that women can be members of such bodies.
17) GOT should encourage NGOs to work with domestic women's groups to increase participation of women at all levels of government, local, regional and national.
18) GOT should propose regulatory changes for women-dominated industries to provide women with skills and capital to enter new, more profitable enterprises.

19) GOT should increase the enrolled proportion of girls in both primary and secondary schools.

WOMEN'S ACCESS TO FINANCIAL MARKET SERVICES IN TANZANIA THE IMPACT OF ECONOMIC REFORM

I. Introduction

This report addresses one aspect of the impact of economic reform on women in Tanzania—access of women to financial market services. It examines the effects of the reform of Tanzania's financial and monetary policies on women's financial market access. The three-week study seeks to isolate key issues that might be investigated in greater depth in future sector assistance programs for low income developing countries throughout sub-Saharan Africa. Tanzania is at an early and nascent stage of its economic reform process, still hobbled by high inflation, slow economic growth, a plethora of inefficient state-owned enterprises and a segmented uncompetitive banking system. Women's lack of access to financial market services is but one part of this daunting set of reform challenges, but the lessons learned from this case study may be useful in assessing the potential importance of and approaches to dealing with women's financial market access in the reform process throughout sub-Saharan Africa.

The impetus for this case study grew out of a workshop of the Special Program of Assistance to Africa, jointly sponsored by the government of Norway and the World Bank, on Gender Issues and Economic Adjustment, held in Lybesu, Norway in March 1994. The workshop participants concluded that "gender issues should be an important part of the adjustment agenda, not only on equity grounds, but on the basis of economic efficiency and effectiveness." (Terms of Reference, p. 1,...) To provide some substantive fodder for further debate at a second workshop to held in October 1995; USAID agreed to undertake two case studies investigating the narrow issues of women's access to financial market services—one in Tanzania and one in Madagascar.

While the workshop's consensus is generally correct insofar as it asserts that economic efficiency implies gender-blind allocation, it risks confusing a characteristic of economic efficiency with the means to attain it. In particular, in the case of financial policy at the macroeconomic level, this assertion implies two hypotheses:

(1) There exist systematic biases in the structure of the financial system which gender-blind financial policy reforms will not eliminate.
(2) There exist gender specific policies which are capable of eliminating these biases.

Even if the first hypothesis holds, it may still be appropriate to carry out gender-blind reforms. After the institutions are reformed, the appropriate affirmative actions to address the bias will be clearer and presumably more focused.[1] This implies, in effect, a strategy of cascading reforms,

[1] To some extent, this may be interpreted as making a virtue of necessity. As we discuss in section VI, the IMF structural adjustment program has been supported by all the donors. This program is a classic reform effort that removes quotas, barriers to entry and liberalizes prices, interest rates and exchange rates. Arguments for programs to reimpose set-asides or quotas for women would not be well received.

where the first stage corrects the general noncompetitive defects and other inefficiencies in the financial system, and then the second stage can address the gender biases that may persist in the reformed financial system.[2] Following this two-step cascade reform strategy, we endeavor in this case study both to illuminate issues of unequal access to financial market services where they exist and to ascribe responsibility where it can be ascertained. However, we also provide cautions as appropriate where the impetus for the bias lies outside of financial institutions or their regulators or beyond the reach of policy sanctions or affirmative actions.

Ideally, to address such an agenda would require gender disaggregated data by income level from financial institutions. Such data do not exist for Tanzania at this time, so we have based our analysis on interviews with market participants, male and female, from financial institutions, government ministries and nongovernmental organizations (NGOs) serving both male and female constituencies, primarily low-income. While caution must be exercised in inferring characteristics of the economy from the judgment of practitioners and anecdotal evidence, particularly given Tanzania's transitional status, there is little alternative. Therefore, we couch our conclusions as tentative, and base them on congruent responses of interviewees from different strata in financial markets with particular emphasis on those characterizations evincing agreement from demanders and suppliers.

Methodologically, we have identified issues on both the demand and the supply side that might hinder women's access to financial market services. We emphasize that these services include not only credit facilities but also saving instruments and, ultimately, transfer and payment services. The most obvious demand side characteristic inhibiting women's access to financial market services is low income: Given the traditional roles of men and women in low-income households' division of production, women are charged with home production, child care and other household services that do not typically go to market. Furthermore, women are less likely than men to have property rights in assets suitable for pledging as collateral--land, buildings, or other fixed capital. Conversely, on the supply side, there is a lack of institutional arrangements to meet the needs of small borrowers or a bias against women on non-economic grounds. As we will discuss more fully below, where women have clear title to collateral, bank lenders and female borrowers both told us that bias was not an impediment to obtaining finance; however, for low-income borrowers, this characterization is of little comfort.

In the substantive sections of this study, we provide a reprise of Tanzanian economic conditions over the past three decades, including how Tanzania's financial institutions have evolved during 1960-90. Next, we review reform process in Tanzania, 1990-95. We then turn to our data base—the interviews with financial market participants in Dar es Salaam, Arusha and Mwanza, the second largest city of Tanzania.

[2] Orthodox economic theory implies that market segmentation and bias are costly and tend to be eliminated by competition when institutional arrangements assure free entry and market determination of prices. While lack of education or nonhuman capital may hamper the effective competition of women, it is more efficient to address these lacunae directly rather than by quotas or other arrangements to impose noncompetitive allocations on the financial sector.

From this overview of Tanzanian institutions as analyzed through the simple economics of financial reform, we derive some lessons about the impacts of financial sector reform on women's financial market access.

II. Economic Conditions and Constraints on Opportunities for Women's Financial Market Access in Tanzania

Demand side factors

Tanzania is one of the poorest countries in the world, and its experience since 1980 has seen its relative position and absolute level of welfare decline:[3] In 1982, per capita income was $280 in 1982 dollars, and it was the 11th poorest of the World Bank's survey of developing African countries; the average per capita income for all low-income countries (other than India and China) in that year's survey was $254. In 1990, per capita income was $160 in 1988 dollars, and it was 4th poorest on the World Bank's survey; average per capita income for the low-income countries in that year's survey was $320. In 1993, Tanzania's per capita income had slipped to $90 in 1993 dollars against an average for the low-income countries of $300. In 1993, Tanzania was the 2nd poorest country in the World Bank survey, narrowly being edged out by Mozambique (whose income level was the same) as the poorest country in the survey.[4] As elaborated below, this decline in per capita income measured in dollars is due to a combination of moderate economic growth, fast population expansion, inflation and real exchange rate depreciation.

Tanzania's real GDP grew at a 3.6 percent annual rate during 1980-93 compared with 3.2 percent during the 1970-80.[5] Unfortunately, its population grew at an annual rates of 3.1 percent and 3.2 percent during these intervals, so that per capita income (in domestic currency) has barely changed. Moreover, population growth rate has severely challenged the country's infrastructure. Against this challenge, it is not surprising that Tanzania's weighted life expectancy at birth was the same in 1993 as it had been in 1982--52 years; yet, perhaps reflecting the rigors of the recent reform

[3] The characterizations in this and the next two paragraphs are from the following World Bank documents: Toward Sustained Development in Subsaharan Africa-- A Joint Program of Action (September 1984); World Development Report 1990 (June 1990); and World Development Report 1995 (June 1995).

[4] Such income data are themselves always subject to skepticism, especially during the reform process when new industries and services are emerging, and estimates of income may be biased downward as citizens attempt to hide income from the government's tax collectors. Thus, the combination of large family size and undercounting of market income underestimates the per capita income. For those with rudimentary capital, a sewing machine, a car, wood working tools, it would seem that income is higher than this estimate. In any case, we encountered a cab driver in Mwanza whose automobile was purchased used in the early 1980s, and it no longer had windshield wipers nor passenger side windows; still, his daily fares averaged more than TZS20,000, equivalent to about $10,000 per year.

[5] This growth rate reported by the World Bank (June 1995) is somewhat higher than the Bank of Tanzania's estimates. Based on data reported by the Bank of Tanzania, GDP at factor cost grew at an annual compound average of 2.9 percent 1980-93. This average was computed by the authors from annual growth rates reported in Bank of Tanzania's 1994 3rd quarter bulletin, Table 3.5.

process, women's and men's life expectancy at birth in 1993 were both marginally down from their 1988 expectations--53 and 50 versus 55 and 52.

The attainment of literacy has increased as measured by primary school enrollment, rising from less than one-third of the relevant age group in 1970 to two-thirds in 1992; however, while the relative share of enrolled girls per 100 enrolled boys in primary education in 1992 was 96, up from 67 in 1970, the corresponding share for girl's secondary education was only 77, which nevertheless was nearly double its 1970 share of 38. Unfortunately, while gender equity is being approached, the enrollment rates for secondary education have barely changed during this period and are among the world's lowest for *both* boys (5 percent) and girls (4 percent).

Gender Issues In Tanzania. Despite the measures taken by the Tanzanian government since independence [9 December 1961] to ensure that women and men are equal partners in the nation's development, there is a general consensus that some of the existing religious and traditional norms and attitudes assign women a subordinate position in society. This has proven very resistant to change, especially in rural areas.

Women continue to carry the dual responsibility of caring for their families while providing the main labor on the family farm. The following facts highlight the disadvantaged position of Tanzanian women with respect to their male counterparts; though women are seldom in charge of cash crops, by and large they are expected to do much of the day-to-day work. While the household production varies substantially in different regions, women generally have the responsibility to raise most of the food consumed by the family. In the last few years, economic hardship brought about in part as a result of drastic decline in real wages has meant that more women have had to undertake both remunerative and reproductive tasks as well as domestic work. Economic hardship has extended women's role by increasing their responsibilities for providing cash income while maintaining their traditional role in the family. Women's wage-earning employment is concentrated in low-paying service sector activities characterized by small and low-turnover retail businesses; beer brewing, tailoring, food preparation and processing, animal husbandry, etc. According to the present Employment Act, women employed in the private sector have the right to paid maternity leave for 12 weeks every three years, and 30-minute breaks for breastfeeding. In the absence of laws against discrimination, employers in the private sector discriminate against women because their labor would be higher due to the required breaks.[6]

Property Rights and Collateral. Given their lower incomes, women hold far fewer and smaller savings accounts in banks, and their access to land or other capital property is also limited by law and custom. In Tanzania, people's access to financial institutions is dependent on a complex system of property rights governing land ownership. All land in Tanzania is officially owned by the President, but it is managed by village councils at the local level. To approach a formal financial

[6] WB (April 1995), "Gender Issues in Tanzania," Box 3.1. p. 28. We assume that Tanzanian employers are as adept at coming to informal arrangements to circumvent these costly requirements as are employers elsewhere, so the impact of this requirement for mothers is not likely to be severe.

institution, one must have an occupancy of land certificate. Land, however cannot be used as collateral. only property on the land can be used as collateral. To get a loan, an individual must take both the occupancy of land certificate as well as assessment of the property on the land to the Bank. In case of default, the bank will take the occupancy for land and sell it to another individual.

A survey is required before an occupancy of land can be issued; less than 50% of the villages in Tanzania have been surveyed, and this certificate is not commonplace in rural areas.[7] Additionally, women in Tanzania have tremendous difficulty in providing collateral to secure credit from formal financial institutions due to patriarchal customary law practices which pass property down through the male line. The banking establishment does let them use collateral in their husband's or someone else's name, but that person than has to sign the loan, and act as guarantor of the credit. Thus, in effect, women must have the permission of their husbands for obtaining the loan, while men do not need their wives' consent. The implications of this are twofold:

> 1) As discussed in the literature on property rights, women in Tanzania rarely have property in their name which can be used to secure a loan on an independent basis, without a guarantor.
> 2) Women face the risk of having property which they depend on be used by the husband for collateral.[8]

The legal environment is one area where women have been particularly active in Tanzania, and it was activism on the part of women's organizations which led to the establishment of the Marriage Act of 1981. This Act provides a *rebuttable presumption* that any property jointly acquired during the course of the marriage is jointly owned. This act allows women to legally claim 50% ownership of assets jointly acquired during the marriage in case of separation or death. Under customary law, the bride price is acknowledged; this discriminates against a woman seeking to divorce her husband since she cannot obtain a divorce without returning the bride price.[9]

Supply side factors

From characteristics of income, labor and price that impact on women's demand for financial market services access, we now turn to institutional arrangements that supply financial services. Besides the obvious institutions such as banks, finance companies and government agencies, there are two other sources of credit that need to be considered—trade credit and leasing. In the balance of this section, we discuss the role of financial institutions on women's access to credit and saving, and how their conversion from government entities to private sector firms has and will affect this

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[7] Villagization Act of 1981 required all villages to be registered. Land was surveyed and then village councils divided land into parcels. In urban areas which have been largely surveyed, rights of occupancy cover about 90%, whereas in rural areas, less than 50% of land is being held through rights of occupancy.

[8] A law professor at the University of Dar es Salaam recounted the story of a man who used the matrimonial house as collateral to secure a loan with the National Bank of Commerce for establishing a business. but had a fatal accident shortly thereafter. NBC has now started legal proceedings to obtain the house in which the wife is currently residing.

[9] WB (April 1995), p. 28.

access. In the next section, we will address how financial policy reforms in general and the IMF's structural adjustment program specifically have and will affect this access.

Formal Financial Institutions, Pre-Reform Period (1960-91). Tanzania nationalized its banks in the 1960s. Banks thus became an arm of the government to finance the parastatals and co-operatives operating in the rural areas. In effect, there were only two formal financial institutions providing financial services to the population. The National Bank of Commerce (NBC), formed by the nationalization and unification of nine private sector commercial banks in 1967, is the largest bank in Tanzania, with an extensive (about 144) rural branch network.

The second bank, the Cooperative Rural Development Bank (CRDB) was established in 1971 primarily as a rural development bank to provide term finance for agricultural production and crop purchases. The government owned 67% of CRDB's shares, with the Bank of Tanzania having 25% ownership and the Cooperative Union of Tanzania owning 8% shares. CRDB was re-organized in 1984 to begin commercial banking operations and its main clientele were the co-operatives operating in the rural areas which the majority of the population relies on to act as intermediaries between themselves and the formal financial institutions.

Co-operatives are formed at the village level, and are specialized by function into producer co-ops, marketing co-ops, consumer co-ops. etc. and perform the function of supplying inputs, credit and marketing produce for farmers. The co-ops dealt directly with National Bank of Commerce and the Cooperative Rural Development Bank.[10] In the 1970s, the state introduced another layer of administration on top of the co-op system by establishing marketing boards to which co-ops were compelled to sell. This weakened the co-ops considerably and they were ineffective throughout the 1980s, creating considerable resentment of the co-operative system, both among farmers and the banking establishment.[11]

Beginning in the 1980s, both NBC and CRDB established specific credit lines for women; "WID Windows", as both the government and donors sought to address the disparity in access to credit by women relative to men. Examples of such schemes include the Presidential Trust Fund which was specifically designed to provide credit on special terms to women who did not have immovable property as collateral. Other examples include the Australian Dairy Fund. In 1990-92, the government provided NBC with TZS 350 million to distribute to regional branches specifically for small loans to women with interest rates and collateral requirements which were less stringent than for regular loans.

[10] Women who went to the Bank independently of the co-operatives were school teachers. widows. and women who formed small groups to start side businesses. Otherwise. the low levels of education and lack of "accessibility" by the Bank resulted in low utilization by individuals of the banking institution.

[11] The co-operatives had considerable latitude in their dealings with the Banks. If the co-op failed to make loan payments. a roll-over scheme which advanced the debt into the next year.

Other government programs. The Small Industrial Development Organization (SIDO), an agency under the Ministry of Industry and Finance, was established as a national organization in 1973 to assist small-scale entrepreneurs. Its major goal is to provide training, advice, and capital. Although SIDO provides some direct financing, most of its assistance is geared towards leasing machinery for the establishment of a business. Since 1973, SIDO has had in place a hire-purchase system for businesses to acquire machinery on a installment payment basis. The entrepreneur prepares a feasibility study outlining the proposed business venture, and once SIDO approves the project, the applicant makes an initial down payment and is provided with the use of required machinery, and then continues to make payments in regular installments towards acquiring the ownership of the machinery. The payment period is usually between one to three years. SIDO holds title to the property until the payments are completed, at which point the ownership of the machinery is transferred to the business. Originally, SIDO did not have special programs for women, but as they reviewed their clients and found significant discrepancies in ratios of women to men served, special provisions were established for women. SIDO differentiated in terms of down payment rates for women and men; charging women 10% instead of 25% and also attempted to set up a target of 60% of funds going to women's projects.

Other private financial arrangements. Trade credit is simply the arrangement whereby a seller extends credit on its own account to the buyer of the product or service *or vice versa.*[12] In Tanzania, we have encountered several examples of instructional courses where the seller of the service extended credit, usually with a guarantee, to the student participant; however, most of the instances were of the buyer prepaying.[13] In particular, the training regimen in the tailoring trade typically entails a young woman working in an experienced tailor's shop for a period of up to 6 months during which she is taught the various skills requisite to the craft; according to a banker in Mwanza, such courses are usually prepaid.[14]

Leasing is another instance of credit extension outside of orthodox financial institutions. In advanced credit markets, leasing typically entails some prepayment, down payment or deposit, but much of the arrangement then involves either a pay as you go arrangement—e.g., apartment rental, equipment or car leasing—or credit extended by the lessor to the lessee-storage or car rentals. In Tanzania, with few exceptions, it is the lessee who extends the credit by prepaying; this is true of housing, kiosk and shop rental and equipment rentals in general for both men and women. In particular, to rent a sewing machine in Mwanza, a woman would have to prepay the rent for the

[12]Note that while it is usually the seller who extends credit--eg, as in markets for consumer goods, labor services, toll roads or hotels and restaurants-- sometimes it is the buyer who extends credit--eg, as in prepaid legal or medical services, entertainment, air travel or instructional services.

[13] The most interesting was a course for travel service ticketing that was taken by a young woman in the Arusha region with only primary school education. She was able to take the training, a 3 week course, on credit against the guarantee of her potential employer, paying it off over the subsequent 6 months of her employment.

[14] The information about the path of a would-be woman tailor was obtained from a banker in Mwanza. We heard a similar story about a barber in Dar es Salaam: He obtained his skills by apprenticing himself to a barber for one year, paying in advance. According to a USAID advisor, there are vocational secondary schools--public and private (mainly religious supported), more than 30 nationwide--whose enrollment is open to boys and girls that pass screening exams. These schools offer training in carpentry, plumbing, electrical, mechanical, food preparation and tailoring.

entire lease period—typically 6 months—and pick up the machine at the beginning of each day and return it to the lessor each evening.

As discussed above, SIDO has provided leasing arrangements for small entrepreneurs, but as yet, leasing is a rare arrangement in the private sector. One attractive exception is the lease-hire arrangement pioneered by SERO Corporation, a growing enterprise founded by a single woman from Mbeya--Victoria Kisyombe. Her scheme avoids the lack of background checking services by credit bureaus through a requirement that clients of SELFINA, SERO's leasing subsidiary, be members of SERO's professional association, SERA. Members can then acquire office equipment on a lease-hire-purchase basis; they can also buy home appliances on this same arrangement through another SERO subsidiary, ELEKTRIKA.

III. Accomplishments in a Decade of Economic Reform in Tanzania, 1985-95, and Constraints of Recent Financial Reforms, 1990-95

In terms of financial conditions, as measured by annual changes in the implicit GDP deflator, inflation during the 1970s averaged 14.1 percent and accelerated to an average of 24.3 percent for the period 1980-93. Meanwhile, during 1985-93, the Tanzanian shilling (TZS) depreciated more against the US dollar in nominal terms than the relative inflation rate would require for a constant real exchange rate; the consequence was a depreciation in real terms of the TZS during 1985-93 at an average annual rate of 17.8 percent; however, during the last two years, the exchange rate has depreciated less than the US-Tanzanian inflation differential so that the real exchange rate has appreciated during 1993-95. As a result, Tanzanian producers of tradable goods (i.e., those goods actually or potentially exported that are in competition with foreign imported goods domestically) have been caught in a squeeze: They must either raise their domestic selling prices by less than the inflation rate or lose market share to increasingly cheaper imports.[15]

The reform program for Tanzania has now been in place for more than a decade. Its early focus was on macroeconomic policy, but it has evolved to a greater focus on institutional change with the current emphasis on management of these reforms and renewed attempts to attain macroeconomic stability. Recognizing that economic growth is still inadequate to provide substantial improvements in the standard of living, reform is focusing on creating an environment conducive to growth. Major efforts in this direction include restructuring of the financial system, more effective tax-collection, privatization of major profitable state owned enterprises (SOEs) and sale or liquidation of the others, encouraging a greater role for the private sector in the economy, intensification of civil service reforms, and implementation of the government's social sector strategy.[16]

[15] An illustration of this is the now dominant market share of imported khangas (from India) which sell at two-thirds of the formerly dominant domestically produced version of this traditional sarong-like clothing item.

[16] IBRD (1995). p.5. Note that the civil service reform has already resulted in a reduction of 48.000 employees (Annex H. p. 1).

There has been a comprehensive decontrol of prices, a lifting of export and import restrictions, privatization of the crop marketing system, and a substantial start in divesting the state of its SOEs. Financial sector reforms during the past five years have been broad in scope, substantive and successful:

(1) The banking system, which a decade ago was a state-owned monopoly existing largely to finance the government of Tanzania (GOT) and SOEs, now is open to private banks—domestic and foreign—whose portfolios are managed on commercial bases without the previous system of unlimited financial support from the BOT to accommodate nonperforming loans.

(2) Interest rates are now market-determined, and "a drastic turnaround in banking arrangements has been accomplished in which a framework of rules and regulations, backed by legislation, is in place, allowing banks to respond to market forces instead of to GOT directives about those to whom the banks could lend and at what rates of interest."[17]

(3) Exchange rates are now market-determined; in general, the TZS is floating, convertible and not subject to capital controls.

(4) The National Bank of Commerce (NBC) and the Cooperative Rural Development Bank (CRDB) are being privatized (stock has already been sold in CRBD), their operations are being rapidly converted to a commercial basis, and the BOT will no longer support non-performing additions to their loan portfolios.[18]

(5) The Government's budget deficit must now be financed at market rates of interest—there is no gratis credit from the BOT—and GOT has made substantial efforts to reduce expenditures, increase its effectiveness in collecting taxes and in reducing tax-based subsidies.

Thus, the market liberalizing elements of the IMF program for structural adjustment have been largely put in place. However, the most binding and difficult part—controlling inflation—has not been accomplished yet. As noted earlier, the inflation rate during the last decade has actually been higher than during the preceding one: 14 percent during the 1970s and 24 percent 1980-93.

Far from improving, the most recent year for which data exist, the year ending July 1995, saw an inflation rate of nearly 29 percent. There is no mystery about the source of this inflation—it is too rapid monetary expansion. For the year ended July 1995, M2 grew at an annual rate of 36 percent, up from 21 percent during the preceding year ending July 1994.[19]

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[17] Statement by the IMF Staff Representative at the February 1995 Consultative Group meeting--IBRD, Annex F. p. 2.

[18] Germane to this study is one aspect of this reform--the requirement for hard collateral for all loans. No longer can either parastatal bank issue loans other than against real property or financial assets.

[19] For M3 which includes foreign currency deposits, the increase in the current 12 months ending July 1995 was 42 percent against a 29 percent rate of increase in the prior year. All figures from BOT (August 1995).

There is also no mystery about why the money supply grows at rates well in excess of the IMF-BOT agreed targets: The government's budget deficit continues to run well above fiscal targets, and BOT finances the deficit because there is no alternative buyer of government debt. Attempts to reduce the impact on monetary expansion by selling the debt to banks results in high interests rates as, essentially, private borrowing must be crowded out by government borrowing.

This fiscal excess consists in roughly equal parts in the current year (and in the past two years) from failures to collect taxes and from failures to control expenditures:

> "... while enormous progress has been made, sustained macroeconomic stability continues to be elusive, largely because of problems in tax administration and lack of control over expenditures. Starting in 1992/93, the fiscal situation deteriorated markedly, and as a result inflationary pressures intensified and business confidence was undermined."[20]

As a result, the IMF at the February meeting of the Consultative Group suspended further consultations on the Extended Structural Adjustment Facility (ESAF) until GOT could provide evidence of fiscal discipline. GOT must increase its effort (and its successes) in collecting taxes from known evaders, reducing the number of bond warehouses, and decreasing the number of import duty exemptions on the tax side along with reductions in expenditures. This improved fiscal performance has been the announced requirement for the resumption of these crucial negotiations, and this stance is backed unanimously by the donors.

Impacts of IMF Structural Adjustment Program. The IMF's primary concern is to ensure the stability of financial markets, so that the focus in Tanzania is on reducing the inflation rate and, in order to do this, to restrict the size of the GOT deficit that the BOT is pressured to finance. While these policy goals are clearly interrelated, we will address them separately for clarity.

The IMF has, in consultation with BOT and GOT, established a target inflation rate for the current fiscal year (July 95-June 96) of 15%. In order to reach this target, an implied target rate of monetary expansion (for M3) has been established of 20%.[21] Unfortunately, the current rate of inflation is close to 30%, and the proximate explanation is too rapid monetary growth driven by an excessive GOT deficit. In response, the GOT has agreed to operate on what amounts to a rolling balanced budget--the current month's expenditures can be no larger than the average of the preceding 3 months' tax revenues.[22] Because government revenues have recently amounted to less than half of what is owed, there is a general lack of confidence in the market that GOT will be able to meet these constraints, a fear supported by the observation that 60% of the increase in BOT's assets during the current year have been GOT securities. Consequently, there is an expectation that GOT will have to continue to borrow amounts that will result in rapid monetary expansion.

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[20] IBRD (1995), Annex F, p.4.

[21] This target assumes that real GDP will grow at about 4.5% and that velocity will be constant.

[22] Over this current operational constraint is one in the law that restricts the current budget deficit to be 12.5% of the last 3 years' tax receipts; this deficit ceiling will narrow to 5% in the next fiscal year.

Commercial banks. There are currently six commercial banks operating in Tanzania: National Bank of Commerce (NBC), Cooperative Rural Development Bank (CRDB), Standard Chartered Bank, StanBIC, Citicorp, Eurafrica and First Adili Bank. The first two are currently government owned and operated, but are in the process of being privatized, while the next four are foreign-owned--respectively, UK , South Africa, US and Belgium--and the last is a new domestic-owned start-up.[23] While the IMF told us that it had encouraged the banks to be more aggressive in their lending, currently, there is little or no lending being done by NBC or CRDB because of a freeze on credit facilities imposed on government-owned banks--June 1993 for CRDB and January 1994 for NBC.[24]

The two government-owned banks which have the most extensive branch coverage in Tanzania have virtually suspended their activities and are in the process of restructuring/privatizing. The National Bank of Commerce is in disarray, currently focusing on collecting overdue loans and taking legal action against customers who have defaulted. The bank does not provide new loans since the suspension in June 1993. Since the suspension, there are no new overdraft services offered to new customers, and regular customers must get clearance from the Central Bank to issue overdrafts. Similarly, CRDB used to offer a full range of services; overdraft, savings accounts, credit, but suspended operations in June 1993 due to severe liquidity constraints. CRDB started restructuring in 1992, sold shares to the private sector in 1994.

The WID section of NBC has all but been eliminated, going from a department devoted to servicing women to a small unit and finally to its present state, where it is represented by a single desk. Bank officials do not foresee soft lending continuing. Experience with specific credit lines for women at these banking establishments has been mixed, though overall, the impression is that women have had high repayment rates. A common concern is that loans have not reached the target groups of poor rural women but have instead been used by higher income, more educated women.[25] Bank officials point to the difficulties in assessing "poor" in the rural context as one difficulty in targeting. There is also a general perception that women have been used by men to secure these loans on special terms for their own purposes. Agencies providing loans on special terms for women are aware of this problem and have built-in mechanisms to avoid this, such as requiring attendance at seminars previous to obtaining a loan, preparation of feasibility studies of the business enterprise and monitoring of business activity through site visits. As the data in Table 1 demonstrates, the same asymmetry that is apparent in bank credit also characterizes the relatively small share of women's bank accounts--both saving and demand (current) deposits.

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[23] There is a second domestic commercial bank being formed. It has issued common stock, but has not yet been licensed.

[24] Asked about this seeming inconsistency, we were told that perhaps the banks are interpreting the BOT's policy stance of not supporting bank's credit needs resulting from non-performing loans. In view of the transition of both banks from government-owned to private sector banks, this may be the resolution.

[25] Interviewee who teaches law at the University of Dar es Salaam provided a personal example of how his wife was appreciated by a women's group to get lending for a certain project. The group consisted of educated, urban women. His wife chose not to participate in the group, yet this is an example of how special credit lines were misused, since the loan was originally for low income, rural women.

Yet, access to soft money through donor programs and incentives within the bank to fulfill quota requirements have meant that banking institutions have often looked the other way when providing a loan. In some cases, there was little effort made to enforce repayment, thus depleting the revolving funds used for targeted programs. Government agencies such as SIDO, which provided loans and machinery to small-scale entrepreneurs and targeted specific amounts of funding toward women are also suffering from liquidity problems. In the Mwanza region, SIDO workers were planning to hire themselves out as consultants in addition to working their regular jobs in order to financially sustain the program.

Table 1

**Personal Deposit Accounts and Average Balances (TZS 1000s)--
Standard Chartered Bank, Dar es Salaam[1]**

Account Type		Men	Women	Total
Saving[2]:	Number	160	22	182
	Avg. bal.	2800	1090	2600
Current[3]:	Number	213	16	229
	Avg. bal.	924	600	901

Notes: [1] Source: Standard Chartered Bank, Dar es Salaam, Personal Accounts Division.
[2] Interest rate on savings accounts 14% p.a.
[3] Minimum current account balance TZS 500,000.

The specific credit lines to women which were being offered by CRDB and NBC will most likely continue through donor funding after CRDB re-opens, but the bank will lend at market interest rates and will look toward subsidizing or providing more flexible collateral requirements. The four foreign banks entered or re-entered the Tanzanian market after liberalization began in 1991--Standard Chartered Bank, StanBIC which bought out the failed Meridien Bank (France), Citicorp and Eurafrica. Based on our discussions with Standard Chartered, the leading foreign bank, these banks are not intending to reach out aggressively to a broad swath of the domestic market but will be content to service relatively high income clients--business and personal--and to provide trade finance for large corporations. It is clear that the foreign banks will not be the source of start-up capital for low-income women or men, unless such loans are subsidized.[26]

There is frequent discussion in the literature on women and financial services of women being viewed with more caution than men because of their relative newness to the banking institutions. Nevertheless, there is substantial evidence that women have repayment rates similar to men, and frequently higher. While preconceived notions might be barriers to women clients, in our interviews with bank managers in Tanzania, we found that their experience with women clients was positive. Most felt that women applicants were more reliable in meeting loan repayments than men, which they attributed to women being more afraid of the consequences of default than men. It is also clear that a successful firm with a credit history, market penetration and an attractive project can obtain finance regardless of the gender of its management. Still, in the absence of established credit reference agencies as is the situation in Tanzania, there is a heavier reliance on reputation and character reference than might otherwise exist, and women can find themselves more easily

[26] We were unable to convince StanBIC to speak to us; it is currently embroiled in a tax controversy with GOT concerning its purchase price for Meridien. Citicorp has been in business only a short time and is not yet taking deposits, and we did not learn of Eurafrica's existence until too late to schedule an interview. In any case, Standard Chartered is far and away the most prominent foreign bank in Tanzania.

undermined. Subjective perceptions in the context of a traditional society may work against women to a greater extent than for men.[27]

Other Financial Intermediaries and the Role of Women

With formal financial institutions in such a nascent stage of development, there is an important need to focus attention on establishing the types of financial intermediaries which will play the role of mobilizing savings and encouraging investment opportunities in Tanzania. Toward this end, there has been an effort to rebuild a politically independent co-operative movement which can serve as an effective intermediary for farmers in the provision of credit and marketing of produce.

Community banks. An important innovation, already legislated but not yet widely implemented, is a provision for small community-based banks, as distinct from institutions licensed to operate nationwide. These community banks will resemble credit unions in that they will gather deposits and make loans within a specific community, defined geographically or by association, but operate through a correspondent nationwide bank which will hold their deposits. GOT will provide training to management of these community banks and instruction on how to mobilize savings, screen loan applications and maintain the books. The capital requirement for such a single facility is TZS 200,000,000 which is only one-fifth of the TZS 1,000,000,000 required capitalization for a nationwide banking license. Officials at CRDB's main branch in Dar es Salaam indicated that they had already started a program, under this legislation, with a group to operate a community bank in Arusha in the fall of 1995.

Rural saving and credit cooperatives. In 1991, a new Cooperative Act was passed which allowed primary cooperative societies to be voluntary, member-formed organizations that did not need to be based upon state-sponsored villages, and that could be specialized in functions. Primary societies could form unions as they wished, and could also sell directly to private traders. Existing primary societies were deregistered and new societies began to be registered on a voluntary membership basis. In the spirit of the Act, the Unions dissociated themselves in early 1993 from the government-sponsored C.U.T. Co-operatives are now organized at the basis in primary saving and credit societies, these then are formed into a Co-op union at the district and regional level. Each co-op then is linked to an apex, which specializes in major cash crops. Above the apex is the co-op federation, which has its headquarters in Dar es salaam. The Co-operative Federation is currently re-building its organization and using the co-operative as the basis for developing into banking institutions. The first of these is the Kilamanjaro Co-operative Bank which has recently registered with the Central Bank to become an "official bank" as well as a co-operative organization.

Historically, co-operatives have been organized to deal with cash crops; coffee, cotton, tea, etc. In Africa, the traditional division of labor within the household is that men control the decision-

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[27] One bank manager volunteered that if a woman client approached the bank for a loan, but her husband advised the bank against this, the loan would probably be not approved.

making regarding the cash crops, while women grow and sell food crops as well as provide labor for the cash crops. The co-ops have been male-dominated both in membership and leadership. Thus, the co-operative system has replicated in its organizational structure the custom of defining the husband as primary decision-maker for the family. This has meant that the husband has had to be present at the time of a financial transaction or, in his absence, his wife had to have a letter from him authorizing the transaction. An interesting effect of the marketing liberalization in Tanzania has been that as private traders have begun operating in the rural areas, women in some areas have seen the benefits of bypassing the accounting structure at the co-ops and begun selling directly to the traders.

It follows that if the co-operatives are to survive and be functional parts of the rural marketing network, efforts must be made to look at how women are represented on these organizations. Institutions which reinforce the inequities in household decisionmaking will result in women diverting their energy and resources elsewhere. A failure to address inequities in the decision-making system will result in women diverting their energy and resources away from family production and away from male-dominated institutions--such as the traditionally organized cooperatives.

IV. Non-Financial Privatization and Trade Liberalization

An assessment of how financial sector reforms affect women is not possible without some understanding of the changes occurring in the private sector, i.e., what opportunities and constraints are created for women in terms of income generating activities as a result of the overall economic reform process. While equity and efficiency require that the focus on women should not be limited to their household production and family roles, their traditional opportunities for market production have frequently been usurped by new competition introduced by the reform process. For example, changes taking place in the fishing and textile industries as a result of the economic liberalization in Tanzania illustrate the implications of these changes for women's income generating opportunities.

The region centered around Mwanza on Lake Victoria provides Tanzania with a rich assortment of fish species which, in the past, were exploited mainly by fishermen using canoes and other types of gear including gill-nets, seines, traps and long-lines. Women played an important role in the processing and marketing of fish, especially the Nile Perch.

In the last few years, as a result of economic liberalization, larger commercial ventures have been established to process and market the fish for export, both to other parts of Tanzania as well as abroad. The greater efficiency of these large processors has completely marginalized the women who were concentrating on local retail trade around the lake zone and reduced their ability to contribute to family incomes. The industry has been able to support a few women who process parts of the fish (fish-heads) which are not used by the larger processing plants and sell these through intra-regional trade. Interestingly, these women are earning higher incomes as a result of this activity than they were previously. The fact that fish such as the Nile Perch have now become a tradable commodity has been a mixed blessing: On the one hand, it has provided higher incomes for those that are employed; however, since it has raised the price of these fish, local people in Mwanza have had to adjust to consuming other fish, some of which are more expensive such as the Tilapia fish. At the time of the study, the price of 1 kg of Nile Perch is TZS 800 while for Tilapia it is TZS 1200.

The textile industry in Tanzania grew very rapidly in the first few years of independence. During 1961-68 three large national textile mills were built, namely Tanzania Friendship Textile, popularly known as URAFIKI (Dar es Salaam), Mwanza Textile Mill (MWATEX) in Mwanza, Kilimanjaro Textile Mill Kiltex (Arusha and Dar es Salaam). Other smaller textile industries which were established included the Tanzania Textile Industry which was the first to be established in Tanzania by a local Asian private trader, Mutex (Musoma Textile Mill). Employment in the textile industry accounted for about 25% of the industrial workforce and 5% of all the employees in the formal sector prior to the introduction of economic reforms. In the case of labor intensive industries such as URAFIKI, the majority of its employees were women (Mihyo, 1985).

As a result of the increased openness to imports under the economic reform process, most of these mills have been closed. Currently, most of the textile fabrics are imported, in particular from South and Southeast Asia. The local production of khangas (a type of cloth worn as a dress by women) and vitenges (a large shawl used as a wrap or sarong) has virtually stopped and most khangas are imported from abroad. A Tanzania khanga, once a commonplace commodity, is now hard to find and is now more expensive than those imported--at the time of writing, a Tanzania khanga cost TZS 3000/ per pair whereas imported khangas cost TZS 1500-2000/ per pair. However, it should be emphasized that although the imported khangas are cheaper, they are of a lower quality and are not as durable as the local Tanzania khangas.

Due to the competitive trade environment, women involved in the textile business as producers of tie and die and batik clothes are improving their tailoring and design skills and making ready-made clothes for exporting. Some women, who have access to capital, are becoming involved in the import-export business. They import textile products and establish up-scale "boutiques" in urban towns, charging fairly high prices for their products. This points to the importance of class issues as well as gender in analyzing the impact of reform.

Further systematic analysis is required of the impact of trade liberalization on industries traditionally dominated by women. Efforts should be made, either by civic organizations or through government programs, to assist women who are displaced by the changes in industry to acquire the skills and capital necessary to move into the new, more profitable enterprises.

V. Summary of Economic Conditions and Constraints on Women's Access to Finance

The two most obvious constraints on women's access to credit in Tanzania are lack of collateral due to male domination of land titles and other capital goods, and by the low income of the country. These impediments add to the institutional underdevelopment of the country's financial markets: the banking system is dominated by two government-owned monopolies that are to be privatized but have not been rapidly moving toward a completion of that process. The banking system also features some new entrants--4 foreign banks--but these are likely to focus on financing high income individuals and businesses and trade finance. This segmented banking market is not challenged yet by alternative credit arrangements: There is essentially no leasing or trade credit, and, of course, there are no credit support facilities such as credit bureaus.

Consequently, while the current situation for credit access for women of low and moderate income is bleak, there is little prospect for overall improvement other than through the reform process--privatization of NBC and CRDB--and rising income. Both of these will depend on the success of the IMF program (discussed below) both to ensure that economic growth accelerates and to ensure that the donors who will be the source of targeted assistance programs will continue to provide such aid.

The combination of GOT's budget overruns and the high inflation rate have driven interest rates (annualized) on T-bills to exceed 50%; thus, private lending is very unattractive since current bank lending rates are just above 30% due to essentially risk-free government securities paying far higher yields.[28] There is unlikely to be any retreat in the intermediate term from these high interest rates as the target inflation rate for the next fiscal year is 5%! In any case, the relevant conclusion is that investment cannot be financed at real rates of interest approaching 20%, and women, especially low-income women, will be excluded from such a credit market

The IMF is a champion of market liberalization, believing that benefits for all market participants are maximized when agents can respond to market signals. Still, the IMF is concerned about the perception, as in Tanzania, that "half of the population is locked out..." But, having expended much energy and political capital to reduce government interventions in financial markets--controlled prices, controlled interest rates, controlled exchange rates, allocated capital and access to credit--there is no support from the IMF for the reinstitution of segmented markets or allocations of credit to groups, however deserving. Rather, the effects of rising income as market reforms take effect is assumed to improve the welfare of all Tanzanians, and to do so more effectively than targeted policies could. The process of market reform is called on to impel an increase in women's participation: pressure on households to go to the market for more of its services and for women to work outside of household production or family enterprise.

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[28] Also, the discount rate is set at the average of the T-bill rates plus 5% so that the opportunity cost of bank reserves cannot justify bank lending at the current loan rates. It is fair to say that the real mystery is why bank loan rates are below T-bill rates, and the probable answer is that the high T-bill rates explain why there is little or no bank lending.

The enactment of the Banking and Financial Institution Act No. 12 in 1991 has resulted in the licensing of a number of local and foreign financial institutions to operate in the country. As of August 1995, eight private banks and other non-bank financial intermediaries have been licensed. The minimum deposit required for savings accounts range from TZS 100,000 at First Adili to TZS 1,000,000 at Citibank; First Adili's minimums and interest rates in Table 2 (below) provide an illustration of the conditions facing a would-be saver or borrower.

All of the financial intermediaries which have emerged since the liberalization are headquartered in Dar es Salaam, and none have branches outside of the city. Standard Chartered and First Adili both have plans to begin serving clients in Arusha and Mwanza within the next two years; however, they do not intend to open a physical facility but will link customers electronically to their financial services. Thus, currently, there is a serious gap in the provision of financial services to the majority of small and medium-scale borrowers and savers in Tanzania.

Table 2

First Adili Bank--Deposit and Lending Interest Rates and Required Minimums

Account Type	Minimum Deposit/Loan Required	Interest Rate
Savings account	100,000	24.0% p.a.
Flexi account	1,000,000	13.5% p.a.
Call account (7 days notice)	1,000,000	13.0% p.a.
31-days (+7 days notice)	1,000,000	22.0% p.a.
	Fixed deposits accounts	
31-91 days	250,000	27.5% p.a.
92-102 days	250,000	30.0% p.a.
183-365 days	250,000	33.0% p.a.
Interest rate for loans:	500,000	35-36%

VI. Findings and Recommendations

From our study of women's access to financial market services in Tanzania, a set of policy recommendations naturally follow. In this final section, we summarize those findings and enunciate their implied policy recommendations, macroeconomic, financial, microeconomic and regulatory. The latter two are largely (but not entirely) forward-looking financial market institutional innovations, while the first two are constrained by the IMF's structural adjustment program. Our policy recommendations support the IMF Structural Adjustment Program which is in place and constrains the range of financial innovations that might be considered to focus on women's financial market access--in particular those that would require GOT subsidies in which case we have recommended that "GOT, with donor assistance, should..." This taxonomy follows the two-stage cascading reform structure discussed in the introduction under which the first stage corrects the gross, macroeconomic/institutional defects in the financial sector, and the second stage addresses persisting microeconomic gender bias. We believe that the stabilization that will be provided by the IMF program will benefit all Tanzanians, rich and poor, men and women. In any case, as the donors have indicated that they support this program, to consider options inconsistent with it would be moot.

Monetary and fiscal policy. First and foremost, Tanzania is one of the world's poorest countries, but it has substantial resources and potential for rapid development. The country is handicapped by the remnants of its socialist experiment and its persistently rapid rate of population growth. A high rate of inflation driven in large part by the continuing large government deficits has made financial commitments risky and cumbersome. The IMF structural adjustment program has imposed ambitious goals for reducing the rate of inflation and, inter alia, to reign in the fiscal deficits; in the short run, this program results in very high interest rates that crowd out private investment, but are necessary to slow the pace of monetary expansion while financing the deficit without direct monetization. Clearly, financial liberalization without controlling fiscal deficits strongly discourages banks from lending to the private sector and hinders its development. More pointedly, GOT has been served notice by the IMF and the donors that its ineffectiveness in collecting taxes--primarily, duties on imports--is placing too great a reliance on foreign assistance. Four policy goals follow from this characterization:

1) BOT should follow the IMF goals for monetary restraint in order to lower the inflation rate.
2) GOT should reduce its monthly expenditures to not exceed average receipts during the preceding three months, in line with the agreed program.
3) GOT should increase its tax collection efforts.
4) GOT should reform its tax system, both to reduce the negative effects on trade and to more efficiently spread the burden of support for the public sector.

Privatization of state-owned enterprises. Losses of state-owned enterprises are a burden on the budget--increasing the deficit--and the postponement of their restructuring defers the application of their assets and employees to productive market-directed production. Thus, the sooner the privatization occurs the better. More germane to our study, the cost of sustaining them raises interest rates and crowds out private borrowing. An obvious policy recommendation follows from this characterization:

5) GOT should expedite the general privatization of state-owned enterprises.

Bank privatization. The monopolistic state-owned banking institutions--NBC and CRDB--have a legacy of misallocation of financial resources; these misallocations are retained in their balance sheets as non-performing assets. These monoliths are poorly designed to provide financial services to a private market. Their size precludes true competition in the financial sector, particularly for low and moderate income individuals. While GOT/BOT have taken an important step by providing for small community based banks (with lower capitalization requirement and training programs) absent restructuring of NBC and CRDB, it will be difficult for competitive financial institutions to develop given the saturation of the market by these two institutions. Very little information exists at either of these state-owned banks about the extent of their services provided to women or to low-income borrowers. Three policy goals follow from this characterization:

6) GOT should expedite the privatization of NBC and CBRD.
7) GOT, with donor assistance, should provide incentives for the establishment of financial institutions that serve small-scale borrowers and savers.
8) BOT should require the collection of gender disaggregated data in the banking sector to monitor equity in use of financial services and in locating potential sources of bias.

Other financial institutions and arrangements. There has been little development in trade credit, leasing or installment purchases to provide transaction-related credit in Tanzania.[29] Vocational training is typically offered only on a pay-in-advance basis. Further, no credit bureaus yet exist in Tanzania, so consumer lending, trade credit, installment purchases and leasing are more costly than if such facilities existed. Four policy goals follow from this characterization:

9) GOT should enact legislation to permit leasing.
10) BOT should mandate regulations to systematize the collections and sharing of credit histories of borrowers by banks and other lenders.
11) GOT should consider providing guarantees for financing of vocational training courses offered by private firms.
12) GOT, with donor assistance, should provide incentives for the establishment of financial institutions and seller services that cater to small-scale borrowers and savers.

Regulatory and legislative changes. As observed by the World Bank in its summary of Gender Issues in Tanzania (see above, pp. 2-3), women have little access to land titles, do most of the work but have little control over cash proceeds and are frequently victimized in divisions of property at divorce or death of spouse. Consequently, a financial regulatory framework that recognizes forms of collateral other than land is crucial to enhancing women's access to credit. We have recounted several anecdotes of women's difficulties in getting fair hearings on credit matters or lack of representation on credit allocating or cooperative boards; while educated

[29] First Adilli told us that they were planning to introduce credit cards as part of their marketing effort within the next three years.

women are now in prominent and visible positions in government and financial institutions, affirmative action in hiring is likely still to be an important goal, particularly in the financial services sector. Finally, much of the impetus to improving women's status in the labor market and in financial matters would follow from an increase in the extent of their education-- that is, secondary education.[30] Several policy goals follow from this characterization:

13) GOT should revise inheritance laws and land title regulations to ensure that women have legal access to such property.
14) GOT should revise property laws to ensure that the presumption is that property acquired during a marriage is divided equitably between husband and wife at divorce. This would include a time limit on the refund of the bride price.
15) GOT should review rules and procedures for appointments to Cooperative Councils to ensure that women can be members of such bodies.
16) GOT should review rules and procedures for appointments to boards of directors of Rural cooperative Financial institutions and Community Banks to ensure that women can be members of such bodies.
17) GOT should encourage NGOs and civil groups to work with domestic women's groups to increase participation of women at all levels of government, local, regional and national.
18) GOT should propose regulatory changes for women-dominated industries to provide women with skills and capital to enter new, more profitable enterprises.
19) GOT should increase the enrolled proportion of women in secondary schools.

[30] As the World Bank (April 1995, p. xxxi) summarizes the case, " Rationing [of secondary education] has deprived the country of a huge stock of human capital, channeled public subsidies for secondary education to the rich, and distorted its income distribution. Failing to get girls through secondary school has reduced the impact of other costly investments Tanzania has made in health, nutrition, family planning, water, and sanitation." As is implied on a number of *women's issues* such as family planning, abuse, AIDS, women would also benefit from a rise in men's secondary education.

LIST OF INTERVIEWEES BY INSTITUTIONAL AFFILIATION

DES = Dar es Salaam
AR = Arusha
MW = Mwanza

BANK OF TANZANIA, Mr. Gray Mgonja,
Director of Bank Supervision, DES, 11 September 1995
BANK OF TANZANIA, Mr. Peter Noni,
Manager of Research and Policy, DES, 12 September 1995
COOPERATIVE RURAL DEVELOPMENT BANK, Mr. G. J. Ngoille,
Branch Manager, DES, August 28, 1995
COOPERATIVE RURAL DEVELOPMENT BANK, Ms. Doreen Sengati,
Operations Manager, DES, August 28, 1995
COOPERATIVE RURAL DEVELOPMENT BANK, Rose Mushi,
Research Development Division, DES, August 28, 1995
FIRST ADILI BANK, Mr. G.M. Chamungwana,
Chairman, DES, August 29, 1995
INTERNATIONAL MONETARY FUND, Mr. Festus Osumsabe
Resident Represenatative, DES, 12 September 1995
MINISTRY OF COMMUNITY DEVELOPMENT, ____,
Director for Women and Children, , DES, August 30, 1995
NATIONAL BANK OF COMMERCE, Mr. Donald J. Kamori,
Managing Director, DES, August 28, 1995
NATIONAL BANK OF COMMERCE, Mr. Projest S. Rwechungura,
Special Assistant to Managing Director, DES, August 30, 1995
NATIONAL BANK OF COMMERCE, Ms. Ndossi,
Senior Operations Manager, DES, August 30, 1995
NATIONAL BANK OF COMMERCE, Mr. D. O. Iko,
Regional Director, AR, 4 September 1995
NATIONAL BANK OF COMMERCE, Mr. G. M. Mkama
Regional Director, MW, 6 September 1995
REGIONAL COMMISSION OFFICE, Mr. Halleo
S. M. Community Development Assistant, AR, 4 September 1995
REGIONAL COMMISSION OFFICE, Mrs. Lydia Joachim,
Director of Women's Programs, AR, 4 September 1995
REGIONAL COMMISSION OFFICE, Mr. Charles Kiyabo
Asst. Community Development Officer, MW, 5 September 1995
SERO ENTERPRISES INTERNATIONAL, LTD, Ms. Victoria Kisyombe,
Managing Director, DES, 31 August 1995

SERO ENTERPRISES INTERNATIONAL, LTD, Ms. Monika Ndobho,
Deputy Managing Director, DES, 31 August 1995
SMALL INDUSTRIES DEVELOPMENT OFFICE (SIDO), Mr. Deogratios Nkwabi,
Acting Manager, MW, 5 September 1995
SMALL INDUSTRIES DEVELOPMENT OFFICE (SIDO), Mr. Kichemri Chemori
Regional Economist, MW, 5 September 1995
STANDARD CHARTERED BANK, Mr. Nkosana Moyo,
Managing Director, DES, August 29, 1995
STANDARD CHARTERED BANK, Ms. Anna Lyabandi, Manager,
Global Products, DES, August 29, 1995
TANZANIAN BUSINESS WOMEN'S ASSOCIATION, Ms. Shamsa Mwangunga,
Chairperson, DES, August 30, 1995
USAID, Anne Fleuret,
Program Officer, DES
USAID, Fred Witthans,
Program Officer, DES
USAID, Daniel Ngowi,
Economist, DES
USAID, Herment Mrema,
Development Assistance Specialist, DES

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