



Contribution of Tanzania Social Action Fund Productive Grants to Household Economic Status in Kilolo District, Tanzania

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ABSTRACT

This study examined the contribution of Tanzania Social Action Fund (TASAF) productive grants to household economic status in Kilolo District Council, Tanzania. The study focused on four indicators of household economic status: household income, savings, productive asset acquisition and livelihood diversification. A convergent parallel mixed methods design was employed. The study population comprised 872 TASAF productive grant beneficiary households in selected areas of Kilolo District Council. A sample of 90 beneficiary households was obtained using Taro Yamane's formula at a 10% margin of error and proportional allocation across Irole and Nyalumbu wards. Quantitative data were collected using structured questionnaires and analysed using the Statistical Package for the Social Sciences (SPSS) through descriptive statistics, particularly frequencies and percentages. Qualitative evidence was obtained through key informant interviews and focus group discussions and analysed thematically. The findings showed that 77.8% of respondents reported an increase in household income, 72.2% reported increased savings, 76.7% had acquired productive assets after receiving TASAF productive grants, and 81.1% had established new livelihood activities. In addition, 78.9% of households reported operating two or more income-generating activities. Common productive assets included livestock, land and farm equipment, while major livelihood activities included crop farming, livestock keeping, poultry and petty trade or small business. Qualitative evidence supported the quantitative findings, although beneficiaries continued to face constraints related to markets, climate variability, technical support and limited capital. The study concludes that TASAF productive grants were associated with improvements in several dimensions of household economic status among beneficiary households. Continued livelihood training, market linkages, savings mobilisation and technical follow-up are recommended to strengthen the sustainability of these gains.

Keywords: TASAF, productive grants, household economic status, income, savings, productive assets, livelihood diversification, Tanzania

1. Background of the Study

Poverty and vulnerability remain important development concerns, particularly among rural households whose livelihoods depend heavily on small-scale agriculture and other climate-sensitive activities. Rural households may experience unstable income, low agricultural productivity, limited access to markets and constrained access to productive resources. These conditions can weaken households' capacity to accumulate assets, save and diversify their sources of income. Social protection has consequently evolved beyond short-term consumption support towards interventions that also strengthen productive capacity, resilience and sustainable livelihoods.

In Tanzania, the Tanzania Social Action Fund (TASAF) implements the Productive Social Safety Net (PSSN), which combines social assistance with public works and livelihood-enhancing interventions. Productive grants are intended to enable poor and vulnerable households to invest in income-generating activities such as agriculture, livestock keeping, petty trade and other small enterprises. The underlying expectation is that access to productive financial resources will strengthen households' productive capacity, generate income, facilitate asset accumulation and encourage livelihood diversification.

The Sustainable Livelihoods Framework provides a useful perspective for understanding these pathways. The framework emphasises the interaction of financial, physical, human, social and natural capital and the ways in which households combine these assets to pursue livelihood strategies and improve livelihood outcomes. Within this study, productive grants were viewed principally as financial capital that could be converted into productive assets and livelihood activities, thereby contributing to improved economic status and resilience.

Kilolo District Council is predominantly rural, and many households depend on agriculture, livestock keeping and small-scale enterprises. Such livelihoods are exposed to climate variability, market limitations and fluctuations in production. The dissertation on which this manuscript is based therefore examined the contribution of TASAF productive grants to household welfare among beneficiary households with sustained programme participation. For this journal manuscript, the analysis is deliberately restricted to one dimension of that broader study: household economic status, measured through income, savings, productive assets and livelihood diversification.

2. Statement of the Problem

Rural households in Tanzania continue to face economic vulnerability associated with unstable incomes, limited productive resources, low agricultural productivity and restricted market opportunities. Productive social protection interventions seek to address some of these constraints by providing households with resources that can be invested in productive activities. However, receipt of a productive grant does not automatically guarantee sustained economic improvement because households may face barriers such as inadequate capital, weak markets, limited technical skills and climatic shocks.

Although previous research has documented positive outcomes associated with social protection and productive safety-net interventions, evidence is not uniform across locations and programme components. Much of the broader evidence assesses social protection programmes as a whole, while less district-specific evidence focuses on the contribution of productive grants to the economic status of households with sustained participation. In Kilolo District Council, there was therefore a need for empirical evidence on whether beneficiary households reported improvements in income, savings, productive asset ownership and diversification of livelihood activities.

This study addressed that evidence gap by examining the contribution of TASAF productive grants to household economic status among beneficiary households in selected wards and villages of Kilolo District Council. The analysis was based on household survey data supported by qualitative accounts from programme and community stakeholders. Because the study was cross-sectional and did not include a comparison group, the findings are interpreted as reported contributions and associations rather than causal impact estimates.

3. Literature Review

3.1 Theoretical Literature Review

The study was anchored in the Sustainable Livelihoods Framework (SLF), which explains household welfare in terms of access to livelihood assets, the strategies through which those assets are combined, and the outcomes generated under particular institutional and vulnerability conditions. The framework identifies financial, physical, human, social and natural capital as interconnected resources that households use to pursue livelihood strategies and improve resilience (Ye et al., 2022).

Applied to TASAF productive grants, the framework suggests that financial support can strengthen the financial capital of vulnerable households. Beneficiaries may convert this capital into physical and productive assets such as livestock, land, farm equipment and business equipment. These assets can support income-generating activities and create opportunities for saving and livelihood diversification.

The SLF is particularly relevant to rural Kilolo because households commonly combine agriculture, livestock, petty trade and other activities. Diversification can reduce dependence on a single source of income and provide alternative means of coping with production and market shocks.

3.2 Empirical Literature Review

3.2.1 Productive grants and household income

Empirical evidence indicates that productive social protection can strengthen household income by enabling beneficiaries to invest in agriculture, livestock and small businesses. Marisham and Mwaitete (2023), for example, reported improved household income associated with TASAF grants in Hai District, with beneficiaries investing in petty trade, agriculture and livestock. The broader literature on social protection also suggests that productive interventions can improve households' capacity to engage in income-generating activities and cope with poverty-related constraints (Daidone et al., 2019).

3.2.2 Productive grants and productive assets

Productive asset accumulation is another pathway through which grants may influence household economic status. Grants can provide resources for livestock, agricultural tools, land-related investments and business equipment. The accumulation of productive assets may strengthen future earning capacity and provide households with resources that can be used during periods of economic stress. Evidence from Tanzania similarly indicates that asset ownership is associated with livelihood diversification and improved household welfare (Nyombi & Chegere, 2023).

3.2.3 Productive grants and savings

Savings can strengthen household resilience by allowing households to accumulate financial resources and manage unexpected expenditures. Increased income from productive activities can create room for saving through community savings groups, VICOBA or COMSIP, banks and mobile-money platforms. Social protection research has linked improved economic opportunities with increased saving and investment behaviour, although the ability to save can vary according to household resources and shocks.

3.2.4 Productive grants and livelihood diversification

Livelihood diversification involves combining multiple income-generating activities to spread economic risk and increase income opportunities. Rural households may combine crop farming with livestock keeping, poultry, petty trade and other enterprises. Hongoli and Leyaro (2024) show that income diversification is an important dimension of household welfare in Tanzania, while Nyombi and Chegere (2023) highlight the role of livelihood diversification among rural households. Productive grants may facilitate diversification by providing start-up capital for activities that households could not otherwise initiate.

4. Methodology

4.1 Research Design

The study employed a convergent parallel mixed-methods design. Quantitative and qualitative data were collected within the same broad period, analysed separately and brought together during interpretation.

4.2 Area of the Study

The study was conducted in Kilolo District Council in Iringa Region, Tanzania. Two wards, Irole and Nyalumbu, were purposively selected. Seven villages were included: Dinginayo, Ngelango, Itabali and Ikuvala in Nyalumbu Ward, and Kitumbuka, Ibofwe and Lundamatwe in Irole Ward.

4.3 Population and Sampling

4.3.1 Population

The study population comprised 872 TASAF productive-grant beneficiary households. Eligibility required participation in the productive-grant programme for at least five years.

4.3.2 Sample Size

A sample of 90 beneficiary households was selected using Taro Yamane's formula for a finite population at a 10% margin of error: $n = N / [1 + N (e^2)]$. With $N = 872$ and $e = 0.10$, the calculated sample was approximately 89.7 and was rounded to 90 households.

4.3.3 Sampling Procedure

A multistage sampling procedure combining purposive and proportional techniques was used. Irole and Nyalumbu wards were purposively selected. The final household sample comprised 40 respondents from Irole Ward and 50 from Nyalumbu Ward. Qualitative participants were purposively selected from relevant TASAF and community stakeholders.

4.4 Data Collection Instruments

Primary quantitative data were collected using a structured household questionnaire covering demographic characteristics and household economic indicators. Qualitative data were collected through semi structured key informant interviews and focus group discussions.

4.5 Data Analysis

Quantitative data were coded and analysed using SPSS. Descriptive statistics, particularly frequencies and percentages, were used to summarise respondents' characteristics and household economic status indicators. Qualitative data were organised into themes and integrated through triangulation.

4.6 Ethical Considerations

Ethical and administrative clearance was obtained through the University of Iringa and relevant district and local authorities. Participation was voluntary, informed consent was obtained, and confidentiality was maintained. Information was used solely for the stated research purposes.

5. Results and Discussion

5.1 Respondent Characteristics

Table 1 - Respondent characteristics (n = 90).

Characteristic	Category	Frequency (n)
Sex	Male	38
	Female	52
Age group (years)	18–30	12
	31–40	28
	41–50	30
	Above 50	20
Education level	No formal education	8
	Primary education	55
	Secondary education	22
	College education	5

Female respondents constituted 57.8% of the sample, while males constituted 42.2%. Most respondents were aged between 31 and 50 years, with the 41–50 category accounting for 33.3% and the 31–40 category 31.1%. Primary education was the largest educational category at 61.1%.

5.2 Household Income

Table 2 - Reported change in household income after receiving TASAF productive grants.

Reported change in income	Frequency (n)	Percent (%)
Very high increase	5	5.6
High increase	29	32.2
Moderate increase	24	26.7
Low increase	12	13.3
No change	15	16.7
Decrease	5	5.5
Total	90	100.0

The results show that 77.8% of respondents reported an increase in household income after receiving TASAF productive grants. A further 16.7% reported no change, while 5.5% reported a decrease. The reported increase was associated by respondents with investment in farming, livestock, poultry and small businesses. These findings are consistent with evidence that productive social protection can strengthen income-generating capacity when grants are invested in productive activities (Marisham & Mwaitete, 2023).

5.3 Household Savings

Table 3 - Current household saving status.

Current saving status	Frequency (n)	Percent (%)
Yes	67	74.4
No	23	25.6
Total	90	100.0

Most respondents (74.4%) reported that their households were currently saving. Among all respondents, 72.2% reported that household savings had increased after receiving TASAF productive grants.

Table 4 - Saving mechanisms among current savers.

Place/mechanism	Frequency	Percent (%)
COMSIP/VICOBA/savings groups	31	46.3
Mobile money	15	22.4
Bank	11	16.4
At home	10	14.9
Total	67	100.0

Savings were most commonly maintained through COMSIP, VICOBA or other savings groups (46.3% of savers), followed by mobile money (22.4%), banks (16.4%) and saving at home (14.9%).

5.4 Productive Asset Acquisition

Table 5 - Productive and related assets reported by respondents.

Productive asset	Frequency (multiple responses)	Percent (%)
Livestock	61	67.8
Land	54	60.0
Farm equipment	48	53.3
Bicycle	41	45.6
Business equipment	35	38.9
Improved house	30	33.3
Motorcycle	17	18.9

Table 6 - Acquisition of productive assets after receiving TASAF grants.

Acquired productive assets	Frequency	Percent (%)
Yes	69	76.7
No	21	23.3
Total	90	100.0

A total of 76.7% of respondents reported acquiring productive assets after receiving TASAF productive grants. Livestock were the most frequently reported productive asset (67.8%), followed by land (60.0%) and farm equipment (53.3%).

5.5 Livelihood Diversification

Table 7 - Household livelihood diversification indicators.

Indicator	Frequency (n)	Percent (%)
Established new livelihood activities	73	81.1
Did not establish new activities	17	18.9
Operating two or more IGAs	71	78.9
Operating fewer than two IGAs	19	21.1

The findings indicate that 81.1% of respondents established new livelihood activities after receiving TASAF productive grants, while 78.9% reported operating two or more income-generating activities. Major activities included crop farming (71.1%), livestock keeping (57.8%), poultry (52.2%) and petty trade or small business (48.9%).

Table 8 - Main livelihood activities reported by respondents.

New/main livelihood activity	Percent (%)
Crop farming	71.1
Livestock keeping	57.8
Poultry	52.2
Petty trade/small business	48.9

5.6 Overall Discussion of Household Economic Status

Taken together, the four indicators show a consistent pattern of reported improvement in household economic status. The indicators were income, savings, productive assets and livelihood diversification. The convergence of these indicators is important because household economic status is multidimensional: income provides current economic resources, savings provide financial buffers, productive assets strengthen future productive capacity, and livelihood diversification can spread risk across activities.

The findings support the Sustainable Livelihoods Framework by illustrating a plausible pathway from financial capital to livelihood investment and economic outcomes. Productive grants provided resources that households could allocate to agriculture, livestock, poultry, petty trade and asset acquisition. At the same time, market access, climate variability, technical support and availability of additional capital may influence sustainability.

The evidence should be interpreted as an assessment of beneficiaries' reported economic changes rather than a causal estimate of programme impact. The cross-sectional design, reliance on retrospective reporting and absence of a non-beneficiary comparison group limit attribution.

6. Conclusion

6.1 Household Economic Status

The study found that TASAF productive grants were associated with positive reported changes in household economic status among beneficiary households in Kilolo District Council. Most respondents reported increased household income and savings, while substantial proportions reported acquisition of productive assets and establishment of new livelihood activities. Sustainability of these gains remained influenced by market conditions, climate variability, technical support and access to additional capital.

7. Recommendations

7.1 Strengthen Productive Grant Follow-up

TASAF and district authorities should strengthen post grant technical follow-up on enterprise management, farm production, livestock husbandry and financial planning.

7.2 Improve Market Linkages

District authorities and programme implementers should strengthen market linkages through producer groups, market information, aggregation and connections with reliable buyers.

7.3 Promote Savings and Asset Management

Beneficiaries should be supported to strengthen savings through community mechanisms and appropriate formal and digital financial services.

7.4 Strengthen Climate-Resilient Livelihoods

Livelihood support should incorporate climate-resilient production practices, diversification and appropriate extension services.

7.5 Future Research

Future studies should use longitudinal designs and, where feasible, comparison groups to assess changes over time and strengthen causal inference.

8. Limitations

Some indicators relied on respondents' retrospective assessments, creating the possibility of recall error. Financial information may also have been affected by reluctance to disclose income or savings. Fieldwork was further affected by respondents' engagement in farming and other livelihood activities. These limitations were addressed as far as possible through qualitative triangulation and field follow-up.

Acknowledgements

The author acknowledges the University of Iringa, TASAF officials, local government authorities, community leaders and all beneficiary households who contributed their time and information to the study.

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