

**Impact of Financial Services on Smallholder Livelihoods  
A Study of Moshi Rural District, Tanzania**

**By**

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In recent years, finance interventions have become popular within the development community. The success of such interventions has been exemplified by Grammeen Bank in the South, where women in microenterprises have been empowered by credit availability, and the Credit Union movement in Ireland, where positive impacts have been noted among those who were subject to the determinants of sometimes ruthless moneylenders. Many financial service interventions attempt to improve the livelihoods of community sectors, such as the rural poor, or women in the informal sector. There has been conflicting evidence of how much of an impact these interventions have on livelihoods and enterprise development. Tanzania operated as a monoparty socialist state from its independence in 1962 to the beginning of the 1990s, when trade liberalisation policies were initiated, and multiparty politics was introduced. During much of this period, co-operatives operated as monopolies within the state. Credit co-operatives operated within the state since the 1960s, and have taken on various forms since this time. Other financial service providers have also come into play, and span many forms, from moneylenders through Non-Governmental Organisations to formal financial institutions such as banks. This study looked at the impacts that financial services have had on particular aspects of smallholder livelihoods in Moshi rural district, a province of the Kilimanjaro region in the north of Tanzania. The presence of financial services was found to have an empowering impact on the community, while the nature of the services provided was found to be re-enforcing gender inequity