

## **DISSERTATION ABRIDGEMENT**

### **CONTRIBUTION OF INTEREST-FREE LOANS ON YOUTH ECONOMIC EMPOWERMENT IN MOSHI MUNICIPALITY, TANZANIA**

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#### **Introduction**

Globally youth economic empowerment plays an important role in the economies of many countries since people under 25 years of age, currently represent about half of the world's population (Olawe & Garwe, 2018). Youth funds are important as before the economic and financial crisis, many young people were already locked out of the benefits of globalisation, experiencing underemployment in casual labour in the informal sector or hazardous and abusive work. Youth development funds support access to skills and jobs as they cannot happen in isolation from supportive development policies (ILO, 2018).

Developed countries like U.S.A and European countries, especially England in the United Kingdom have focused on the empowering youth in order to promote economic growth of their nations (ILO, 2018). The world is experiencing an unprecedented "youth bulge." People under 25 currently represent about half of the world's population in some developing countries is 60% and over the next decade, more than one billion children will transition through adolescence into adulthood. Now the youth employment crisis has reached intolerable dimensions evidenced by higher unemployment, lower quality jobs and rising marginalisation of youth (Wohoro, 2016).

In developing countries 60% of the populations are youth and poor economic status among them is the main challenge that motivated many governments, local and international bodies to promote National Youth Funds (NYF). The national youth funds have proven to be significant in ensuring economic opportunities and promotion of entrepreneurship among youth (Mbaya, 2013). International organisations such as international labour Originations (ILO), World Bank, UN-Habitat, World Organisation of Students and Youth (WOSY), World Assembly of Youth (WAY), among others, has been promoting governments in developing countries where unemployment is higher to establish the need of empowering youth economically as one of the significant solutions to support them (Wohoro, 2016).

## **Findings Perceived Usefulness in Applications**

According to the study findings, the respondents also admitted to have asked for the interest free loans at least once for the last past two years. Findings on the youth awareness on the procedures and conditions of accessing interest free loans in the study area indicated that all respondents were aware of the presence of interest-free loans. The respondents also came to know about the existence of interest free loans through their friends, media and television, from schools and through political leaders.

Findings further indicate that most youth apart from those few who received interest free loans are not aware of the presence of interest free loans in their community. This also indicated that they depend on other source of capital apart from government funds or their awareness was so low that they fail to grab the opportunity. Also, findings shows that most youth are not satisfied with the procedures and conditions of getting interest but not at large percent which discourage other youth trying to access the loans, youth not satisfied with the services they receive when accessing interest free loans even especially time taken to approve loans not friendly to youth though majority of them agreed that free loans repayment modes are friendly to youth when compared to other types of loans.

On the types of economic activities that youth are involved in the study area study findings indicated that higher number of youths were involved in farming, transportation services, small scale industries and other types of small business including food vending businesses and operating second-hand clothes shops. Findings further indicated that majority of youth had experience of at least one year and above which could indicate they are aware of how to operate and manage business.

With regard to the performance of youth economic activities before and after accessing interest free loans, the findings indicated that interest free loans had contributed on the business performance on sales revenue, business assets, number of customers production levels and resulted to the increase of number of employees after receiving interest free loans.

## **Indication of Areas for Immediate Application Opportunities.**

There is need for more measures to be taken by both the government and other financial institutions to find the friendly conditions to increase the availability of interest free loans amount to youth so as to help them to improve performance of their business and finally grow.

Also the Government must be effective business training and relevant business consultancy to be given to youth so as to add business control and entrepreneurial capabilities for growth of their business as well as to empower them more easily as loans without business skills become liability as they will not be able to pay back as well as to empower them and increase in debts. Strong efforts to enhance the role of the private sector in the creation of new employment for the youth should be given priority in future budgets.

Compulsory and monitored programmes are needed to be provide practical work and work environment related skills of the youth as soon as they graduate from universities and colleges need to be given priority. These programmes, which are critical for making the 'unemployable' graduates 'employable' include internship, apprenticeship, graduate placement, residency practicum, monitored graduate volunteer programmes, and mentorship. However, close supervision of the government is also needed for the success of these programmes.

The study police implication reflects the reality and plans of the nation. This is because the research findings are in line with the current century where there is a huge wave of unemployed youth, and there are a variety of alternatives needed to raise them by providing low interest loans and creating a friendly business environment, eliminating employment and reducing dependency with the aim of boosting the economy, industry and education for all people starting with children and young people. This study is also in line with the principles of 2019, in the provision of loans and credit management for groups of women, youth and people with disabilities where the research findings are in line with the specific requirements.