

**POLICY ECOSYSTEM FOR
WOMEN'S ENTREPRENEURSHIP**



Tanzania

Barriers, Support Mechanisms & Policy Actions



GRAÇA MACHEL TRUST

Introduction

Tanzania faces persistent gender inequality, particularly in the economic and family sectors where discriminatory norms and cultural barriers limit women's participation in the economy and their civil rights (UN women, 2024). Women often work in low-wage, insecure jobs, especially in agriculture. They earn less than men and face restricted access to land ownership.

As entrepreneurs, women encounter challenges, such as limited education and resources, legal restrictions and cultural constraints, which push them into informal, low-profit sectors where competition and price pressure are high. Financial exclusion remains a key issue, with **19.4% of women excluded from formal financial systems**. This exclusion is hindered by factors such as financial illiteracy, lack of collateral and limited access to banking services (Mori, 2014; UN Women, 2024).

Although **80% of women participate in the labour force**, they face a **7% gender gap**, with social norms linking women to unpaid care work. Gender-based stereotypes also restrict women to certain types of jobs, such as housekeeping or work in restaurants, particularly in regions such as Zanzibar.

Limited land ownership is another barrier, with only **33% of women owning agricultural land**. This has an impact on their economic empowerment and food security. Despite policies **allocating 30% of procurement opportunities to women, less than 2% of women-owned SMEs (WOSMEs)** successfully apply due to corruption, lack of capital, limited technical skills and low digital literacy, all of which hinder their access to public procurement opportunities (Kazi et al., 2023).

These challenges contribute to Tanzania's low ranking on the **Gender Inequality Index (GII)**, where it currently holds a **score of 0.539**. This score reflects significant gender disparities in economic participation, education, health and political empowerment (United Republic of Tanzania, 2023). The difficulties women face in entrepreneurship hinder their ability to fully contribute to the economy, which limits overall national development.

GENDER INEQUALITY



Women earn less than men.

FINANCIAL EXCLUSION



19.4% of women excluded from formal financial systems.

GENDER GAP



7% gender gap, with social norms linking women to unpaid care work.

LAND OWNERSHIP



Only **33%** of women owning agricultural land.

GENDER INEQUALITY INDEX (GII)



0.539
Low ranking core



Key Messages

- Tanzania faces persistent gender inequality, with women entrepreneurs concentrated in low-profit sectors due to structural barriers, which results in a low GII score of 0.539 and reflects disparities across sectors.
- Tanzania's policy framework supports women's entrepreneurship by promoting gender equality, addressing financial and educational gaps, enhancing access to funding and creating initiatives such as TWEDF (Tanzania Women's Entrepreneurship Development Fund) and WDF (Women's Development Fund) to empower women in various sectors.
- Policy actions should focus on improving monitoring of economic empowerment funds, integrating gender considerations in economic strategies, streamlining fund disbursement and developing policies to address exploitation, discrimination and sextortion in entrepreneurship.
- Women entrepreneurs in Tanzania face barriers that include limited access to finance (75 %), high taxation and regulatory burdens (50 %), unclear government policies (50 %), sociocultural challenges such as gender-based violence (GBV) (50 %) and limited education/training (25 %).
- Women entrepreneurs in Tanzania benefit from group formation, training programmes, negotiation skills, collaborations, access to financing and export support. Initiatives such as cooperatives, financial literacy and partnerships help women to overcome challenges and promote growth.
- Best practices include offering comprehensive support – safe spaces, healthcare, training, cooperatives and partnerships – to enhance women entrepreneurs' access to financing, business opportunities and collective bargaining power, especially in informal markets.

Against this backdrop, the Women Creating Wealth – Intergenerational Edition (WCW-I) project, part of the broader Graca Machel Trust (GMT) initiative, is dedicated to gender-transformative enterprise development across several African countries, including Malawi, Zambia, Tanzania, South Africa, Senegal and Kenya.

This policy brief examines Tanzania as a case study to inform evidence-based policies that support women entrepreneurs and foster economic growth, gender equality and social development. It assesses national, regional (Intergovernmental Authority on Development (IGAD), East African Community (EAC) and Common Market for Eastern and Southern Africa (COMESA)) and African Union (AU) policies, regulations and programmes, identifies gaps and recommends improvements. The study analysed barriers women face and evaluated support mechanisms to highlight best practices. This brief presents findings from document analysis, policy mapping and key informant interviews (KIIs) conducted with women entrepreneurs in Tanzania.

Policy Framework For Supporting Women Entrepreneurship In Tanzania

THE POLICY FRAMEWORK FOR SUPPORTING WOMEN ENTREPRENEURSHIP IN TANZANIA AIMS TO ADDRESS THE EXISTING GAPS IN ACCESS TO FINANCE, EDUCATION AND ECONOMIC OPPORTUNITIES FOR WOMEN.

CONSTITUTIONAL AND LEGAL FOUNDATION

The Constitution of the United Republic of Tanzania guarantees gender equality and provides a foundation for women's participation in economic activities. Article 12(2) ensures the right to respect for all citizens, and Articles 21 and 22 affirm the right to leadership participation and equal access to public office. In response to the underrepresentation of women in decision making, affirmative action has been incorporated through legislative amendments, such as Act Nos. 4/1992, 12/1995, and 3/2000. Tanzania's Development Vision (TDV) 2025 further strengthens this legal commitment by emphasising gender equality, the elimination of gender-based discrimination and the promotion of women's rights in economic development (United Republic of Tanzania, 2023). This ensures that all entrepreneurial policies align with the principles of gender equality outlined in the Constitution and enforce affirmative action for women in positions of leadership and decision making.

NATIONAL GENDER AND WOMEN'S DEVELOPMENT POLICY (2023)

This policy underscores the need for continued efforts to enhance women's economic participation and leadership. It builds on the foundation laid by the 2000 Gender Policy, addressing challenges in access to financial systems and business opportunities. Despite progress, women face barriers such as limited access to formal banking, high poverty levels and cultural norms that restrict economic participation.

TWEDF

This key initiative supports women in Zanzibar and mainland Tanzania. It provides microcredit, business training and access to low-interest loans for women entrepreneurs. It focuses on supporting women in small and medium-sized enterprises (SMEs) by offering financial support and technical training to enhance sustainable business practices. There is a need to expand TWEDF's reach to rural women, ensure efficient loan disbursements with simplified processes and provide technical/business training programmes.

WDF AND OTHER ECONOMIC EMPOWERMENT FUNDS

Since its establishment in 1995, the WDF has proven to be a transformative initiative in supporting women entrepreneurs. It has contributed to business expansion, market access, job creation and improved living standards. However, challenges such as bureaucratic delays, lack of clarity in application processes and concerns about mismanagement remain (Amos & Lutego, 2022; Welwel, 2020). Hence, the need remains to simplify fund applications, provide clear guidelines for local authorities and expand WDF access to underserved women in rural areas.

SUPPORTING POLICIES AND STRATEGIC PLANS

Various national strategies, such as the National Strategy for Gender Development (NSGD) and the Three-Year Development Plan (FYDP III), support the economic empowerment of women. These strategies focus on increasing women's access to education, job opportunities and business training, particularly in traditionally male-dominated sectors.

REGIONAL AND SECTOR-SPECIFIC POLICIES

In Zanzibar, the Zanzibar Development Vision 2050 and policies such as the Zanzibar Land Policy and the Zanzibar Economic Empowerment Policy (2019) provide frameworks for enhancing women's participation in economic activities. These policies encourage women to engage in key economic sectors and improve their access to resources, land and markets, including male-dominated trade sectors.



Policy Gaps

- **Limited impact of economic empowerment funds:** Programmes such as the WDF have not fully addressed the long-term sustainability of women-led businesses. Issues such as loan disbursement delays, insufficient amounts and concerns about fund mismanagement suggest a lack of proper monitoring and accountability, more so through use of gender-differentiated data, which limits their overall effectiveness.
- **Insufficient integration of gender considerations in broader economic strategies:** While gender equality is a key priority, the broader national economic strategies and sectoral policies often lack specific measures to directly integrate women's entrepreneurship and economic empowerment. This gap prevents policies from being fully effective in changing the economic landscape for women.
- **Ineffective implementation and access to economic empowerment funds:** Although various funds, such as the WDF and TWEDF, are intended to support women entrepreneurs, bureaucratic delays, lack of transparency and inefficiencies in the fund distribution process hinder the effective utilisation of these resources. There is a need for clearer guidelines, faster disbursement processes and expanded reach, particularly to underserved and rural women.
- **Policy to address exploitation and sextortion:** There is a need to design policies that prioritise and integrate women's rights and dignity in entrepreneurship. These policies should address issues such as gender discrimination, ensure equal access to business opportunities and provide protection against exploitation or sexual harassment in the business environment.

Women's Entrepreneurship Challenges And Barriers in Tanzania

WOMEN ENTREPRENEURS ARE ENGAGED IN VARIOUS SECTORS, EACH OF WHICH PRESENTS UNIQUE CHALLENGES. BASED ON THE RESPONSES, THE FOLLOWING FIVE KEY BARRIERS WERE IDENTIFIED, ALONG WITH THE PERCENTAGE OF RESPONDENTS WHO HIGHLIGHTED EACH ISSUE AND HOW THESE BARRIERS WERE RELEVANT TO THEIR RESPECTIVE INDUSTRIES:

Access to finance and affordability of credit: Seventy-five percent of women entrepreneurs cited limited access to capital as a major barrier. Challenges such as lack of collateral and high borrowing costs hinder growth, particularly in agriculture and hospitality. These barriers prevent expansion and sustainability, with some businesses facing stagnation or collapse due to financing difficulties.

TAXATION AND REGULATORY BURDENS

Fifty percent of women entrepreneurs, especially in retail and hospitality, highlighted taxation and compliance issues. High local and national taxes reduce profits and hinder reinvestment. Inconsistent government policies on licensing and tax regulations create operational challenges for hotels. Compliance costs, such as licenses and safety regulations, add to the burden. Unpredictable tax policies and regulations create a volatile business environment, which makes it harder for women entrepreneurs, who often face resource constraints, to manage and grow their businesses.

UNCLEAR AND CHANGING GOVERNMENT POLICIES

Fifty percent of women entrepreneurs cited unclear and shifting government policies as a source of instability. In hospitality, one entrepreneur faced challenges when transitioning from local to national licensing, which increased costs. In agriculture, inconsistent policies on export certification and licensing delayed access to international markets, particularly for women in the cashew nut sector. These changes hinder long-term planning and growth for women-led businesses in both industries. Unpredictable policies create an unstable business environment for women entrepreneurs.

SOCIOCULTURAL BARRIERS, GBV AND SEXUAL EXPLOITATION (SEXTORTION)

Fifty percent of women entrepreneurs identified sociocultural barriers, including GBV and harassment, as major challenges. In energy distribution, women reported safety risks such as sextortion and harassment. Women in informal settlements and small vendors faced both personal and professional GBV, which limited their business participation. Societal stigma and harassment discourage entrepreneurship, while a lack of negotiation skills, particularly in rural areas and informal sector, heightens vulnerability to sextortion. Women in markets or public spaces, especially in trade and retail sectors, face physical threats such as rape and harassment. The absence of safe spaces, such as childcare facilities, further complicates balancing family, care work and business responsibilities.

LIMITED ACCESS TO EDUCATION AND TRAINING OPPORTUNITIES

Education and training are essential for women entrepreneurs, yet many lack the resources and knowledge. Twenty-five percent identified limited access to education and training as a major barrier. This knowledge gap impacts their ability to make informed business decisions and understand complex issues such as regulations, finance, marketing and product development. In sectors such as clean energy, where technical expertise is crucial, a lack of proper training further limits women's participation and opportunities in the industry.



Support Mechanisms that Facilitate Women's Entrepreneurship Development in Tanzania

KEY SUPPORT MECHANISMS FOR WOMEN'S ENTREPRENEURSHIP IN TANZANIA, WITH GENDER-INCLUSIVE EXAMPLES, ARE LISTED BELOW:

GROUP FORMATION AND COOPERATIVES

Encouraging women to form groups or cooperatives can help with advocacy for their rights, accessing financing and overcoming barriers such as sextortion. The Tanzania Women Tapo organisation assists market women and vendors in forming groups, with men acting as agents of change to support product sourcing, enhance collective bargaining power and protect against exploitation, including sextortion. In addition, joining SACCOS (savings and credit cooperative societies) in Tanzania provides women with access to microloans and financial support. Through cooperative efforts, women entrepreneurs can pool resources to overcome financial challenges and secure loans that may be difficult to obtain individually.

TRAINING AND CAPACITY BUILDING

It is crucial to provide training programmes to enhance women's business skills, financial literacy and leadership abilities. For example, the Graca Machel Foundation and the Tanzania Women Tapo organisation offer training in financial literacy and business development to empower women entrepreneurs. These programmes aim to improve their understanding of business management, strengthen financial decision making and boost leadership skills. Training also equips women to navigate the business landscape more effectively and manage regulatory challenges.

NEGOTIATION AND ADVOCACY

Women are encouraged to negotiate with government authorities, partners and other stakeholders to manage challenges such as taxes, fees and regulatory changes. One respondent shared how she learned to negotiate with government officials when she faced issues with taxes and business regulations. Initially intimidated by authority, she later discovered that nothing was fixed and that there was room for negotiation. Negotiation in the hotel industry saw her reach out to business partners for advance payments when her business faced cash flow challenges. She found that these partners, such as tour companies and travel agents, were understanding and willing to cooperate.

COLLABORATIONS WITH STAKEHOLDERS

Building partnerships with businesses, organisations and government bodies can provide essential financial support, business opportunities and resources. In the hotel industry, collaboration with tour companies and travel agents has helped secure advance bookings and improved cash flow. Partnering with organisations such as the Graca Machel Foundation, as well as church groups and women's organisations across the country, helps raise awareness and offers training and support to women entrepreneurs.

ACCESS TO FINANCING AND CREDIT

Women entrepreneurs should be provided with access to affordable financing through loans, grants and other financial programmes. Many women rely on family, friends and business partners for funding, which highlights the need for subsidised loans and grants to make capital more accessible at lower rates. Such financial support would significantly benefit women-led small and medium-sized businesses. In addition, women in cooperatives have a better chance of securing loans collectively, making it easier than accessing funding individually. These measures could advance women entrepreneurs, especially those facing resource constraints, and could support their business growth and sustainability.

INFORMATION ACCESS AND EXPORT SUPPORT

Providing clear information to women entrepreneurs, particularly in sectors such as exports, is essential to help them navigate regulatory requirements and effectively market their products. This includes guiding women to understand export regulations, paperwork, procedures and certification needs, which are often significant barriers to their access to international markets. By offering targeted guidance, women entrepreneurs can overcome these challenges and expand their businesses globally.



Best Practices

- **Extending support beyond business development:** To address the diverse needs of women entrepreneurs, it is essential to provide support that extends beyond business development. This includes offering safe spaces, such as childcare facilities, especially for women working in markets or as street vendors, to help balance their care work and business responsibilities. In addition, partnerships with medical institutions can extend healthcare services, ensuring women's well-being while they run their businesses. Coupling these with entrepreneurship training, negotiation skills and advocacy programmes, such as those provided by the Tanzania Women Tapo organisation and GMT, encourages and supports women to thrive, both personally and professionally.
- **Establishing cooperatives and partnerships:** Women should be encouraged to form cooperatives or join groups to enhance their collective bargaining power, improve access to financing and offer protection against exploitation. Collaborating with organisations, tour companies and government bodies can also provide critical resources, business opportunities and financial support.

The Way Forward

The way forward for women's entrepreneurship in Tanzania requires addressing key policy gaps and barriers. There must be robust monitoring and accountability of economic empowerment funds, ensuring timely disbursements, gender-differentiated data collection and greater transparency.

Policies should explicitly integrate gender considerations in broader economic strategies, with clear frameworks to combat exploitation, sextortion and GBV. Access to finance must be expanded through cooperative models, subsidised loans and microcredit opportunities.

Education and capacity-building programmes are essential to bridging the skills gap, while fostering advocacy and negotiation skills would empower women entrepreneurs. Lastly, strengthening partnerships with stakeholders could provide the necessary resources and business opportunities for women to thrive.



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