

**ASSESSING THE ROLE OF WOMEN ENTREPRENEURSHIP
DEVELOPMENT TRUST FUND IN PROMOTING WOMEN BUSINESS
GROWTH IN ZANZIBAR**

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**A DISSERTATION SUBMITTED IN FULFILMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS
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CERTIFICATION

The undersigned certifies that she has read and hereby recommends for examination a dissertation titled “Assessing the role of WEDTF in promoting women business growth in Zanzibar” in partial fulfillment of the requirements for the degree of Master of Business Administration, Transport and Logistics of the Open University of Tanzania.

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DECLARATION

I, Siwa Ali Khamis, do hereby declare that this dissertation is my own original work and that it has not been presented and will not be presented to any university for a similar or any other degree award.

.....

Signature

.....

Date

DEDICATION

This work is dedicated to my parents, my father, the late Ali Khamis Makarani and my mother Ms. Rukia Nassor Suleiman together with my husband Said Abeid Salum. Their tolerance, moral support and encouragement made me energetic and gave me the inspiration to accomplish my studies.

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ABSTRACT

Today one of the most compelling challenges facing our country is promoting women business entrepreneurs. The overall aim of this study is to assess the role of WEDTF in promoting women business growth in Zanzibar, a case study of Women Entrepreneurship Development Trust Fund (WEDTF), a microfinance institution in Zanzibar. The methodology of the study was a mixed approach involving both qualitative and quantitative approach in analysis. The application of semi-structured interview technique with WEDTF clients and interview guides with managers was a major means in collecting data that yields the results of this research. The results have been analyzed using matching pattern so as to compare information obtained from the case study with the theoretical framework to see whether it is the same as was predicted in the theoretical framework or not. Findings reveal that majority of women clients reported an increase in their incomes which is an indication of positive impact of WEDTF over women business.

Keywords: Role of WEDF, Business growth, Zanzibar

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A LIST OF ABBREVIATIONS AND ACRONYMS

C- GAP	Consultative Group to Assist the Poor
CBOs	Community Based Organizations
CDR	Credit Delivery and Recovery
CNA	Community Needs Assessment
CRDB	Co-operative and Rural Development Bank
DANIDA	Danish International Development Agency
FBOs	Faith Based Organizations
FGD	Focus Group Discussion
GNP	Gross National Product
HDI	Human Development Index
ILO	International Labor Organization
IMF	International Monetary Fund
LDCs	Less Developed Countries
MFI	Micro Finance Institutions
MKUZA	Mkakati wa kupunguza Umasikini Zanzibar
NGOs	Non Governmental Organizations
NMB	National Microfinance Bank
POA	Poverty Africa
PRIDE	Promotion of Rural Initiatives and development Enterprise
PTF	Presidential Trust Fund
RFE	Rapid Fund Envelope
ROSCAs	Rotating Savings and Credit Associations

SACCOs	Savings and Credit Co -operatives
SAP	Structural Adjustment Program
SELF	Small Enterprise Loan Facility
SHG	Self Help Groups
SME	Small and Micro Enterprises
TOT	Training of Trainers
UNDP	United Nations Development Program
UNICEF	United Nations Fund for Children
UNIFEM	United Nations Fund for Women
WEDTF	Women Entrepreneurship Development Trust Fund

CHAPTER ONE

1.0 INTRODUCTION

1.1 Overview

This chapter provides the background of the study and the statement of the research problem. It also explains objectives of the study, its scope and end with highlighting the significance of the study in promoting the role of Micro Finance Institutions (MFI's) in providing credit to women entrepreneurs.

1.2 Background to the Research Problem

About 70 percent of world's population poor are women (Khan & Noreen, 2012). This forces women in the world to join micro finance institutions, According to the state of the microcredit summit campaign 2001 report, 14.2 million of the world's poorest women now have access to financial service through specialized microfinance institution (MFIs), banks, Non-Governmental Organizations (NGOs) and other institutions. Women account for nearly 74% of the world's poorest people now being served by microfinance institutions. Most of these women have access to credit to invest in businesses that they own and operate themselves.

Microfinance is not a new development. Some developed countries as well as developing countries particularly in Asia have a long history of microfinance (Seibel, 2005). During the eighteenth and nineteenth centuries, microfinance evolved as a type of the informal banking for the poor. Informal finance and self-help have been at the foundation of microfinance in Europe. The early history of microfinance in

Ireland can be traced back to 18th century. It is a history of how self-help led to financial innovation. (Seibel, 2005).

Microfinance plays a fundamental role to women in Latin America and South Asia. Microfinance has grown out of experiments, but the best-known start was in Bangladesh in 1976, following a widespread famine in 1974 and a hard-fought war of liberation in 1971 (Agion et al., 2003).

In Africa, the role of microfinance institutions is to meet unsatisfied demand for financial services to women. A variety of microfinance institutions (MFIs) has emerged over time in Africa (Sowmyan et al., 2011). Many approaches have been used that ranges from the traditional group based systems to specialized lending by banks and funded by international Non-Governmental Organizations (NGO) financial intermediaries. Growing linkages between MFIs and the banking system in Africa appear to be mutually beneficial as MFIs rely on banks for a variety of services, including deposit facilities, liquidity management services, and emergency credit lines to cover cash shortfalls in some cases.

Tanzania is one among those poorest countries in the world [World Bank, 2002], Based on Human Development Index [HDI], Tanzania was ranked as the 156th Out of 174 countries in the World [UNDP, 1998]. NGOs and SACCOS (Savings and Loans Cooperatives) have continued to grow with the increased success of microfinance internationally. It is still a relatively new concept in Tanzania mainland and Zanzibar. Beginning in 1995, it was mainly linked to women and poverty

alleviation. The government tried to convince commercial banks to support small and micro entrepreneurs. Once the National Microfinance Policy was implemented in 2001, microfinance was officially recognized as a tool for poverty eradication and with its increased use and exposure to the country; banks have taken an interest in offering microfinance. The financial institution in Tanzania for example grew rapidly in 2003 due to combination of significant donor funding (approximately \$40 millions). At the end of 2003, approximately 1500 MFIs were serving more than 935,000 small and medium savers and close to 400,000 borrowers in the country (UMSER, March 2004). Therefore, Microfinance services has been and increasingly become a popular intervention against poverty in Tanzania mainland and Zanzibar, generally targeting poor women. It has been considered an effective vehicle for women's empowerment (Leach & Sitaram, 2002).

Micro Finance seems to be a vital component in promoting women business growth in Zanzibar. However, the problem of slow business growth in women enterprises is still an issue in most areas in Zanzibar. Hence, there is a need to carry out a study to access the role of Women Entrepreneurship Development Trust Fund (WEDTF) in promoting women business growth in Zanzibar.

1.3 Statement of the Problem

The growth of the proportion of women entrepreneurs in developing countries has drawn the attention of both the academic and the development sector. Donors, international public institutions, national and local governments, NGOs, private companies, charities, knowledge institutes and business associations have initiated

programs or policies to promote and develop women's entrepreneurship. They initiate programs for capacity-building of entrepreneurial skills, strengthening women's networks, provide finance and trainings, or design policies that enable more and stronger start-ups and business growth. They all claim that women entrepreneurship is essential for growth and development. Some even argue that women entrepreneurs' contribution tends to be higher than that resulting from entrepreneurial activity of men (Minniti, 2010).

Despite this, growing number of initiatives and resources made available to promote and develop women's entrepreneurship in developing countries, women still own and manage fewer businesses than men. Saskia (2013) added further that women earn less in their business and these businesses grow very slowly with a high chance of failure. Despite this, the desire for women to venture into entrepreneurial business prevails.

Africa is one of the places where finding financial assistance to start a business is a problem. This as a matter of fact has initiated the setting up of various microfinance institutions. According to Basu et al (2004), in order "to meet the unsatisfied demand for financial services, a variety of microfinance institutions has emerged over time in Africa. Some of these institutions concentrate only on providing credit, others are engaged in providing both deposit and credit facilities and some are involved only in deposit collection". Microfinance provided by these institutions has been of enormous help to people who have been trapped in the cycle of poverty in Africa.

Although women's participation in the Micro and Small Enterprise sector in Tanzania has increased dramatically in the past 20 years, women enterprises remain in the low profit, low growth areas. They are stifled by limited education, lack of skills and business experience, limited access to support services and an adverse regulatory and cultural environment (ILO, 2002 & 2003).

However, still most women are dependants on their husbands (Mushumbusi & Jan, 2013). Therefore, there is a great need for the researcher's purpose to assessing the role of WEDTF in promoting business growth in Zanzibar.

1.4 Objectives of the Study

1.4.1 General Objective

The main objective of this study is to assess the role of WEDTF in promoting women business growth in Zanzibar.

1.4.2 Specific Objectives

Specific objectives of the study will include:-

- i). To assess the amount of credit facilities provided by WEDTF to women businesses in Zanzibar.
- ii). To assess the effect of the credit provided on income generated by women entrepreneurs.
- iii). To assess the trend of credit facilities provided by WEDTF over the last five (5) years
- iv). To identify the challenges facing WEDTF in providing credit facilities to women business in Zanzibar.

1.4.3 Research Question

- i). What amounts of credit facilities have been provided by WEDTF to women business in Zanzibar?
- ii). What is the effect of credit provided on revenue generated?
- iii). What is the trend of credit facilities provided by WEDTF over the last five (5) years?
- iv). What are the challenges facing WEDTF in providing credit facilities to women businesses in Zanzibar?

1.5 Scope of the Study

In all regions and districts of Unguja Island WEDTF have established centers in which the credit Delivery and Recovery (CDR) activities are carried on. It is also found that although all the WEDTF clients follow the same credit policies and guidelines, but there is a room for every district or centre to formulate their own bye-laws which, however, cannot contradict with the overall guidelines of WEDTF. The study has involved WEDTF existing clients, prospective clients, WEDTF staff and management, and Board members. Also people living in the areas where WEDTF operates and local leaders have been involved to explain to what extent they know WEDTF and its activities.

1.6 Significance of the Study

The current study is a prerequisite for accomplishing my MBA programme and add knowledge on areas of financing women small enterprises. This significance of the study is also reflected in the creation of awareness on the role of WEDTF in

promoting women business growth in Zanzibar and the ways that women enterprises can benefit from the adopted group lending mechanism and improve their financial performance. It is also a source for future studies in this area. NGO's capital ventures and donors to micro credit enterprises might find this study usefully in establishing policies and channels through which concept can be applied by MSE's in order to enhance funds accountability and effectiveness. Lastly the study also shaded light to the policy makers, especially MFIs policies on credit, towards effective policies that are relevant and needed to enhance promoting women business growth and eventually development of the whole nations.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Overview

This chapter defines key concepts and discusses theories supporting the study. It also covers various studies conducted in the subject and the research gap. The conceptual framework is addressed at the end of the chapter.

2.2 Theoretical Literature Review

Theoretical literature review is linked to the roles of micro finance institutions in providing credit to women entrepreneurs. This is seen as a way of combating poverty and has gradually emerged as a topic in development policy research probably due to the central role played by small business in poverty alleviation.

Microfinance institution simply means those organizations established for the purpose of providing credits and other financial services to small and micro business people. They may be into the form of NGOs, SCCOSs or credit schemes (TAMFI, 2002.9).

The classic microfinance theory of change is simple, a poor person goes to a microfinance provider and takes a loan (or serves the same amount) to start or expand a microenterprise which yields enough net revenue to repay the loan with major interest and still have sufficient profit to increase personal or household income enough to raise the person's standard of living. There are three key steps the poor person must take to make this theory true:

- i). Take a loan from (or save with) a microfinance institution (or similar entity)
- ii). Invest the money as a valuable business
- iii). Manage the business to yield major return on the investment

Chris (2012) Microfinance has existed in various forms for centuries and even longer in Asia, where informal lending and borrowing stretches back for several thousand years. However, the birth of the modern micro-finance is said to have occurred in the mid-1970s in rural Bangladesh. There, in the midst of a famine, Dr. Muhammad Yunus, professor of economics at the University of Chittagong, was becoming disillusioned with the abstract theories of economics that failed to explain why so many poor people were starving in Bangladesh.

Microfinance institutions operate in Asia, Latin America and Africa with a widely differing social, cultural and economic context, both in rural and urban areas.

Microfinance is the provision that provides access to various financial service such as credit savings, micro-insurance, remittances, leasing to low - income clients including consumers and the self-employed, which traditionally lack access to banking and related services. Its main objective is to provide a permanent access to appropriate financial services including insurance, savings and fund transfer. Microfinance becomes more into main stream; the supply of service to poor may also increase, improving the efficiency and outreach while lowering the costs. Microfinance must involve the people themselves in examining the problems and creating solution if it to be sustainable with those upon whom development is

targeted. To meet unsatisfied demand for financial services, a variety of microfinance institution (MFIs) has emerged over time in Africa. Many MFIs rely on local communities to support the development of MFIs, traditional community based cooperative groups such as village associations and local groups play a central role in the savings mobilization effort and expansion of other microfinance service, Praveen and Kumar (2011).

Microfinance institutions are well positioned to provide savings services to low income clients. Over the past two decades transaction costs and substitute for collateral application processes are simplified to accommodate clients with minimum education. Fewer resources however, have been devoted to developing, similar innovative and efficient saving service. The microfinance institutions could employ to assist households increase the amount accessibility and security of accumulated savings. To provide a basis for understanding how microfinance institution could collect savings, it is useful to discuss the characteristics and financial requirements of microenterprises, Stephen (1999).

Microfinance has been strongly recommended as an intervention that could assist poor people to improve their quality of life by providing small amounts of money to initiate development enterprises. The microfinance services are provided through microcredit was to improve on knowledge, access and utilization of microcredit by poor people in the developing world, Luyirika (2010).

One of the studies reveal that microfinance institutions operating in Mpigi Town Council provide services like training and skills development, insured credit facilities

and savings mobilization, banking facilities, supervision and monitoring of the clients, provision of agriculture inputs like seeds and chemicals and physical items like animals (cows, goats, pigs, sheep etc). The services are particularly provided to women groups, salary earners, and individual women and men. The repayment of the credit facilities is usually through weekly and monthly installments. The size of the loan depends on the MFI but ranges from one hundred thousand to millions of shillings. The security usually required is group collateral in case of groups, salary in case of salary earners and any other as deemed necessary for the individual by the MFI. The study established that women who accessed the loans from MFIs were able to improve their socio-economic status through starting up and or expanding investments and enterprises, paying school fees for their children, purchase of household items like furniture, land and solar installation, building of houses, confidence building, participation in leadership roles etc, Luyirika (2010).

Microfinance institutions are well positioned to assist entrepreneurs and their households increase the amount, accessibility and security of accumulated savings. Evidence from Faulu Kenya and Faulu Uganda, microfinance institutions operating in East Africa, praides understanding of possible options and constraints. Both institutions require clients to make deposits into a mandatory savings account. Many clients deposit additional, voluntary savings. A trial was developed at Faulu Uganda to test the impact of increased access to the mandatory savings account. Clients responded favorably. There was some increase in the amount deposited. There was not a significant influx of additional withdrawals. Clients tend to use the account as a means for achieving long-term household objectives Becoming a Ill-pledged bank is

not necessarily a prerequisite for microfinance institutions to collect savings. Some countries may allow non-bank institutions to mobilize savings. Alternatively, a partnership with a commercial bank could be formed. This would build on the strategic advantages of both institutions. The bank would offer savings accounts to clients and the microfinance institution would focus on providing credit, Stephen (1999).

Entrepreneurship is the ability to see and evaluate business opportunities, to collect the necessary resources, to take advantage of them and to initiate appropriate action to ensure success, Homby (1995.5).

Evolution of entrepreneurship, Hoselitz (1960), suggests that it originated during the middle ages when the entrepreneur was applied to "the man in charge of the great architectural works; castles and fortification public buildings, abbeys and cathedrals", Hoselitz (1960, p.237). Remain of this interpretation can be found inscribed on the older public building in France. Given the origins of the word it should not be surprising that the early thinkers were French economists. In most entrepreneurship texts Cantilon is recognized as the first to use term entrepreneurship in an economic context (Hebert and Link, 1988, Binks and Vale, 1990). His *Essai Sur la Nature du Commerce en General* was published in 1755. Cantilon introduced an economic system based on classes of actors and entrepreneurship are of the three classes. There are "land owners" who are financially independent aristocracy. "Hireling and entrepreneurship" were viewed to be financially dependent on others. Hirelings earned fixed incomes while entrepreneurs were set up with a capital to

conduct their enterprises or are undertakers of their own labor without capital, and they may be regarded as living off uncertainty (Cantillon 1931, p.55).

For Cantillon, individuals who purchased a good at a certain price used that good to produce a product and then sold that product at an uncertain price could be considered "entrepreneurs". Risk and uncertainty play central parts in his theory of the economic system. Successful entrepreneurs were those individuals who made better judgments about chances in the market and who coped with risk and uncertainty better than their counterparts.

A credit is a contractual agreement in which a borrower receives something of value now and agrees to pay the lender at some later date.

2.2.1 Overview of the Roles of Micro Finance Institutions

Literature shows that promotion of micro and small enterprises (MSEs), as a way of combating poverty, has gradually emerged as a topic in development policy research probably due to the central role played by small businesses in poverty alleviation. Literature on MSEs also shows that considerable differences exist over what constitutes a micro and small business.

2.3 Empirical Literature Review

Literatures showed most of the World's people are poor, and the majority of the world's poor are women. Statistics show that most poor people are self-employed or work in MSEs. Participation in MSEs is seen as the most assured way of tackling

poverty and creating a broad based economic growth (Women's Information Center 2003). International donors, scholars, government and other developments expert in the world have paid much attention to microfinance as a strategy capable to reach the women and involving them in development process.

The role of microfinance has enormous impact both socially and economically on the individual and the economy as a whole. According to Morduch (1999), microfinance enables people, especially women to reduce their family sizes when they become employed. Microfinance also has a positive relationship with household income and consumption patterns thereby combating poverty. With microfinance at people's disposal, their incomes increase leading to an increase as well in their consumption patterns. In a study on the Grameen bank by Khandker and Chowdbury 1996 as cited by Develtere and Huybrechts (2002), it was revealed that the greater loans that participants of microfinance schemes had the lower the incidence of poverty. In the Grameen case for instance, it was revealed that "76% of participants who had not taken loans or only one loan were below the poverty line compared to only 57% who had taken five or more loans". So that microfinance institutions have grown worldwide, by indicated that microcredit has grown to worldwide efforts by different organizations claiming a gross loan portfolio of over 43 billion dollars through 2009 with over five-hundred million borrowers and their families being affected (Reille, 2010; Daley-Harris, 2009).

Also literature indicate the role of microfinance institutions was declared in 1997 to be: "a global campaign to reach 100 million of the world's poorest families,

especially the women of those families, with credit for self-employment and other financial and business services by the year 2005” (Daley-Harris, 2009). By 2007, their efforts exceeded the goal of 100 million by 54 million (Daley-Harris, 2009). Also “Microfinance subsequently proliferated in countries with a paucity of bank infrastructures, such as most of Africa, Asia, Latin America, and Eastern Europe. In some of these countries, less than 20 percent of the population has a bank account.” (Ayayi & Sene, 2010, p. 303). The region accounts for six of the top ten most suitable destinations for microfinance ranked in the Economist Intelligence Unit EIU's research report: Bolivia, Colombia, Ecuador, El Salvador, Nicaragua and Peru” (Sanchez, 2009 as cited by Hodge, 2010, p. 18).

Access to Microfinance is also associated with facilitating women’s participation in decision making in the household. For instance according to Ashe and Parrott (2001) cited in ADITO (2005) the women’s empowerment project in Nepal has shown that 68% of its clients has increased their decision making power in terms of buying and selling property, family planning, sending their daughter’s to school, negotiating their children’s marriage – all these decisions were traditionally performed by their husbands.

However in developing countries literatures showed that Women entrepreneurs have been designated as the new engines for growth and the rising stars of the economies in developing countries to bring prosperity and welfare. A variety of stakeholders has pointed at them as an important ‘untapped source’ of economic growth and development (Minniti and Naude, 2010).

In Africa the MSEs is said to be a bottom up tool that empowers and enables the alleviation of poverty by providing the necessary economic and non-economic externalities to households with low incomes in developing countries such as Africa. It is deemed as a sustainable tool to the combat of poverty, a combination of a for-profit approach that is self-sustaining and a focus to empower low income households by eradicating poverty. As such developing countries governments have adopted it as a means to exercise their developmental priorities (Srinivas, [n.d]).

The literature however showed the emergence of the Savings and Credit Cooperative Organisations (SACCOs) in Tanzania dates back to the years 1965 whereby it was the first stage to the emergence of microfinance institutions (Chao-Béroff et al., 2000; Nyamsogoro, 2010). Consequently, the mainstream banking system was the only provider of financial services although it could not provide small scale financial services demanded by majority of poor people especially women (Nyamsogoro, 2010; Randhawa & Gallardo, 2003).

Also it indicated that the role of small and micro enterprises in Tanzania cannot be overestimated. A good portion of Tanzania national income comes from the MSE sector. In Tanzania, micro and small enterprises contribute more than 30% of the GDP (Wangwe and Semboja 1997; Toroka and Wenga 1997). The sector is significant in the urban as well as in the rural areas, though most enterprises are located in towns and cities (Bagachwa 1990). Estimates of the percentage of the labor force employed in micro- and small enterprises range from 38% to 56% in urban areas, and between 10% and 15% in rural areas (Bendera 1997; Kessy and

Urio 2004). But for the sector to be competitive, innovation is very important. Innovation takes place everywhere in all aspects of life like social and more in the business activities (Lanta, 2012).

The emerging of microfinance in Tanzania mainland and Zanzibar generally targeting poor women has been considered an effective vehicle for women's empowerment (Leach & Sitaram, 2002). The argument behind Microfinance Institutions (MFIs) targeting women is that, women are good credit risk, are less likely to misuse the loan, and are more likely to share the benefits with others in their household, especially their children (Garikipati, 2008; Swain & Wallentin, 2009). Furthermore, it is argued that women's increasing role in the household economy will lead to their empowerment (Hunt & Kasynathan, 2002). Empowerment of women is one of the most important issues in Tanzania and beyond.

Several studies have shown that women in microfinance groups play a major role of giving advice within their communities, participate in community meetings, organise for social change. They have been able to do this due to their ability to contribute financially to the community as a result of the capital that they have gained from microfinance institutions (ADITO 2005). Women's Entrepreneurship development trust fund (WEDTF) in Zanzibar, Tanzania reports that "women's increase income benefits their children, particularly in educations, diet, health care and clothes". According to WEDTF report, 55 percentage of women's increase income in used to purchase household income, 18 percent goes for school and 15 percent is spent on clothing. (Susy cheston, 2002).

Furthermore, women generate relatively lower revenues than men, and earn less income from entrepreneurial activity (Akosua and Araba 2007). Finally, maintaining and growing the business beyond start-up is a serious challenge for all women entrepreneurs, especially in developing countries. (Akosua and Araba 2007).

Although microfinance has been criticised, it is not to say that microfinance does not have positive impact on the poor in our view. All that is really been stated is that the benefits of microfinance are over rated. For instance according to Ditcher (cited in Paul, 2006) although there have been some evidence that microfinance is beneficial, these benefits are “considerably less than the serious long term economic changes that are claimed for the movement.”

According to (Lapie & Armendariz, 2011), group lending mechanism employs various parameters. Such features include: use of informal groups lending approach, joint/group liability, character based credit appraisal, group monitoring, step/progressive lending, structured weekly repayments and compulsory savings policy. All these features are aimed at creating an enabling environment for both the institutions and women’s enterprises to lend and borrow finances respectively. The MFIs employ this mechanism with an aim of enhancing women’s enterprises growth and development.

This study however focused on 3 key characteristics of this mechanism namely: joint liability, group monitoring and step/progressive lending. These 3 key characteristics are collections of the roles plays by institution to women’s enterprises in order to ensure them received loans required and repayment as on agreement bind while their

businesses growing. However due to lack of asset collaterals by the women entrepreneurs especially in rural areas (Mkpado & Arene, 2007), lending to them depends on the trust of the credit group members to enforce repayment. It is this dependence on all group members to enhance good loan repayments and collective collateral in form of trust and savings from the group members that is commonly referred to as joint liability. This group lending factor directly relates to women's enterprises development and growing because the system creates excessive pressure and places high financial burden on members in case of default (Gine & Karlan, 2009).

According to Wydick (1999), knowledge of the individuals' enterprise performance is the variable assumed to measure monitoring activities within groups. As the group members may lose access to future credit in case the group defaults, they have an incentive to monitor each other and to enforce debt repayments by threatening with social sanctions (Wycklam & Wedley, 2003). However, this may pose a challenge especially to groups that are constituted in a homogeneous manner and hence this aspect will directly affect women's enterprises development.

In progressive lending, this feature applies when the disbursement of additional loans is made conditional on the women's entrepreneur having met easily verifiable conditions directly connected to the previous project (Egli, 2004). The age of the group, savings and credit access, institutional and financial sustainability of the group are the major determinants of progressive lending (Shetty, 2009) and such directly affecting the development of the women's enterprises.

2.4 Analysis of Empirical Studies

The literature shows what other researchers have recommended about the implementation of microfinance institutions in their business activities as summarized in Table 2.1.

Table 2.1: A Summary of Empirical Literature Review

Author	Year	Title	Methodology	Finding
Vange Mariet Ocasio	2012	The role of microfinance institutions in financial deepening of economic growth and development.	Multiple regression analysis	Microfinance is positively associated with increases in income at the village level.
Ali, Ali Ame	2012	Small Entrepreneurs In Zanzibar	Observation, interview and questionnaire in analysis data.	The study identified six factors for overcoming poverty that are; Education, training, business policy, tax rate, media and the marketers.
Mwantatu Fadhil	2010	Implementation Of Microfinance Institution on the Development of Small and Micro Enterprise	Interviews and questionnaires were used in analysis data.	NMB loan provision in Chake Chake has not yielded much as expected to alleviate poverty among the rural and hopeless poor.
Akosua Konadu and Araba Bo Biney- Assan	2007	The Role of Microfinance in the Empowerment of Women	Correlation analysis.	Microfinance institutions empower individual, household/family, community and enterprise at various levels of beneficiaries.

Source: Compiled by the researcher from various literature as shown

2.5 Research Gap

The literature has revealed that many studies have been done concerning financial institutions and their importance to the micro and small enterprises in terms of credit

assistance. Also the literature has shown much on the issues surrounding women entrepreneurs and the obstacles faced. However, these studies lack detailed information on the role of WEDTF in promoting women business growth in Zanzibar. This work will be a modest attempt to fill this knowledge gap.

2.5 Conceptual Framework

This study is designed for the purpose of assessing the role of microfinance institutions provides credit especially to the women. The Microfinance institutions are important for business growth and development in general. A study by Mnenwa and Maliti (2005) shows that small business contributed to poverty alleviation through income generation in form of profits to entrepreneurs, salaries to workers and job creation. Due to that the microfinance institutions supported by the government and banks focus on jointly liability, group monitoring and step progressive lending.

Independent

Role of Women
Entrepreneurship
Development Trust
Fund

Dependent

Women Business Growth

- Amount of credit facilities provided by WEDTF to women businesses
- Effect of the credit provided on income generated
- Number of businesses received loan from WEDTF

Figure 2.1 Conceptual Frame Work

Source: Researcher, 2015

Figure 2.1 above displays diagrammatically the conceptual framework behind this study. It explains the cycle from the point where women starts to think about

eradicating individual poverty through organizing themselves and requesting loan from micro finance institutions. It further depict the factors which women entrepreneurs influence, towards receiving loans and also factors which affects micro finance institutions while providing their services of loans provision to women entrepreneurs.

The Link between Contents in the Conceptual Framework

The independent variable above from conceptual framework show WEDTF to achieve their fundamental roles on creating policies and strategies to ensure women enterprises received and repayment their loans on time while their business development and growth as independent variable.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology and approach used in collecting data and the reason behind the choice of the approach. Also it explains different research strategies and ends by providing analysis of data.

3.2 Research Philosophy

The pragmatism research philosophy resorted to qualitative and quantitative strategies for our analysis. This is because the objectives are stated in such a way that using any other alternatives apart from qualitative and quantitative approach made it difficult to carry out the study.

3.3 Research Design

A case study design with both qualitative and quantitative techniques was used. This design was chosen as appropriate because the study investigated the role of WEDTF in promoting women business growth in Zanzibar and it was tiresome and expensive for the researcher to conduct the study in all different micro-finance institutions. The design was also chosen because case studies are suitable for intensive investigations and analysis of a single phenomenon structure or group being studied.

3.4 Target Population

The target population was the entire population to the area of the study and these included SMEs of women who get loans from WEDTF. Based on administrative

records kept by WEDTF, during 2015 WEDTF recorded a total of 51 active clients. This made a population study from which a desirable sample has to be chosen for interview. Additionally, the overall staffing of the WEDTF involving both management and operatives in which borrowers Small and Medium Enterprises (SMEs) are beneficiaries and loan officers form the management part of it.

3.5 Area of the study

The study was carried out at WEDTF and some of women enterprise found at urban west region in Zanzibar. This is due to the fact that, it is in urban west region in Zanzibar where many women business ventures are situated.

3.6 Sampling Design and Sample Size

Stratified random sampling was used to select respondents in this study. Stratified random sampling was chosen because of its flexibility in permitting investigation of different personalities of interest for specific subgroups. Mugenda et al (2003) in their research report assert that stratified random sampling design is significant in sense that it enables the researcher to carefully select key respondents that are relevant for the study. This suggests that stratified sampling method to be helpful in selecting informants who are capable of providing sufficient and topic related data for the study. The researcher aimed at selecting 100% respondents for this study and this involved the management, loan officers and WEDTF clients or the SMEs.

During the undertaking of this study, a sample of 45 women was accessible to represent the beneficiaries and therefore only those 45 women were involved in interview. In addition to one loan officer were chosen to present what is required

from the managerial part of WEDTF.

3.7 Data Collection Methods

When carrying out the study, the researcher employed a variety of methods among which included questionnaires, interviews and observation.

3.8 Interviews

Both formal and informal interviews were conducted in this study. Guiding questions were used for interviews. However, other questions were asked depending on the responses by the interviewee. Response from such interview helped in complementing information that was obtained from questionnaires.

3.9 Reliability and Validity of Data Collection Tools

The validity of the research instruments were established by expert judgment method proposed by Patton (2002). The researcher met with experts of microfinance in the field of research to judge the materials in order to adjust the materials according to the expert's recommendation and analysis requirement. Also to prove further the validity of the research instrument, the researcher pretested the instrument with some few employees and clients of WEDTF and the results went in line with the researcher's expectations in terms of the information required to be collected using that instrument.

3.10 Primary Data

In this study, primary data was collected through interviews; the interview was mainly for the WEDTF clients who have loans, and those in the final touch to get

loans. Also some WEDTF staff and management were interviewed, so as to countercheck the responses of the clients.

3.10.1 Secondary Data

Secondary data was gathered from WEDTF reports in various forms. These included a list of women businesses that have obtained credit facilities from WEDTF over a period of time and the amounts received by each business. Information related to the number of businesses funded by WEDTF over a period of time was also obtained from WEDTF and this formed the basis of trend analysis. Data on income generated from various women businesses was obtained from their respective financial reports. Primary data inform of challenges facing WEDTF in providing credit to women businesses was obtained through depth interview with WEDTF officials.

3.11 Data Processing and Analysis

Once all questionnaires have fully answered and collected, data processing began by conducting manual editing on them. This step involved a thorough checking of the questionnaire to ensure their completeness and correctness. Also any required coding has been done at this stage of processing. When this exercise was completed, the questionnaires were keyed into computer for analysis. Just before analysis, the data were checked for any data entry operation error and corrected appropriately.

From that stage, then data analysis follows. Data analysis has been done in two stages. The first stage involved computing descriptive statistics and generating frequency tables to aid in obtaining summary information about the population under

consideration. The second stage involved generating cross tables which provide further information about the population and also answers to the proposed research questions. All this analysis was performed by using a well-known statistical package referred to as SPSS.

CHAPTER FOUR

4.0 DATA PRESENTATIONS, ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Overview

This chapter presents the findings of the study, the analysis and interpretation of the results. The findings were analyzed in relation to the objectives of the study and literature reviewed. Findings were derived from the questionnaires and interviews to the respondents of WEDTF and women entrepreneurs.

4.2 Basic Profile of Respondents

Basic profile of the respondents focuses mainly on socio-demographic characteristics of the respondents. The aspects which are considered in this study are age of respondents and educational attainment. In addition to that one economic characteristic of the respondents was also analyzed which is the number of years which the respondent was involved in her business.

Starting with the age, respondents were asked about their age and results were summarized in Table 4.1.

Table 4.1: Age Distribution of Respondents

Age group	Frequency (f)	Percentage
20-29	9	20.0
30-39	16	35.6
40-49	14	31.1
50-59	4	8.9
60-69	2	4.4
Total	45	100

Source: Field Data, 2015

As it can be seen from Table 4.1, respondents with different age range were sampled. The majority of the participants (35.6 percent) in this research were the youth from age group of 30 to 39 while the elderly from the age of 60 and above formed the least (4.4 percent). The majority of the respondents were youth because of their active participation in social and economic activities; hence they formed the greatest percentage especially in the entrepreneurs as well as the staff members. The differences in age in the field research were helpful to the researcher since people from different age groups in some occasions gave varied information that helped in the data analysis.

4.2.1 Educational Attainment

Education level of respondents was also considered in the field. The summary of this is presented in Table 4.2.

Table 4.2: Education Based Distribution of Respondents

Level of education	Respondents	Percentage
Primary	1	2.2
O-level	34	75.5
A-Level	6	13.3
Higher Institution	4	8.9
Total	45	100

Source: Field Data, 2015

Table 4.2 shows that a big number of respondents were 75.5% attained O -Level and this was followed by 13.3% of respondents who attained A-Level. Those who attained higher level of education formed 8.9% of the respondents while those who stopped in primary school were only 2.2%. This suggests that most of the

respondents were literate enough to reveal relevant information needed for the study. The number of respondents who stopped in primary school was less because WEDTF mostly deals with those who are capable of understanding financial matter.

4.2.2 Number of Years Worked in the Organization

Analysis of the information obtained from respondents revealed that only 22.2% of them had worked in their respective organizations for a period of less than five years. The rest (77.8%) have working experience of more than five years with their present organizations.

It was also noted from the interview conducted with key officials of WEDTF that provided loans are given to groups of women and to individuals. This was associated by the fact that most individuals lack collateral security for the loans or credit requested.

Conditions for getting the loans include meeting the following conditions:

- i). Individuals to form a group comprising of at least five members
- ii). Enter into contract with WEDTF
- iii). Payment of 20% of the loan as security and 1% for insurance of that loan.

Table 4.3: Number of Years Worked in Organization

Number of Years	Frequency (f)	percentage
1-5	10	22.2
6-10	21	46.7
11-15	11	24.4
16-20	3	6.7
Total	45	100

Source: Field Data, 2015

Table 4.3 summarizes the number of years the respondents have spent in their respective organizations.

4.3 Amount of Credit Facilities Provided by WEDTF to Women Businesses in Zanzibar

With reference to the first specific research objective no.1 sec 1.3.2 in chapter one, which aim to identify the amount of credit facilities provided by WEDTF to women businesses in Zanzibar. Under this section amount of credit facilities have been analyzed based on the following dimensions which are amount of loan given to the client, knowledge of the amount of interest by the loan receiver, satisfaction of the interest rate by the loan receiver and size of the business which receive the loan.

The researcher was interested in finding out the amount of loan given women entrepreneurs as base or start up and table 4.4 is the summary of the findings.

Table 4.4: Amount of Loan Given To Women Entrepreneurs as a Base or Startup Capital

Responses	Frequency	Percentage
100,000 – 250,000	4	100
250,000 – 400,000	0	0
400,000 – 550,000	0	0
550,000 – 600,000	0	0
Total	4	100

Source: Field Data, 2015

As indicated in Table 4.4 that all respondents replied that they receive a loan amount within the range of a minimum of Tshs. 100,000 and a maximum of Tshs. 250,000 as a base or startup capital for business. This amount doesn't reflect that this is the

amount which they applied for but rather what they have received. One of the challenges by WEDTF, discussed later, was inadequate funding to fulfill clients' requirement, this reflects that the received amount is smaller compared to the requested amount by the client. However during interviewed when researcher direct asked this question to the staffs of WEDTF obtained the same answer but at the same time got a chance to reviewed the credit guidelines document of WEDTF it make clear that the objective of WEDTF is to assist its clients who are poor women who cannot possess assets which could be used as collateral.

As such, the organization established means of making sure that the clients are not being hurt by the loans, but also the organization maintain its sustainability position to serve more and more respondents without losing its loan portfolio.

Based on secondary data collected from WEDTF, the following are security of loan portfolio measures:

- i). Every respondent is required to save with her group.
- ii). Every member is required to open a bank account, and also when she makes monthly repayments, the amount payable involves principal, interest and savings. These savings are controlled by the organization and paid to the clients when they need and if they don't have debts.
- iii). Twenty percent of loans are deposited with the organization.
- iv). There is a group guarantee mechanism [GGM] in which, if a member of a group fails to pay her loan, the other members of the groups will pay and if the group members fail too, the centre will do so.

In all the cases, it is not easy to report any loan defaulters. This information shows that WEDTF is there not only to serve the poor women, but also it ensures that it provides the services sustainable.

WEDTF credit guidelines document is also shows that, WEDTF provides different loan products, such as three months loan, six months loan, twelve months [one year] loan and more than one year loan.

And all loan products have its fixed amount and rate of interest. Further, WEDTF documents show that the minimum amount of loan is Tshs. 100,000/=, this is for the first loan. The figure increases if it is subsequent loans to Shs 1,000,000/= as a loan ceiling. However, in some circumstances a client can borrow up to Tshs. 2,000,000/=.

This means that, the first loan is Tshs. 100,000/= and is made purposely because the borrower is less skilled in business while applying first loan, and also the organization is not conversant with credit history of that new client.

Good thing observed is that WEDTF ensures that the amount disbursed is enough to finance the applied activity.

The above is the same relation with the research conducted by Fadhil (2010) which was explained by the institution first gives small amount of money to testify, client's capability to repay back loan and if they prove capable, their volume of loan increase overtime.

Analysis was also centered to the annual loan amount disbursed by WEDTF over the past five years and the efficiency of WEDTF with the above loan provision over the past five years (2010 - 2015) was also analysed and results were presented in Table 4.5.

Table 4.5: Average loan per client over the period 2010-2015

Year	Loans (Tshs.)	Clients	Average Loan per Client (Tshs.)
2010	409,800,000	1504	272,473
2011	398,950,000	1626	245,357
2013	235,300,000	2034	115,683
2014	65,400,000	96	681,250
2015	70,200,000	51	1,376,471

Source: Field Data, 2015

As it seen from Table 4.5 above that the efficiency of WEDTF in terms of average disbursement per client over the last five year was not totally stable with some fluctuations. It started at a moderately higher amount of Tshs. 272,473 in 2010, then decreasing slowly to Tshs. 115,683 in 2013 and finally increasing abruptly to Tshs. 1,376,471 in 2015. This shows a remarkable improvement of WEDTF as a microfinance institution in terms of helping women business.

In addition to that, overall average disbursement per client stood at Tshs. 222,114 which is within the range (Tshs. 100,000 – 250,000) at which respondents were found to fall in when asked earlier about the amount of loan that they receive.

Figure 4.1 below shows that there is almost a gradual decrease of loan disbursed by WEDTF over years. The amount has decreased from Tshs. 409,800,000 in 2010 to

Tshs. 70,200,000 in 2015. However, this decrease doesn't reflect the inefficiency of WEDTF over years as there are other factors which influence that decrease.

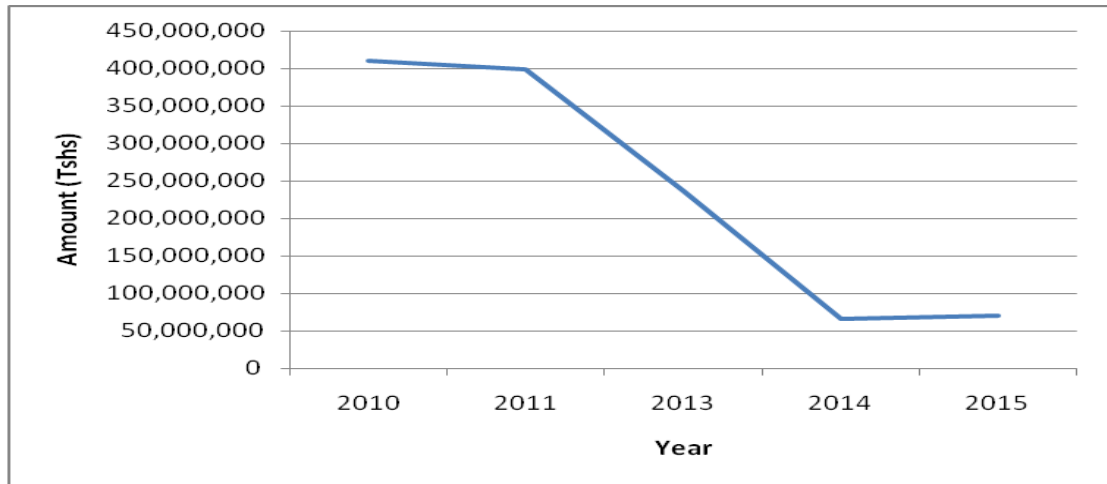


Figure 4.1: Five Years Trend of Loan Disbursement

Source: Field Data, 2015

Further, findings shows that, the WEDTF lends only a group of people due to the lack of individual collateral security so that this group formed, WEDTF take as a security for them however according to role of WEDTF, in order the group obtained loan should start to form group of five (5) peoples and make contract with WEDTF as well as pay 20 percent of loan as a security, 1 percent for insurance of that loan. This suggests that the WEDTF is not discriminative in its lending procedure hence trying to empower all kinds of women both economically and socially.

All respondents of WEDTF staff answered this question that all clients are entitled to pay interest on the loans they received, but some of them don't know exactly how much is the amount of interest although they know the rate of interest. However,

WEDTF credit guidelines [2004] shows that WEDTF charges an interest rate of 22 percent for any period and amount of loan.

The client is free to opt in her application form how long she will go to pay her loan. More than three quarters of the clients (78.6 percent) do know that they are paying interests in their repayments. Additionally, respondents were further asked about their readiness and comfort on paying the set amount of interest with the loan when they retire their lending. Results from this study revealed that nearly two thirds (64.3 percent) of them are comfortable and see the amount of interest is fine while leaving the remaining 35.7 percent of them uncomfortable with that amount of interest.

The amount paid monthly to WEDTF includes only principal and interest. Insurance of 1 percent and saving of 20percent of a loan applied required to pay before the clients get a loan.

This shows that for this methods used by WEDTF is indicate as a primarily for profit but not making sure that the businesses of their respondents are conveniently done, improving and improve their incomes. The researcher was also interested in finding out the size of business conducted by women entrepreneurs who take loan from WEDTF as summarized in Table 4.6.

Table 4.6: Size of Business Conducted by Women Entrepreneurs

Responses	Frequency	Percentage
Small	28	66.7
Medium	14	33.3
Total	42	100

Source: Field Data, 2015

Results from Table 4.6 above indicates that two thirds of the respondents of (66.7 percent) were small entrepreneurs benefit from microfinance institutions of WEDTF while the remaining one third (33.3 percent) were medium business. This shows that WEDTF reach to poor women who have no capital to start their business which was in imagination but also deal with the medium entrepreneurs in order to grow their business. Additionally, this has been also reflected in the amount of loan provided by WEDTF to those business groups.

WEDTF's loan conditions are those used by the Grameen Bank model in Bangladesh where loans are issued through centers, through group guarantee mechanism. This is made purposely because the clients have no physical collaterals. Amounts issued range from Tshs. 100,000/= to 1,500,000/= depending upon the business plans of the respondents. However in here there are some problems as to the time taken since WEDTF intervention to a particular community the disbursement of loans. It reaches up to six months. This discourages the potential respondents and some of them decide to give up. Further, this duration leads to some businesses especially seasonal businesses to perform poor as the funds are disbursed at immaterial time.

Amount of loans as per the credit guidelines are inadequate. The first loan is Tshs. 100,000/= [WEDTF Credit guidelines, 2004] this does not depend on type of business applied for, so enforce the respondent to opt businesses which are not familiar with simply because the amount is very limited. Even the subsequent loans are increasing gradually, for instance, from 100,000/= to 1,500,000/=. Finally, there is this issue of interest of 22% for all loans taken by clients. This leads to the clients

get a very little profit and the impact although is there but it is very insignificant. It takes time to be realized.

These findings are in line with what the researcher found in this study. The amount of loan provided and the interest rate imposed on that loan reported by previous researchers on similar kind of microfinance institution corresponds the findings of this study.

4.4 Effect of the Credit Provided on Income Generated by Women Entrepreneurs

With reference to the second specific research objective no.2 sec 1.3.2 in chapter one, the effect of the credit provided on income generated by women entrepreneurs have been thoroughly analyzed and results from that analysis were presented in the following sections accordingly. Discussed under this section are issues on how received loan help in developing client's business and profit gained from the business due to received loan.

Table 4.7: Loan Received from Microfinance Institution Help to Develop Client's Business Activities

Respondents	Frequency	Percentage
Yes	22	52.4
No	20	47.6
Total	42	100

Source: Field Data, 2015

In here the respondents were required to state if there is any improvement in their business activities status as a result of the loans from WEDTF in order the researcher

to check it is real the WEDTF help and grow women entrepreneur's business activities.

From the Table 4.7, it can be noted that most of the respondents (52.4 percent) were agreed that the loan have received from WEDTF have been able to develop their business because it could build their financial capital and savings also it enable them to hold asset and improving housing as well as improving human capital in terms of sending children to primary and secondary schools and also financing medical costs to their families. This has positive relation with the study conducted by Ocasio (2012) finding microfinance is positively associated with increased income at the village level, also Konadu (2007) finding microfinance institution empower individual house hold family, community and enterprise at various levels of beneficiaries. However remain of 47.6 percent said NO because the loan obtained from WEDTF able them to do the business just get their foods per day due to high interest granted from loan it lead them to struggle in business and huge amount of money were used to repayment of loan instead inject again in business in order to generate more profit to improve grow the business. Also the researcher needed to understand why they counting to take loan from WEDTF, however the respondents state that they continue because they have no other alternative to get capital.

Table 4.8: Profit gained due to credit from WEDTF

Respondents	Frequency	Percentage
Yes	22	52.4
No	20	47.6
Total	42	100

Source: Field Data, 2015

The clients were asked on get profit of the credit received from WEDTF and the answers are shown at the Table 4.8 above.

From the Table 4.8, it is shown that 52 percent of respondents are accepted that the credit received from WEDTF they got profit when they make business and 47.6 percent were not accepting due to high rate which were charged 22 percent rate. They said they were not have other business so to stay idle is not good thing then they decide to deals with small business in order to get even few money for their domestic purpose. This has positive relation with the study conducted by Fadhil (2010) finding NMB loan provision in cheechako has not yielded much as expected to alleviate poverty among the rural and hopeless poor. But the researcher while the time of interview the respondents saw that all respondents who accepted to get profit for the credit received from WEDTF were running big business like dairy farming have higher income and all who were not accepted were small entrepreneurs, which were taking small amount of credit and deal with the business such as selling fish, fire wood and charcoal so to get more profit is too difficult because of the higher rate. Also the researcher decided to ask WEDTF about the high rate which were put to charge the clients. WEDTF replied that the funds were getting from Bank and the Bank charged them 13 rates, the deferent of that was 9 rates. This 9 rate they were paid their salary, use transport for visited their clients in order to know development of their business etc.

In answering the question on how credit provided on income generated enhance the economic empowerment and livelihood of clients. The bad things which respondents

said were high interest rate, so they claimed that if the WEDTF reduce rate their businesses they will go well. This has positive relation with the study conducted by a Ame (2012) finding six factors for overcoming poverty that are education, training, business policy, tax rate, media and the marketer.

Also, respondents revealed that one of the ways in which project monitoring influences economic empowerment of women entrepreneurs is through guiding the clients towards the project objectives and goals. As the cardinal reason for the existence of microfinance institutions is to empower its clients both economically and socially, in their monitoring programs, they make sure that their clients keep the direction of their projects hence guiding them against all the temptations of mismanagement of their business. This therefore encourages concentration hence leading to economic empowerment of clients.

Additionally, according to some of the respondents interviewed, monitoring process by the WEDTF official makes some of the core obstacles to clients business identified and remedies against them are appropriately taken. It is therefore through this process that clients' projects yield better profits hence enabling their business growth at a better pace.

In some instances, clients also manage to get some training during project monitoring affairs. In this, they learn some aspects regarding record keeping and accountability which all are important aspects regarding business. Through this process, losses that would have come as a result of poor book keeping and lack of accountability are either minimized or curbed hence prosperity.

Another way through which monitoring activities enhance economic empowerment of clients is that in the monitoring process women entrepreneurs get chances to ask some of the issues affecting them. In this, they get some important information either regarding available market for their produce or where they can get resources cheaply. This facilitates their production rate and enable them advance economically.

As stated by one of the respondents investigated, in the monitoring activity, clients are reminded of their repayment period or process. This therefore reminds the women entrepreneurs to get focused on their business and avoid cases that are likely to mislead them in their business affairs.

4.5 Trend of Credit Facilities Provided by WEDTF over the Last Five Years

With reference to the third specific objective no 3 sec 1.3.2 in chapter one, which aim to assess the trend of credit facilities provided by WEDTF were identified under this section.

In order to answer the research question stipulated under this objective, data on number of business receiving the loan over the past five years (from 2010 to 2015) was collected and results were summarized under Table 4.9.

Table 4.9: Number of Businesses Received Loan over the Period 2010 - 2015

Year	Clients
2010	1504
2011	1626
2013	2034
2014	96
2015	51

Source: Field Data, 2015

From the Table 4.9 above shows that the distribution of number of clients who receive the loan over the past five year has a peak value at middle of the period, that is 2013. The amount started with 1,504 clients in 2010 with increasing trend up to 2,034 in 2013 (the peak number) and then decreasing to 51 clients in 2015. Over the first three years, 2010 – 2013, many clients took loans which were small entrepreneurship because the clients took average loans of 200,000 Tsh , at the end of three year the clients decrease to take the loan. Also from 2014 – 2015 the clients who took loans were few and the loans which produce by WEDTF was bigger than the clients, it seemed every client got average loan 1 million, so these were medium entrepreneurships. Therefore the researcher was realized that much small entrepreneurship could not develop their business because of the high rate which was get from WEDTF. Also the researcher while the time of taking data saw much medium entrepreneurship developed well than small entrepreneurships.

In addition to the financial services offered by WEDTF, the institution also provides other related services to clients. This also supported with Ame (2012) it find out that the loan only could not solve the poverty problem, there are other factor that must be looked example education and training. Respondents were also asked about those services and all 42 respondents said that they are given business trainings before and during disbursement of loans. Also they are involved in study visit whereby they get opportunity to learn and share experiences with other respondents within and outside Zanzibar. Also WEDTF documents provide other service such as training and study tours to enable the respondents to get exposure and sharing skills and experiences from other entrepreneurs. These services include the following:-

- i). Business training
- ii). Skill acquiring (networking)
- iii). Leadership training and management
- iv). Financial service
- v). Consultancy

4.6 Challenges facing WEDTF in Providing Credit Facilities to Women Business in Zanzibar

With reference to the third specific objective no 4 sec 1.3.2 in chapter one, the aim was to identify the challenges facing WEDTF in providing credit facilities to women business in Zanzibar. These challenges were identified and summarized under this section.

Table 4.10 below summarizes the major challenges faced by women entrepreneurs in running their business. The challenges faced by clients were the ones which have been presented in the table but in addition to that, challenges faced by WEDTF itself have added in the description while analyzing the challenges faced by clients since there is a mutual dependence between the two.

Table 4.10: Challenges Faced by Women Entrepreneurs in Running Their Businesses

Challenge	Percentage of respondents
Inadequate amount of loan for a business capital	79.6
High interest rate over the loan applied	53.0
Timeliness in returning the loan	37.5
Sustainability of the business and market availability	69.2

Source: Field Data, 2015

During interview respondents were asked on several challenges faced by them in their business and results, as in Table 4.10, shows that nearly one fifth of all respondents (79.6 percent) experience a challenge of inadequacy of received loan as a capital for initialization of their business. In addition to that, about half of the respondents (53.0 percent) replied that higher interest rates imposed on the loan is a challenge in their business running. Also more than two thirds (69.2) of all respondents are affected by sustainability of the business and market availability. On the other hand, timeliness in returning the loan has been reported by low proportion of respondents as about only two fifth (37.5 percent) of the them reported that they experience that challenge.

However, timeliness of returning the loan was addressed as one of the main challenge by WEDTF in providing loans to women groups. Apart from this, inadequate funding to support all clients' demand was also named as another challenge by WEDTF in its financial services provision.

In addition to that, during interview with WEDTF concerned of challenges facing on providing loans to business entrepreneurs, the researcher obtained the following claims from some of the WEDTF staff;

- i). Due to unsatisfied capital they have, it is difficult to increase new numbers of clients.
- ii). Other clients are difficult to repay their loans.
- iii). WEDTF got higher interest rate from bank when received loans.

The researcher found out that detailed information regarding some of the tough penalties against defaulters is concealed to the clients such that many of them could be attracted to the financial services of the WEDTF. This therefore leaves many clients vulnerable to the loans they acquire since little briefing and emphasis regarding what would happen to them is somewhat hidden.

Challenges facing the management of the WEDTF in trying to secure or recover debts from clients were also some of the aspects investigated in the research process. The finding regarding this reveal that the management incurs high administrative cost to finance credit officer in aspects such as food, allowances, and communications and transport facilities among others and this somewhat affects the budgeting system of the WEDTF.

Besides high costs administrative incurred, hostilities from some of the local communities especially the relatives of some defaulters was also cited as one of the challenges facing the management of WEDTF. As one of the staff of the WEDTF explained, in one of their operations to recover loans through seizing client's assets, they were attacked and if it was not with the help of the police, it was going to be hectic for them to approach the situation. This therefore indicates how difficult it is for the management of the WEDTF to recover loans from defaulters.

Other challenges mentioned included poor transport facilities especially in rural areas, fatigue in trying to trace some of the defaulters, clients escaping among others. Also about high interest rate which got from Bank while received the loans, WEDTF

said that they went to bag the Bank in order decreased the rate but until now the management of Bank not make decision of this matter. WEDTF said that when got the low interest rate their clients rate also will decrease and got more profits.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings of the study and makes a conclusion on that. It also puts in place recommendations for the study together with the direction for future studies based on limitations under this particular study.

5.2 Summary of the Findings

This study revealed issues that draw attention for policy formulation and planning on improvement of microfinance services to women entrepreneurs. It shows that most of the women involved in entrepreneurship are of the active ages that is between 30 years to 39 years who have attained a minimum required knowledge of secondary school to enable them to further improve their skills while they are on their business. Also most of these women have adequate experience in running their business with more than five years of experience.

The study shows further that women business receive small amount of loan with a maximum of Tshs. 250,000 with an interest rate of 22 percent. Response from individuals involved in the business shows that more than half of them are not satisfied with that amount of interest though some of them are not aware of the amount of interest rate imposed over the loan they have received.

On the other hand, the trend of overall amount of loan provided by the WEDTF has been decreasing over years. This was due to, among other things, decreasing number

of women applied for a loan. However, the average loan per client was not directly proportional to the decrease in the total amount as it started at a high value decreasing over year to a certain minimum value and then rising abruptly to a maximum over the next two years.

The findings indicated that the WEDTF lends only a group of people due to the lack of individual collateral security. According to role the of WEDTF, in order the group obtained loan should start to form group of five (5) peoples and make contract with WEDTF as well as pay 20 percent of loan as a security, 1 percent for insurance of that loan and 22 percent is a interest rate.

However the study indicate that 100 percent of respondents were formed the group and somehow develop in their business and they proudly on loans received from WEDTF, therefore it seemed the microfinance institutions have greater benefit to the form of group loans and enable them to grow their business. Notwithstanding the study also indicated WEDTF facing the challenges on providing loans to business entrepreneurs that are due to unsatisfied capital WEDTF have, it cause to difficult to increase new numbers of clients, Other clients are difficult to repay their loans and the higher interest rate from bank when received loans by WEDTF.

5.3 Conclusion

Although this study indicates that the clients who participated in microfinance programs have formed the group in order to obtain the loan from WEDTF as a result improved the growth of their business, it can be broad the following concluded that:

- i). The cost of lending the loan from WEDTF to clients are high this come from the rate of interest charge by WEDTF when borrow money from bank. This come out from the result of this study that indicated 47.6% of respondent's complaint of the interest rate charges by WEDTF, they were discouraged to borrow further loans. This asserts that the interest rates were generally unaffordable hence could not contribute greatly to the growth of their businesses.
- ii). It can also be clearly noted that WEDTF offers relatively low loans to clients. This indicated from table 4.9 that clients who received loan from the year 2010 were 1504 and fall down to 96 for the year of 2014. This show that the expansion of women entrepreneurs businesses is made quite complicated since many of them operate businesses at very low capital, hence insignificant business towards economic empowerment and livelihood.
- iii). Due to that, the weaknesses indicated is project monitoring by the WEDTF staff, has also acted as a hard-hit blow to the economic prosperity of the women entrepreneurs business since many of them either were unskilled or semi-skilled to handle businesses without expertise help. This suggests that the staff of WEDTF required offering some training on project management and monitoring in order to facilities their clients if they cannot afford to supervise the clients' business enterprises for successful economic prosperity. Lack of project monitoring has led to the downfall of over 50 percent of the business projects while many of the remaining ones stagnate.

In general, it can be concluded that the WEDTF loan provision has not yielded much as expected. This demands that some few areas need to be reviewed for its best operation if the core objective and goal of WEDTF that is to promote women business growth in Zanzibar.

5.4 Recommendations

Improving the overall performance of the financial sector would benefit all enterprises, including micro, small and medium businesses. Small women entrepreneurs today are faced with critical issue of how to create and maintain a sustainable competitive advantage in the light of the increased complexity of business links. The strategic imperative facing women entrepreneurs is how to respond to the double pressures of trade liberalization and increasing trade competition.

Domestic markets are no longer the preserve of small and micro businesses which are under attack from medium and large sized enterprises. From the above introduction, the researcher recommends the following:-

- i). Reducing the cost of funds to financial institutions, especially MFIs, by lowering reserve requirements to potentially required levels; so as to enable MFI's to have enough loan able funds. The Government through the Central Bank should create enabling environment to the MFI's to enable them realize their contribution toward in promoting women business growth.
- ii). MFIs primary objective should not be profit maximization, so should lower interest rates and also the repayment duration should be lengthened to enable

their clients generate more income, hence strengthen their businesses and savings. This will expand the number of women entrepreneurs increase on apply the from WEDTF.

- iii). Basic business skill and knowledge are very much needed to ensure a viable business venture in a microfinance program. As such, the financial support provided by the WEDTF must also be complemented with the technical support to the recipient. Indirectly, this ensures close supervision of the project at every stage of the business venture since it requires an active participation of WEDTF starting from its planning period until the plan for expansion. For instance, the technical assistance would require pre-disbursement support (in terms of project assessment or viability and providing the recipients with the basic knowledge in the particular project of interest); initial stage of fund disbursement (purchasing of machines and ensuring quality raw materials); mid-course evaluation (ensuring progress of the project) and final stage consulting (marketing of produce and expansion plan which include possible down-stream activities). It is important to note that all the technical supports needed require that the field workers of WEDTF to be well-equipped with the skills and knowledge to convey effective advice to the recipients. Therefore, a need for a strong and intensive training system for the field workers as well.

MFI should continue providing business advisory services to their clients during loan utilization period so as to improve their businesses before they are at stake.

Disclosure of some of the relevant information like government confidential documents of MFIs was not easy to obtain, this led to a delay in accessing information since this information was relevant for the research report.

However the researcher guaranteed the respondents on confidentiality of the data given that all information given was for research purposes and not otherwise.

The limitations faced by the researcher during the research work as follow:

- i). Shortage of resources such as transport and fund since the researcher was required to travel to different study areas. Sometimes the researcher used to walk to some areas where transport was a problem.
- ii). Time allocated to complete the research report was limited hence the researcher was taking more hours on concentrating on research studies and even during midnight to ensure that he completes the study within the allocated time.
- iii). The study used both primary and secondary data of which secondary data may be difficult to access them due to poor record keeping, due to this problem the researcher used more time and involved more staff in order to get the required adequate data.

The study's aim has been to answer questions put forward by the researcher to achieve the set research objectives. However, there have been certain issues which are closely related to this research which have emerged during the conduct of the research. These new issues have raised more questions that need to be resolved, which means conducting further research.

Some of those related issues that need further research include:

- i). Research on the relationship between microfinance and women empowerment as there are arguments whether MFI's can break the structural subordinate position of women, especially rural women, given the existing socio-economic, cultural settings and mindset of our society
- ii). Research that must focus on a deeper understanding of poverty alleviation because microfinance institutions only are treating the symptoms of poverty than attacking the real causes. MFI's alone are like a drop in the sea bearing in mind the degree of poverty in the country.
- iii). Research on the role of microfinance institutions to the very poor people, because this study was based to poor women who have businesses already, have entrepreneurial skills just in waiting capital to expand their businesses. MFI's do not issue credits to those who are not able to engage in productive activities.
- iv). Research on the extent to which support service, offered by some MFI's improve performance of their clients. This has come due to the fact that some MFI's like PTF, PRIDE etc provide only credits.
- v). Similar kind of this research need to extended south region in Zanzibar, Pemba Island etc, in order to see women's enterprises development.

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APPENDICES

APPENDIX I: Assessing the Role of Microfinance Institution in Promoting Women Business Growth in Zanzibar

**A case study of Women Entrepreneurship Development Trust Fund
(WEDTF) Zanzibar**

Dear respondent, the aim of this questionnaire is to seek your views in the role of WEDTF in promoting women business growth in Zanzibar. Please feel free to fill this brief questionnaire which is mainly intended for academic purposes. The information collected will be treated confidential.

Instructions:

- 1 Do not sign your name anywhere on this questionnaire.
- 2 For Section A, tick in the boxes and fill in Section B.

SECTION A: Basic Profile of Respondents (Please Tick Appropriate Box)

1.1 Gender: Male Female

1.2 Age: 20-29 30-39 40-49
50-59 60-69

1.3 Number of years worked in the organization

1-5 6-10 11-15
16-20

1.4 Education Background

Primary O-Level A-Level Higher education **SECTION B:****2.0 To identify the amount of credit facilities provided by WEDTF to women businesses in Zanzibar.****For WEDTF Staff:**

2.1 What is the target group for this micro –finance?

Individual Group both individuals and groups

2.2 Do small and medium entrepreneurs benefit from microfinance institutions?

Yes No

2.3 How much do you give to each client as base or start up loan?

1. 100 000 -250 000 2. 250 000 -400 000 3. 400 000 – 550 000 4. 550 000- 600 000

5. If other specify

2.4 What interest rates do you charge on the loans given?

1- 5 percent 6-10 percent 11-15 percent

16-20 percent

21-25 percent

For Women Entrepreneur:

2.5 Are you small or medium entrepreneurs benefit from microfinance institutions?

.....
.....

2.6 Is the loan received from microfinance institution help to develop your business activities? If Yes/No at what extent?

.....
.....
.....
.....

3.0 To assess the effect of the credit provided on income generated by women entrepreneurs.

For women business entrepreneurs

3.1 Do you get profit of the credit received from WEDTF? If Yes/No how?

.....
.....
.....

3.2 A part from loans, what are other services provide by WEDTF

.....
.....
.....

4.0 To assess the trend of credit facilities provided by WEDTF over the last five years.

For WEDTF Staff:

4.1 Can you show me the past five years of women business received loans?

.....
.....
.....
.....

5.0 To identify the challenges facing WEDTF in providing credit facilities to women business in Zanzibar.

For WEDTF Staff:

5.1 What challenge does you facing in provided loans to women business entrepreneurs?

.....
.....
.....

Thanks for your time to respond to these questions

APPENDIX II: Interview Guide

1. Year in which WEDTF was established
2. The purpose of establishment of WEDTF
3. Type of clients which are eligible to receive services through WEDTF
4. Number of clients of WEDTF for the past five years
5. Source of funding for WEDTF activities
6. Amount of fund spent by WEDTF for serving clients in the past five years
7. Brief staffing profile of WEDTF which include total number of staff with their ages, education levels and working experience
8. Challenges faced by WEDTF in providing services to clients