

**THE ASSESSMENT OF SOCIO-ECONOMIC CONTRIBUTION OF
VILLAGE COMMUNITY BANKS ON HOUSE HOLD BENEFICIERIES IN
TANZANIA: THE CASE STUDY OF KATERERO WARD**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF SOCIAL WORK
(MSW) OF OPEN UNIVERSITY OF TANZANIA**

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CERTIFICATION

The undersigned certifies that she has read and hereby recommends for acceptance by the Open University of Tanzania a dissertation entitled: ***“The Assessment of Socio-Economic Contribution of Village Community Banks on House Hold Beneficiaries in Tanzania ”*** in partial fulfilment of the requirements for the degree of Master of Social Work (MSW) of the Open University of Tanzania.

.....

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Date

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DECLARATION

I, **George Leo**, 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 other University for a similar or any other degree award.

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Signature

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Date

DEDICATION

This work is dedicated to the Almighty God for his protection, guidance, strength, knowledge and wisdom. It is also dedicated to my lovely wife, Beatrice Maicky Paul, my children, Leonsi, Licado, and Lewis my late mother Agnas Leo and my father, Leo Thomas.

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I would like to take this opportunity to thank God for this wonderful time to make this report possible for me as well as my lovely wife Beatrice Macky and my three sons who real supported me by devoting their time to let me work on this report. Also Special thanks to my Coordinator Mr Buhori who always encouraged me during my work as well as Dr Fauzia Mohamed my supervisor.

ABSTRACT

This research dwelt with the Influence of Village Community Banks (VICOBA) on socio-economic developments of people in rural areas of Tanzania. Specifically, this inquiry focused on achieving four aspects namely, finding out the influence of VICOBA on socio-economic developments of VICOBA members, examining factors affecting the performance of VICOBA in Tanzania, assessing challenges affecting their performance of VICOBA and give possible solutions for solving the same. The study rested on the problem that, despite presence of VICOBA which provide finances to the people as loans, yet poverty still exists in the society. The mixed research design was opted for qualitative and quantitative research approaches as dictated by the nature of information sought in this research. The findings of the study indicated that, VICOBA have contributed to social-economic development of members. Overall, the findings indicated remarkable improvements in the lives of member. However, even if the improvements were remarkable, the findings were somewhat insignificant to socio-economic improvements. Financial literacy level among members, poor markets agricultural produce, were mentioned as factors affecting the performance of VICOBA. The factors were found to be impediments to performance of VICOBA in some instances. Some challenges include low financial education and markets. The study concluded that, despite the fact that VICOBA contributed to socio-economic contribution of VICOBA members, the contribution had meager impacts since the capital of most members was very little and most of them had a short period experience with VICOBA. It was recommended that, there should be intervention of many stakeholders including the government and social security funds, to invest their funds in VICOBA to boost their capital. This will make members borrow large capital and at the same time attract more members.

TABLE OF CONTENTS

CERTIFICATION	ii
COPYRIGHT	iii
DECLARATION.....	iv
DEDICATION.....	v
AKNOWLEDGEMENT.....	vi
ABSTRACT	vii
LIST OF TABLES	xiii
LIST OF FIGURES	xiv
LIST OF CHARTS	xv
LIST OF ABBREVIATIONS AND ACRONYMS	xvi
CHAPTER ONE	1
INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.2 Statement of the Problem	5
1.3 Research Objectives	8
1.3.1 The General Objective	8
1.3.2 Specific Objectives.....	8
1.4 Specific Research Questions	8
1.5 Significance of the Study	9
1.6 Limitations of the Study.....	9
CHAPTER TWO	10
LITERATURE REVIEW	10
2.1 Introduction	10

2.2	Conceptual Definitions of Terms	10
2.2.1	Informal Finance	10
2.2.2	Microfinance	11
2.2.3	Village Community Banks (VICOBA)	12
2.3	Conceptual Framework	12
2.3	Theoretical Literature Review	13
2.3.1	Social inclusion theory	13
2.3.2	More Explanation of VICOBA and their Significances to Communities	15
2.4	Empirical Review of Literature	17
2.4.1	Benefits of Village Commercial Banking	17
2.4.2	Empirical Review of Literature Related to the Impact of VICOBA/MFIs	21
2.6	Identified Gaps of this Study	24
CHAPTER THREE		26
RESEARCH METHODOLOGY		26
3.1	Introduction	26
3.2	Research Design	26
3.3	The Research Approach	27
3.4	Description of the Study Area	27
3.5	Sampling Strategy	28
3.5.1	Defining the Target Population	28
3.5.2	The Sampling Frame	28
3.5.3	Sampling Population	28
3.5.4	Sample Size	28
3.5.5	Sampling Procedure	29

3.6	Methods of Data Collection	31
3.6.1	Interviews	31
3.6.2	Focused Groups Discussion	31
3.7	Research Instruments	32
3.8	Validity and Reliability of Data	33
3.9	Ethical Issues Consideration	34
3.10	Data Analysis Plan	34
	CHAPTER FOUR.....	35
	DATA PRESENTATION.....	35
4.1	Introduction	35
4.2	Demographic Characteristics of Respondents	35
4.2.1	Respondents Age Groups	35
4.2.2	Respondents' Gender Profile	36
4.2.3	Respondents' Employment Status.....	36
4.2.4	Respondents' Membership Time	37
4.3	Socio-Economic Contrition of VICOBA to Members.....	38
4.3.1	VICOBA Contribution to Education.....	38
4.3.2	Contribution to Health Improvement	38
4.3.3	VICOBA and Food Quality and Eating per Day Improvement.....	39
4.3.4	VICOBA and Food Quantity and Animal Husbandry Change	40
4.3.5	VICOBA and Property Proprietorship Change.....	41
4.3.6	VICOBA and Income Change	41
4.3.7	VICOBA and Financial Matters.....	42
4.3.8	Women Empowerment Change	43

4.4	Qualitative Factors on Socio-Economic Development among the VICOBA Members	44
4.5	To examine the Challenges VICOBA Members Face In Tanzania	45
4.5.2	Miss Trust Among Family Members	46
4.5.3	Pests and Climate Change	47
4.5.4	Inability to Repay Loans on Time.....	47
4.5.5	Disrespect among VICOBA Members.....	48
4.5.6	Disintegration of VICOBA	48
4.6	Suggest Solutions for Improvement of VICOBA Performance in Tanzania	48
4.6.1	Sustainable Financial Education	49
4.6.2	Creation of Reliable Markets	49
4.6.3	Grant greater Capital to Members.....	49
4.6.4	Increase Loan Repayment Time.....	50
4.6.5	Increased Community Mobilization.....	50
4.6.6	Transparency and Feedback.....	50
4.7	Conclusion.....	51
	CHAPTER FIVE	52
	DISCUSSION OF FINDINGS	52
5.1	Introduction	52
5.2	Discussion on Socio-Economic Contribution VICOBA to Members.....	52
5.3	Discussion Based on the Factors Affecting the Performance of VICOBA	54
5.4	Discussion on the Challenges Facing VICOBA Members in Tanzania	55
5.5	Discussion Based on Solutions for Improvement of VICOBA Performance	56

CHAPTER SIX	58
SUMMARY, CONCLUSIONS & RECOMMENDATIONS.....	58
6.1 Introduction	58
6.2 Summary	58
6.3 Conclusion.....	59
6.4 Recommendations	60
6.4.1 General Recommendations	61
6.4.2 Policy Recommendations.....	61
5.5 Recommendation for Further Study	61
REFERENCES.....	62
APPENDICES	68

LIST OF TABLES

Table 3.1: Reliability Test.....	34
Table 4.1: Respondents Age Profile	35
Table 4.2: Respondents' Employment Status	37
Table 4.3: Respondents' Membership Time	37
Table 4.4: VICOBA Contribution to Education	38
Table 4.5: Change in Proprietorship	41
Table 4.6: Income Change	42

LIST OF FIGURES

Figure 2.1 Conceptual Framework.....	13
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LIST OF CHARTS

Chart 4.1: Respondents' Gender Profile	36
Chart 4.2: Contribution of VICOBA to Health Improvement	39
Chart 4.3: VICOBA and Food Quantity	40
Chart 4.4: Changes in Financial Matters Understanding	42
Chart 4.5: Women Empowerment	43

LIST OF ABBREVIATIONS AND ACRONYMS

ADP	Area Development Programme
BOT	Bank of Tanzania (The Central Bank of Tanzania)
CARE	Cooperative for Assistance and Relief Everywhere
FHI360	Family Health International 360
FINCA	Foundation for International Community Assistance
HUYAWA	Huduma Ya Watoto
MFI	Microfinance Institution
MKUKUTA	Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania
MMD	Mata Masu Dubara
NGO	Non-governmental Organization
ROSCA	Rotating Savings and Credit Association
SACCOS	Savings and Credit Cooperatives Society
SAT	Sinapi Aba Trust
SEDIT	Social and Economic Development Initiatives of Tanzania
SOMED	Soweto Microenterprise Development
SPSS	Statistical Package for Social Scientists
VICOBA	Village Community Bank
VSLA	Village Savings and Loan Association
WVT	World Vision Tanzania

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The Socio-economic contribution of VICOBA to beneficiaries' household cannot be over emphasized. It ranges from different contribution such as paying school fees, meeting basic needs, purchasing of scholastic materials (Robert,2008;Sulutan and Hasan,2010). However it is equally important to have a common understanding of the term “VICOBA” It is defined differently depending on how it is used. The term VICOBA is defined a microcredit methodology whereby financial service are administered locally rather than centralized in a formal bank (John H. 2005).

According to FINCA International founder John Hatch Village banking model of Microcredit, under which neighbours in a poor community form a borrowing group. Each Group member is required to save 20% of the money they borrow and agrees to repay any other member default from these savings, there is no other collateral to the loans. The group are self-selecting so default is rare and the savings from the beginnings of an asset base for the borrowers (FINCA, 2005).

Shaipi (2013) explain VICOBA contains group as a member-owned institution composed of a small number of people with the same interest who save together and take small loans from those savings. Nevertheless, a Village Savings is generally a more transparent, structured and democratic version of the informal financial services found in the villages and urban slums in many parts of the developing world. These are Community-managed groups offering savings and loans, have a long history in

both Africa and Asia, and have been supported by a number of international Non-Governmental Organisations, including Plan International, Care International and World Vision, (Roodman 2009). In this model, members make regular savings, which are compulsory if they are to remain members; these are used to provide short-term loans (for one or a few months) to members who request them; and the members get back their savings plus a proportionate share of the interest earned from these loans (Allen and Panetta, 2010).

In South Africa VICOBA encourage regular saving that most of the poor household do not make; Coetzee and cross (2002) asserts that, VICOBA provide loans that are difficult to access in the MFIs such as banks and SACCOS; keep the profits from money-lending within a community. Also saving groups encourage solidarity and cooperation by instituting regular meetings within themselves. In addition, they also offer ‘emergency’ or ‘social’ funds: grants or interest-free short-term loans to members in emergencies. In most of the agencies running savings groups have been encouraging the formation of strong Social funds for the operating groups and this have been kept as integral parts of the savings group. Every members of the group is entitled to contribute the agreeable amount of money for every meeting, this has kept many group in harmony as it serve the members to access grants in times of social events includes death ceremonies, marriages, sickness and other calamities within the community.

In Ghana, the study entitled “Saving group and Education Investment” conducted by (Alderman et al, 2006, Buxton, 2011; Pridmore, 2007), highlights that, VICOBA have other functions of increasing household socio-economic, improve nutrition and reduce

child labour. This mechanism may work through either loans or share outs being invested into farms or businesses, increasing the household's overall income or security of livelihood. In households whose livelihoods require children to work long hours, children are likely to have difficulty staying in school, especially beyond the basic level. Hunger and malnutrition, especially during early childhood, are associated with slower cognitive development, poorer learning outcomes, starting school late, and dropping out early; poor health during school years can also increase the risk of non-attendance or drop-out. If Village banking improves health and nutrition through using loans to pay for health services or having more money to buy diverse foods, they may increase children's school attendance and learning outcomes.

Despite the impacts highlighted behind VICOBA practices, there are also examined challenges and problems. In a study done in South Africa in 2002 by Cotzee and Cross, it was revealed that Village Banks encounter problems from the initial stages to maturity due to weak group structures; high proportion of illiterate group members; weak or ineffective leadership leading to unresolved grievances and disputes; absence of mechanism for equitable division of interest revenue and lack of transparency and access to records.

Also the study revealed that problem for savings and credit groups is how to guarantee reliable payment and reliable management, in the face of unpredictable cash shortfalls and competing demands for available income. However loan default and failure to repay, and risk of management malpractice or embezzlement may largely impose failure of VICOBA/any micro finance system (Cotzee and Cross 2002).

In Tanzania VICOBA have proven to be one of the most effective, low-cost mechanisms to provide basic financial services to the poor, particularly in rural areas, at very large scale. VICOBA lending scheme has already proved to be one of the better tools for community emancipation socially and economically in Tanzania. There are a lot of testimonies and recorded facts from the VICOBA practitioners in Tanzania as derived from the Documentation Report by the Ministry of Finance and Economic Affairs/Poverty eradication Department (2009). VICOBA makes members become courageous and are built in mutual support habit, poor people are transformed for possession, and VICOBA is a place where individual livelihood and interpersonal relationships are bettered. According to the testimony from Mr. Yusuph in Kilwa district, VICOBA provides food and education; “those used to one meal a day are lifted to two, three and even more meals per day, those who couldn’t afford education cost become education tycoons” (Bakari et al 2014).

According to Kihongo (2005), it shows that the institution was faced by inadequate capital for credit, and members were unsatisfied with the interest rate, unavailability of credit and procedures for credit acquisition. In another study by Lema (2011) in Njombe district it was learnt that Inadequate entrepreneurship skills was mentioned by many respondents being the main problem they faced followed by inadequate capital, local Authority Taxes and lack of permanent office.

In a study done by Kihulya (2007) it was reported that the members of formal and semi-formal financial institutions in Tanzania encounter multiple challenges including lack of collateral, high interest rate ranging from 20% to 40%, short term repayment and rudimentary repayment schedule. On another hand those who are members of

informal financial institutions such as ROSCAs, VICOBA and VSLAs complained of small amount of credit, lack of shares, and sometimes lack of business management trainings.

This study focuses on assessment of existing VICOBA at Katerero ward towards improving socio-economic transformation of beneficiaries. Katerero is found in Bukoba rural district with the total population of 5,884 and is among 28 wards in Bukoba rural (National Bureau of Statistics (2012)). This study focused at Katerero ward because among 28 ward in Bukoba rural World Vision in Kagera established and developed many VICOBA compared to other wards about 30 groups with 750 group members (Katerero AP, 2016). The study need to assess the influence of VICOBA on socio-economic development to beneficiaries at Katerero after the support from World Vision Tanzania and no any study conducted at Katerero.

1.2 Statement of the Problem

Labaree and Scimeca (2016), defined research problem is a statement about an area of concern, a condition to be improved, a difficulty to be eliminated, or a troubling question that exist in scholarly literature, in theory or in practice that points to the need for meaningful understanding and deliberate investigation.

Robert et al (2008), in the report entitled “*Microfinance and environmental sustainability at selected sites in Tanzania and Kenya*” reviewed that the Village Savings and Loans Associations which in this study includes VICOBA have good results and benefit with the financial services they received and, as a result, have been able to make great positive changes to their lives. In communities that have relatively

high poverty levels, the schemes are having some impact. Members appreciate social changes, with the solidarity groups creating a strongly supportive group framework for personal savings and business development. Members also feel that have improved social status due to increased wealth and social interactions (Anyango *et al.* 2006, 2007).

Cheston and Kuhn (2002), concludes that statistics somehow justify giving priority to increasing women's access to financial services on the grounds that women are relatively more disadvantaged than men. Therefore, by providing access to finance for income-generating activities, microfinance institutions can significantly reduce women's vulnerability to poverty (ibid). Noreen (2011) argued that microcredit services lead to women empowerment by positively influencing women's decision making power at household level and their overall socio-economic status within the community. Access to credit is argued to have a potential contribution on improved resource base among women borrowers. Evidence reveals that micro credit provision can potentially enhance income generating activities and build assets and consequently improve status of women both socially and economically.

On their study Sultana and Hasan (2010) found out that women who had access to microcredit experienced income increase and able to save more money as compared to those without. Another important outcome revealed by the study was increase in the women's ownership of productive assets, like land, Television/radio, cars, houses as result of accessibility to credits because they could afford such assets through profits generated from their businesses financed by VICOBA. Also Rutenge, O. S. A. (2016). Assessing the Contribution of village Community Banks on Household

Welfare: A case study of Kishapu District, Shinyanga. Master of Social Work Dissertation. The Open University of Tanzania. Another one is Ngalemwa D. M. (2013). The contribution of Village Community Banks to income Poverty Alleviation in Rufiji Delta. Master of Arts in Rural Development Dissertation. Morogoro: Sokoine University of Agriculture Specially on women empowerment. Ollotu, A. A. (2017) Contribution of village Community Banks (VICOBA) to economic Development of Women in Tanzania: A case study of Dodoma Residents. Masters of Business Administration Dissertation. The University of Dodoma. Study by Chipindula, H. and Mwanga, J.E (2015) Assessing the role of Village Community Banks in Social Empowerment of Women within households in rural communities of Mtwara District, Tanzania.

VICOBA have shown positive indicators on both gender, social and economic influences in different intervened contexts in Tanzania. It has been competitive model within the communities and has shown good results to its beneficiaries. VICOBA which is a microfinance institutional model of its type in Tanzania, has been used to improve socio-economic status of its beneficiaries has not been studied in Kagera region especially at Katerero ward where there is great support from World Vision Tanzania in VICOBA found at Katerero ward compared to Rwamishenye where World vision is not existing.

Therefore the researcher's motive to conduct the study on the influence of VICOBA on improving the life standard of its beneficiaries in Katerero ward embed on the reality that the achievement and failure of microfinance is simply standing out in its performance across three sustainability criteria, financial, social and environmental,

Robert et al (2008). Thus by conducting this study in Katerero ward where WVT support VICOBA, with its peculiar history of finance, the influence of VICOBA on socio-economic development of community members after the support from Katerero Area Program was revealed.

1.3 Research Objectives

This research comprised general and specific objectives.

1.3.1 The General Objective

The general objective of this research was to know the contribution of VICOBA on beneficiaries' socio-economic development in Katerero.

1.3.2 Specific Objectives

- (i) To assess Socio-Economic Contrition of VICOBA to their members in Tanzania
- (ii) To eximine qualitative factors affecting socio-economic development among the VICOBA members in Tanzania
- (iii) To observe the challenges VICOBA members face in Tanzania

1.4 Specific Research Questions

- (i) How is the socio-economic contrition of VICOBA to their members in Tanzania
- (ii) What are the qualitative factors affecting socio-economic development among the VICOBA members in Tanzania
- (iii) What are the challenges VICOBA members face in Tanzania
- (iv) What are the possible solutions for improvement of VICOBA performance in Tanzania

1.5 Significance of the Study

This study has the following significances: Firstly it will bring knowledge and skills to the practitioner in the area, strengths, and bring understanding on operations of Micro Finance especially VICOBA in improving peoples' economy especially those who are living in rural settings where by financial institute like Banks are very limit.

Secondly the study will enlighten the poverty eradication institutions and strategies on steps to take in order to achieve maximum benefits in their microfinance activities and initiatives. This will help to have clear understanding and knowledge on how effectively VICOBA it is and what should be done to strengthen the system.

Thirdly, the research will help policy makers to identify the value in existing body of knowledge about the operations of microfinance institutions in Tanzania; therefore will show how VICOBA can be a successful approach in improving financial status of poor community especially in rural area. Also this will real help the to have proper planning on which areas to be improved mostly.

1.6 Limitations of the Study

Time and resources limitation were among the major obstacle for this study. The researcher also faced some methodological limitations especially is sampling strategies. Given the large number of population VICOBA save in Katerero district, he had to sample relatively large sample of 200 respondents. This created data collection limitations as the researcher had to use a lot of time collecting and coding survey panel data.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

According to Taylor (2014) a literature review is an account of what has been published on a topic by accredited scholars and researchers. According to Gibson (2013), literature review is a section that attempts to present a critical review of the available literature on the subject of research.

In writing this study the literature review purpose is to convey to reader what knowledge and ideas have been established on a topic, and what their strengths and weaknesses are. Therefore in this study, this chapter on Literature review is comprised of conceptual definitions for microfinance, VICOBA, Socio-Economic Impacts, critical review of supporting theories, empirical analysis of relevant studies, identified research gaps, conceptual frame work, statement of hypothesis and summary.

2.2 Conceptual Definitions of Terms

2.2.1 Informal Finance

Informal finance consists of savings and credit transactions among individuals and firms that are not registered with the government as financial intermediaries and are not subject to government supervision. The scope of informal finance is extremely diverse and is generally conducted within broader relationships (Von Pischke, 1991). It starts from kinship and extends outward among family, friends, social bonds, and includes credit associated with commercial transactions, commodities, and land tenure arrangements. Informal finance includes relatives, friends, neighbours, landowners,

professional money lenders, Susu groups, market vendors, store owners, and pawnbrokers (Sowa, 1989; Germidis, et al. 1991; Christensen, 1993).

Among the informal finance includes informal Savings and credit groups which have operated for centuries across the developing world. In 1515 Pope Leon X authorised pawn shops to charge interest to cover their operating costs. In 18th Century Irish Loan Fund system initiated which provides small loan to poor farmers who have no collateral (Novetel, Lami November 2009). The understanding of this informal finance is very relevant to this study since Village Commercial Bank are locally operated.

2.2.2 Microfinance

According to Novetel, Lami (2009) Micro Finance means building financial system that serve the poor people, this system includes Savings, transfers, insurance and credit. The Central Bank of Tanzania (2014) refers to microfinance as those microcredit institutions which are involved in activities directed at providing access to financial services for working poor or small and micro-enterprises. Micro-financial services comprise of micro credit, savings, micro leasing, micro insurance and other forms of financial services. The microfinance market consists of the poor who are essentially involved in some form of economic activities (Bank of Tanzania, 2005).

In Africa, Microfinance Institutions emerged as a result of financial sector reforms, which took place in 1990's aiming at developing sustainable, efficient and effective financial systems through strengthening monetary control, boosting deposit mobilization, stimulating competition in financial markets, enhancing the efficiency in

financial services provision and financial resources allocation, structuring insolvent banks and promoting the diversification of financial services hence lead to formation of informal financial institution (Kibirango et al, 1992). This study falls under Microfinance Model.

2.2.3 Village Community Banks (VICOBA)

According to SEDIT (2008), explain VICOBA as grassroots based lending model, which focuses on fostering beneficiary's ability to manage viable income from generating activities. This is explanation very important to the study because it gives clear understanding of VICOBA.

2.3 Conceptual Framework

As McGaghieet *al*, (2001) put it: The conceptual framework "sets the stage" for the presentation of the particular research question that drives the investigation being reported based on the problem statement. The problem statement of a thesis presents the context and the issues that caused the researcher to conduct the study. Therefore, a conceptual framework represents the researcher's synthesis of literature on how to explain a phenomenon. It maps out the actions required in the course of the study given his previous knowledge of other researchers' point of view and his observations on the subject of research. In other words, the conceptual framework is the researcher understanding of how the particular variables in his study connect with each other. Therefore from my topic, the Impacts of VICOBA is the independent variable and the dependent variables are impact parameters of income level, assets creation, education and health improvement, business capital and meals improvement. Therefore, the

interpretation is that, income level, assets creation, education and health improvement, business capital and meals improvement directly depends on the realization of impact. Henceforth, this also depends on a number of other intervening variables, namely; the financial resources, social relations, group members' attitude, level of engagement of partners/stakeholders, relevance of the model and capacity building. The below conceptual framework illustrates dependent and independent variables in this study.

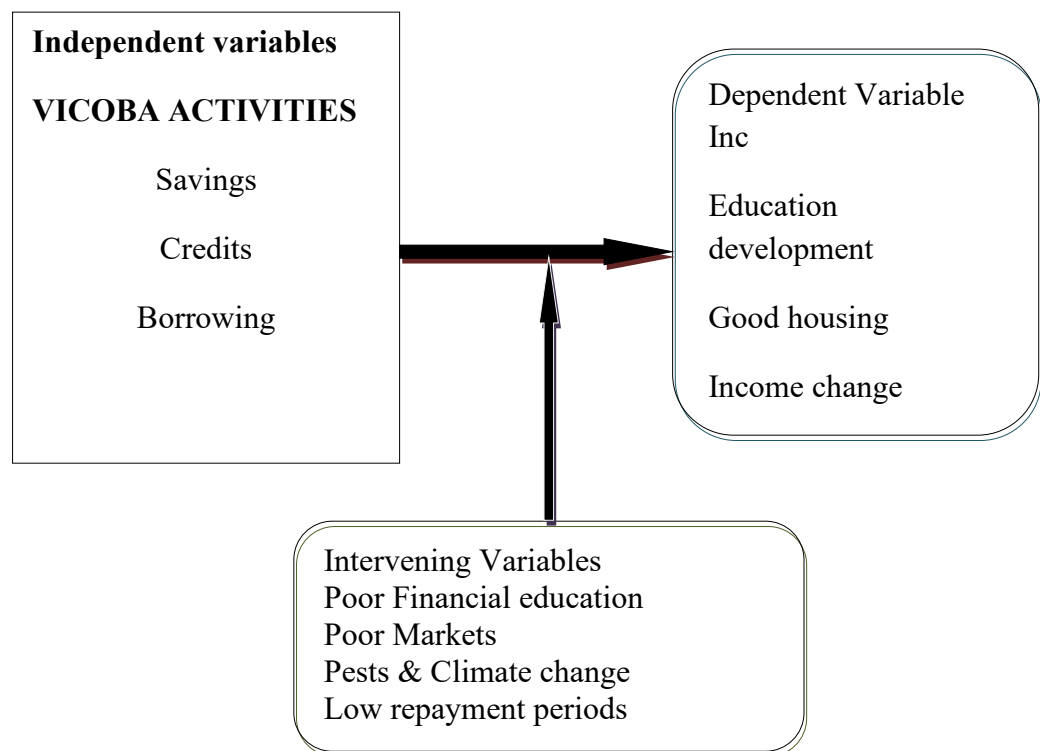


Figure 2.1 Conceptual Framework

Source: Adopted from Cobar (2009)

2.3 Theoretical Literature Review

2.3.1 Social inclusion theory

Ghatak (1999) asserts that the provisional of a theory is based on two proportions which are the existence of joint liability and the selection of group members by

borrowers themselves. Thus, this is why they can potentially achieve high repayment rates despite the fact that borrowers are not required to put in any collateral.

This theory is also linked with ‘‘Social exclusion theory’’ by Anna and Heidi (2009) which asserts that health risks are positively associated with involuntary social, economic, political and cultural exclusion from society. The group-lending model of microcredit is a development intervention in which small-scale credit for income-generation activities is provided to groups of individuals who do not have material collateral. For that reason VICOBA as my interested area of study have the same criteria and fall in group lending theory which also expresses many impacts in operational areas.

Anna and Heidi (2009) expand the theory that microcredit can affect health status in four different ways: including health emergencies; such as improved nutrition; For many participants, the group-lending model of microcredit can mitigate exclusionary processes and lead to improvements in health for some; for others, it can worsen exclusionary processes which contribute to health disadvantage.

Weiss and Montgomery (2014) The implication of these findings are that, VICOBA have not optimally contributed to the wellbeing of members. This implies that, despite the existence of VICOBA social problems have just been reduced and not eradicated. This situation is attributed my many factors including challenges facing the VICOBA presented in this thesis. There are also demographic characteristics of respondents that hindered the optimal contribution of VICOBA to social development of citizens. For example most members said they had only 1-3 experience with their VICOBA an

aspect that restricted optimal exploitation of the VICOBA, maturation of projects and their subsequent contribution to social developments of the members. The implication of these findings are that, given grater time frame, there is a room for optimal exploitation of VICOBA and trigger greater impact to social developments of their members.

Asserted that Microfinance institutions attempt to overcome these barriers through innovative measures such as group lending and regular savings schemes, as well as the establishment of close links between the poor clients and staff of the institutions concerned. It is argued that, the poor can finance productive activities that will allow income growth, provided there are no other binding constraints, Robinson (2001) and Weis et.al, (2014).

Therefore the two studies by Robinson (2001) and Weiss et al (2014) respectively, though were done in different periods and places, relate to the theories above and to this study only that they never explained income status and changes attained by beneficiaries after joining VICOBA and how was their socio-economic status before, and their changes in economic status will it be sustainable? Those are gaps that my study intended to look for.

2.3.2 More Explanation of VICOBA and their Significances to Communities

A fundamental feature of modern African cities is the growth of the informal economic and cultural urban environment, (Dean and McHenry, 1981). Generally, informality is understood as the growing economic ties between different groups of people that are not regulated by the government and not taxed. In this research,

informality is understood as the participation of citizens in the informal associations, organizations and mutual self-help groups, as well as the creation of their own grassroots socioeconomic projects that are not regulated by the state.

VICOBA are grassroots organizations which promotes the participation of members to save their money and generate income through a revolving loan fund. VICOBA groups rely on a simple structure whereby there is chairperson, secretary, treasurer, money counters and discipline master and the remaining individuals are members (SEDI, 2010). VICOBA usually contain 5-30 people who agree on a particular amount to save on a fixed interval of days, usually a 7-day week. The members rely on the mutual trust and each member contributes to the agenda of his/her VICOBA.

The simplicity of VICOBA formation and the affordable requirements for loans have made VICOBA one of the most desirable group lending strategies. The VICOBA groups may arrange various group training opportunities especially to improve small business management skills. Such training can lead to improved socioeconomic status of members (URT, 2009).

VICOBA like any other microfinance schemes target low income community members to encourage savings and provide access to micro-loans for small enterprise development (SEDI, 2010). According to SEDI (2010), VICOBA schemes have proved to be very effective in rural communities where they operate with minimal cost; the groups can easily be integrated into other development initiatives and often achieve significant results within a short period. Generally, access to micro-loans can be essential in poverty alleviation especially for those poor rural households which lack access to credit from formal financial institutions due to a lack of collateral.

However, the VICOBA strategy has been adopted in both urban and rural areas with comparable success. VICOBA are socioeconomic organizations established to provide financial services to the rural and urban poor. Unlike other more formal financial institutions, VICOBA groups establish a culture of savings and lending at low interest rates, (SEDIT, 2008). Initially intended for rural areas, VICOBA have now become popular in urban areas where urban poverty has escalated due to increased population and unemployment. Moreover, VICOBA protect members from the high interest rates imposed by formal macro financial institutions such as banks and SACCOs.

According to Grant et al. (2002), VICOBA can be fundamental in transforming the socio-economic lives of communities through soft loans. VICOBA members are empowered to learn the importance of goals and objectives as well as the rules and regulations guiding the operations. According to SEDIT (2008), VICOBA promotes the sharing of entrepreneurial skills among members. Communities, families and individuals usually achieve improved living standards with access to basic needs and improved health and education.

2.4 Empirical Review of Literature

2.4.1 Benefits of Village Commercial Banking

Weiss and Montgomery (2014) conducted the study by using comparative analysis that included the study on 25 groups in Niger that were supported by CARE. The study found that the Village Banking model is an attempt to dramatically expand rural outreach by keeping systems simplified enough to be easily replicable yet flexible enough to meet financial capital needs of its members. The author asserted that “Niger is an interesting place to analyse the model’s potential, VICOBA in Niger is based on

a traditional rotating savings and credit association (ROSCA) practiced in the region known as *asusu*. Like all ROSCAs, profits generated from the activities are “cashed out” or “shared out” after a few months and each member receives their share keeping the resources in the community” Hamadziripi (2008).

This study relates to mine given that it explores the impact of VICOBA in improving socio-economy among the beneficiaries, however my study will build up the gaps that are not covered such as to highlight key changes in attainment of basic social services before and after saving intervention supported by Katerero ADP in Bukoba rural district especially Katerero ward and explore the sustainability of these changes attained.

Afrane (2002) conducted a study in Ghana and South Africa entitled “Impact Assessment of Microfinance Interventions in Ghana and South Africa” by using statistical analysis. The study analysed the nature and degree of impact of the two credit schemes (SAT and SOMED) and further examined the differential effects of the program on factors like gender, business activities, access to social facilities, participation in community activities. This study is also linked to social exclusion theory in one way or another as he found that the loan borrowed by group members has made the difference to attain high levels as explained. “The positive impacts were reported by the clients of SAT for food and nutrition and children’s education, the two important indicators recorded 75% and 70% positive change, respectively. The majority of them saw the financial support they received as a means that had enabled them to gain public respect, acceptance, recognition, and an enhanced involvement in the decision-making and development affairs of their communities. Also self-

confidence, leading to an enhanced ability to participate in community discussions was another impact. Some members have taken responsible social positions due to MFI's empowerment. This implies that some of the economic gains from the loan scheme were being channelled to support Christian and other social works''. Therefore my study will not only focus on socio-economic impacts of VICOBA as explored by Afrane (2002) but will bridge the gap to show the sustainability of the model that can increase groups capacities to sustain the stated impacts.

Jeremiah and Furaha (2015) conducted the study on the failure of VICOBA in Meru district in Tanzania on the practice of SEDIT and revealed that VICOBA groups contained 25 to 30 members for each group, who were provided with trainings to build capacity of members to manage their projects. SEDIT provides technical skills to group members through training. Members are equipped with the knowledge and skills on the meaning and importance of a VICOBA group, leadership committee, rules and regulations, conflict resolution skills, saving and credit operations guidelines, and any cross cutting issues relevant to each particular community such as HIV/AIDS and finally entrepreneurship skills (SEMIT, 2008 in Jeremiah and Furaha, 2015). On the other hand, the study by Jeremiah and Furaha, does not really state the contribution of VICOBA in improving the economy status of its beneficiaries, as well as does not state the sustainability of changes attained through the same.

The study by Bakari et al (2014) revealed that VICOBA has benefited the poorer group of people in developing countries who were initially termed as the "unbankables" by the formal microfinance setting. Through VICOBA, poor rural especially women have been able to save or obtain loans to help them set up or

improve business, invest in long term life needs such as health, education or be able to deal with emergencies.

ILO (2008) also states that VICOBA have empowered its members who are the sole owners in different skills such as governance, accountability, business management and have enhanced women's confidence and improved their status in the community. Members of VICOBA command all group operations in their own way. They contribute their shares and social protection amounts on weekly basis. After 14 to 16 weeks of training, they take loans to support already identified relevant and realistic projects. Some of groups that operate under Village savings members meet after every 7 days for contribution. For the first few months they take short term loans of three months. Later when they have gained competency in entrepreneurship skills they take long term loans of six months.

Each loan is taken by a member returned to the group with added value. This kind of operations, as it is in many other microfinance institutions, is highly praised to reach many unreached marginalized population and facilitate their access to financial services, and hence improves livelihood activities of millions of both urban and rural households. Also for a long time, provision of micro credit services to low income people has been hindered by lack of collaterals for small borrowers.

According to SEDIT and ILO (2008) most communities nowadays have village banks from which members borrow small loans. Therefore if the community especially members of the village bank, had been provided with training in business skills they will be able to utilize the loans effectively.

Despite of this strength and success discussed, but still most of VICOBA collapse at the infant stage while goals and objectives are the same due to the fact that the majority of the population served by the village bank are illiterate or semi-literate especially in rural settings which makes it more challenging in business management (Bakarietal 2014, ILO 2008, Norwegian Church Aid Annual Report, 2010).

According to Magali (2013) microfinance groups such as VICOBA, many cooperatives in Tanzania suffer and face the problems of poor management, embezzlement, lack of working capital, poor business practice and high loans, delinquency rates. The problem of Non-Performing Loans (NPL) is caused by poor management and, lack of commitment on follow-up.

Some studies in Tanzania have been conducted to assess the performance of different VICOBA operating in different parts of the country. In a study done by Kihongo (2005) in Ukonga Dar es Salaam, it was revealed that the institution was faced by inadequate capital for credit, and members were unsatisfied with the interest rate, unavailability of credit and procedures for credit acquisition. In another study by Lema (2011) in Njombe district it was learnt that inadequate entrepreneurship skills was mentioned by many respondents being the main problem they faced followed by inadequate capital, Local Authority Taxes and lack of permanent office.

2.4.2 Empirical Review of Literature Related to the Impact of VICOBA/MFIs

Stewart et al (2010), used the qualitative method to assess the impacts of Village Banking Model in poor people and he found that when loans from microfinance institutions are not invested in right channels, business fail to have high profit in order

to pay back loan and interest rates. He found that people consumed more of their loans instead of investing in the future; 67% of people investing in the long term ventures like children education, health services, nutrition, housing and non-productive issues like weddings and funerals ceremonies which it is not enough to get returns in their investments. In this study of Stwwart he did not show the great contribution of VICOBA in socio-economy of beneficiaries, this is the gap looking to find out at Katerero.

Mwakaje and Girabi (2013), by using a descriptive and multiple regression analysis revealed that 98% of respondents are from CB (Credit Beneficiary) and NCB (Non-Credit Beneficiary) and that CB has high productivity than NCB because the former is better in accessing market for members' produced commodities and adoption of improving technologies than the later. They also found that lack of information; inadequate credit supply; high interest rates and defaulting are the factors that hinder smallholder to access credit.

Soares (2011) used the randomised experiments, quasi-experiments, natural experiments and regression based approaches to evaluate microfinance in Latin America and the Caribbeans, and found that the positive effects the clients can gain from microfinance depends on potential clients, characteristics of clients and the constraints they face in these variables such as income, education, employment and business performance. He also argues that good financial and social performance is highly important for MFIs. Without meeting high standards, MFIs may not be able to have positive impacts on their clients.

In their study done in Bangladesh, through regression analysis, estimated the effect of microcredit obtained by both male and female clients of Grameen bank and two other group-based microcredit programs on various indicators such as expenditure on household consumption, health, education and welfare(Pitt and Khandker , 1998). They showed that the clients of the program could gain from participating in microfinance program in many ways. It was also clear that per-capital consumption could be increased by accessing a loan from a microcredit program. Al-Azzam et al (2013) in his study in Dubai, used a regression analysis and found that deposit access and deposit capacity both have positive and statistical impact on MFIs profitability.

Ngalemwa (2013) conducted a study in Morogoro Tanzania, using a cross sectional research analysis and found that 90% of members in village community banks had benefited as per their expectations and were improving their life standard. The study further revealed that members of Village Community Banks had acquired entrepreneurial knowledge and skills and were able to start income generating activities (IGA) without having to rely on external support. Ngalemwa in his study he did not show the sustainability of VICOPA, this is the gap this study intended to look for.

Sulle et al (2012) conducted a study in Serengeti Tanzania using a descriptive analysis, and revealed that 64% of village community banks' members were women, and that compared with men from other studies, women are poor than men. The study revealed that 76 percent of women members had a higher participation in microfinance institutions and showered a decrease in the level of poverty.

Magali (2013) conducted a study on impacts on Village Savings and credit cooperatives (SACOSS) loans on borrowers in Tanzania in Morogoro, Dodoma and Kilimanjaro regions using a t-test and logic regression analysis. The study revealed that 73.5 % of rural SACOSS' borrowers in Tanzania realized improvements of their lives on education and health, physical assets, and business capital.

However there are also negative impact associated with microfinance lending in developing countries and they include but not limited to stress in loan repayment which lead to low income to beneficiaries, confiscation of assets which lead to poverty and increase of workload among members due to the fact that they need to work very hardtop pay back the loan this make them to work under pressure (Kato and Kratzer, 2013).

Therefore the intention of this study is to find out the key changes that VICOBA makes to its beneficiaries, and assess how sustainable are these changes, but most important how this forms of microfinance operations generate economy to community members and how the community interventions can strengthen the same.

2.6 Identified Gaps of this Study

The findings of this study worked to clear the gaps identified from the above literatures where the earlier studies were quantitative hence denied the ability to gather amount of information by using a range of different techniques from qualitative approach and contribute to the existing body of knowledge and form a basis for future researchers. The research was is different from many of the researches done earlier in

a sense that, this is a pioneer research to be conducted in Katerero ward. While all of the studies studied were quantitative, this was a mixed research which allowed room for respondents to air their views and hence achieves a greater validity which will help to existing knowledge.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section describes the study design and the methods which will be used in the study of the impacts of VICOBA in socio-economy status of beneficiaries at Katerero ward. It presents the research design, research approaches, and data collection methods, sampling techniques, ethical considerations and finally data analysis methods.

3.2 Research Design

A research design is the framework or plans, used to guide in collecting and analyzing data (Churchill, 1995). It is the blueprint that has to be followed in completing a study (Churchill & Lacobucci 2002). Indeed, research design is like an architect's blueprint for the house through which all major parts of the research will be guided (Churchill, 1995). This study used two research designs namely exploratory research design and descriptive or correlation research design. Exploratory research design was used to identify factors affecting the performance VICOBA and identify the challenges and suggestions for improvement of VICOBA performance.

Descriptive research design was used particularly for objective to relate VICOBA activities and social-economic development of citizens such as improvement in medication, education, housing and income growth. In this study both exploratory research design and the descriptive research design were both customised specifically to this study for both research tradition which are qualitative approach and

quantitative approach. By using exploratory resech design researcher used qualitative approach for collection,analysing and interpretation of data. Descriptive research design used for quantitative approach for collection and analysing data.

3.3 The Research Approach

This research followed the qualitative and quantitative research traditions. The former was important for collection, analysis and interpretation of data using exploratory research design, while the later was essential for collection and analysis of descriptive design data.

3.4 Description of the Study Area

This study was conducted based on Microfinance institution preferably on VICOBA that are found within World Vision Tanzania operation areas in Katerero ward. Katerero ward is among the 28 wards that form the Bukoba rural District in Kagera Region of Tanzania. According to National Bureau of Statistics (2012) in 26th August 2012 Population and Housing Census, the population of the Bukoba Rural District is 289,697 and that of Katerero ward is 5,884. The residents of the district practice diverse economic activities key among them being: farming, fishing, livestock rearing and sand mining. Bukoba Rural District is one of the eight districts of the Kagera Region of Tanzania. It is bordered to the north by Missenyi District, to the east by Lake Victoria and Bukoba Urban District, to the south by Muleba District and to the west by Karagwe District. Its administrative seat is Bukoba town. The specific area is selected because firstly there are number of VICOBA established by World Vision providing loans to community members in the area compared to other areas. Secondly those selected ward is WVT operations areas that apply VICOBA model while WVT

has been using this model to facilitate different interventions to farmers of the area. Thirdly the areas is easy to reach and groups are not scattered that will save time and budget during data collection.

3.5 Sampling Strategy

3.5.1 Defining the Target Population

The population intended for this study involved clients of VICOBA in Katerero Ward in Tanzania.

3.5.2 The Sampling Frame

Sampling frame is listing of elements from which an actual sample was drawn from (Kothari, 1995). This study obtained a list of respondents from VICOBA members supported by World Vision Tanzani via Katerero ADP.

3.5.3 Sampling Population

The target population for this study were VICOBA members from VICOBA supported by World Vision in Katerero ward in Kagera region. The ADP support 30 groups in the ward,(Katerero,2016), where by each group had 25 members hence study population of Katerero ward VICOBA members were 750.

3.5.4 Sample Size

Sample size is the amount of respondents sampled for the study. This study had a size of 261 respondents in total for survey respondents. However, the response rate of 77% leads to selection of only 200 respondents. However, the response rate problem was covered by qualitative data respondents from 5 focused group discussion with 12

representatives members from each group who amounted to 60 respondents. Thus, overall, the study sample was 260 respondents in total. The sample size for survey respondents was done using formula adopted from Yamane (1967).

$$n = \frac{N}{1 + N * (e)^2}$$

n = the sample size

N = the sample frame

E = the acceptable sampling error

Therefore;

$$n = \frac{750}{1 + 750 * (0.05 \times 0.05)}$$

$$n = \frac{750}{2.875}$$

$$n = 260.82261 \sim 261$$

Therefore the Sample size is 261

Adapted from, Yamane (1967) and Glenn (1992)

3.5.5 Sampling Procedure

Sampling procedure refers to the process of selecting a suitable sample for your study. Sampling procedure is inextricably intertwined with identification of sampling frame (Churchill Jr. 2002:452). This research adopted two types of sampling procedure, namely probability sampling and non probability procedure. The type of probabilistic

sampling employed was simple random sampling. In non probabilistic sampling, purposive sampling was employed.

(a) Simple random sampling

Simple random sampling was used as a probability sampling method. Here respondents had equal chance of being selected. The procedure involved listing clients of VICOBA and writing them on pieces of paper which amounted to the population of study. The papers were tossed and selected randomly to amount to 261. Those selected were corresponded with names in the list and were picked for the study. Probabilistic sampling was very suitable for quantitative data in this research.

It should be noted that though this is both a qualitative and quantitative research and simple random sampling is antagonistic to qualitative research, qualitative data was yet obtained through semi structured questionnaires through the same simple random sampling. This is because, in a semi structured questionnaire, qualitative and quantitative data are inseparable.

(b) Purposive Sampling

Purposive sampling was used as a sampling method for non probabilistic sampling. Purposive sampling was used for selection of qualitative research respondents. Purposive sampling was used for selecting respondents with in-depth information on the contribution of VICOBA on socio-economic status of respondents. Purposive sampling was opted due to the fact that it has the ability to gather large amount of information by using a range of different techniques like observation. With this procedure of purposive sampling specific people with a particular characteristics like

duration period as a member, ability to express ideas to mention just a few, who will be able to assist with the relevant information were selected this was done with the great support from Katerero ADP team and VICOBA leaders.

3.6 Methods of Data Collection

Data collection methods are also called tools of data collection. This research used interviews and focused group discussions as data collection methods.

3.6.1 Interviews

This research made personal interviews VICOBA members and leaders as respondents. The interviews were structured and concentrated on the contribution of the VICOBA on socio-economic contribution of their members. The structured interviews were personally administered by members.

3.6.2 Focused Groups Discussion

According to Anita (1997) the main purpose of a focused group interview is to draw, from interviewees, feeling, attitudes, experience, beliefs and reactions to a topic under discussion in a way that, other research methods could not. Its difference with individual interviews is that, it involves more than one respondent in the discussion.

Focused group discussions were conducted in all Katerero ward VICOBA. These respondents had in fact key information on the influence of VICOBA on socio-economic developments of their members. For the list of focused group panel, refer acknowledgement section.

The focused group discussion took place on for various VICOPA sometimes between 8th and 20th of March 2018. The respondents were informed of the researcher's coming in advance. The advantage with focused group discussion is that, the researcher had prior discussion with respondents on the subject matter before the discussion commenced (see O'Connor, 2010).

This helped the respondents to have prior information on the nature of the subject matter in discussion and increased accuracy on the information sought. The researcher used all principles of a focused group discussion to solicit data from the respondents. He played the role of a discussion moderator while respondents made all contributions. All data were recorded using the researcher's android phone. Before commencement of the discussion, the researcher introduced himself and the subject matter.

He then asked respondents to introduce themselves. He then started asking the respondents questions, which were relevant to the topic. The discussion was moderated allowing everyone to contribute own ideas, which were given due attention regardless of what the response was. The discussant were 12 on average for each of the groups.

3.7 Research Instruments

Questionnaires were used as tools of data collection. Questionnaires are a very convenient way of collecting useful comparable data from a large number of individuals. However questionnaires can only produce valid and meaningful results if the questions are clear and precise and if they are asked consistently across all

respondents. Careful consideration therefore needs to be given to the design of the questionnaire According to Mathers et al (2007). In this research, structured questionnaires were used for quantitative data collection while interview checklist was used for qualitative data collection. The questionnaire comprised likert scales of (1) a lot to (3) a little.

3.8 Validity and Reliability of Data

This research has used various techniques to ensure validity of research findings. These include (i) use of mixed methods and in this case both qualitative and quantitative data were used (ii) careful composition of questionnaire to make sure that, the variables under investigation are consistent with the concept and topic under study (iii) pretesting of research instruments to make sure that the variables under study did not have any error. This was done to 15 people (iv) the researcher ensured that data was carefully coded and analyzed. (iv) The researcher ensured that, the sample under study was representative.

According to Phelan and Wren (2005), reliability is the degree to which an assessment tool produces stable and consistent results while “Validity refers to how well a test measures what it is purported to measure.

Reliability test of instruments was done to test internal consistency of instruments. The researcher examined internal consistency of scale by computing the Cronbach alpha co-efficient for assessment of reliability. Reliability of scale was Cronbach’s alpha 0.945 which is considered very good reliability. This statistic is reflected in the Table 3.1.

Table 3.1: Reliability Test

Cronbach's Alpha	No of Items
.945	24

Source: Field Survey (2018)

3.9 Ethical Issues Consideration

Resnik (2015) defines ethical considerations in research as the norms or standards for conduct that distinguish between right and wrong. They help to determine the difference between acceptable and unacceptable behaviours. In the finding of this study, the researcher ensure that all ethical issues are considered including avoiding fabrication or falsification of data and therefore, promote the pursuit of knowledge and truth which is the primary goal of this study. The researcher also ensured confidentiality of all respondents' information. He also made sure that, permission for data collection was given by the Deputy Vice Chancellor office of the Open University of Tanzania.

3.10 Data Analysis Plan

Tilahun (2009) defines data analysis as processes and procedures whereby data that are collected are put into some form of explanation, understanding or interpretation of the people and situations we are investigating. This research used both qualitative and quantitative research strategies. Quantitative data was done with the aid of the SPSS programme. Data were analyzed and tabulated in tables and charts. Qualitative data analysis was done through content analysis of transcribed data of focused group respondents. Direct quotation with significant information was put in quotations.

CHAPTER FOUR

DATA PRESENTATION

4.1 Introduction

This chapter presents and interprets findings of the study. Presented in this chapter are the demographic characteristics of respondents and data pertaining to the influence of microfinance services on the improvement of their members. Since this a structures questionnaire, analysis of data in this chapter will follow both qualitative and quantitative data analysis approaches.

4.2 Demographic Characteristics of Respondents

This section presents demographic characteristics of respondents, which is essential for proper understanding of this inquiry.

4.2.1 Respondents Age Groups

When respondents were asked what their age groups are, findings revealed that only thirty six (18%) of all respondents were aged between 15-25 years, while 164(82%) of all respondents were aged above 25 years. This implies that, most of microfinance members had responsibilities that drove them to join microfinance services, with the aim of improving their socio-economic status. Findings on age status are reflected in the Table 4.1.

Table 4.1: Respondents Age Profile

	Responses	Frequency	Percent
	between 15- 25 years	36	18.0
	above 25 years	164	82.0
	Total	200	100.0

Source: Field Survey (2018)

4.2.2 Respondents' Gender Profile

When respondents were asked what the gender was, findings revealed that, majority of the respondent 65.5% were females while the rest of 34.5% were males. It seems that, women have the highest spirit of joining cooperatives than men, since more than half of the respondents were female. In this regard, women are becoming more responsible for taking care of their families compared to men. Findings gender profile for respondents is found in the bar chart 4.1.

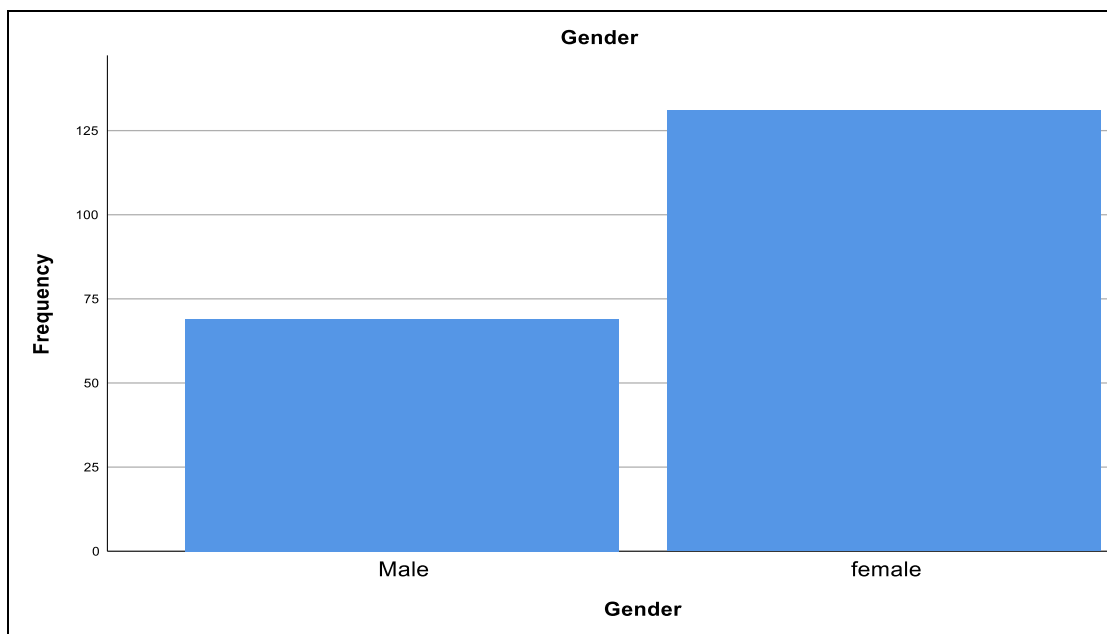


Chart 4.1: Respondents' Gender Profile

Source: Field Survey (2018)

4.2.3 Respondents' Employment Status

When respondents were asked what their employment status was, majority of the respondents who amounted to 164 (82%) were self employed, 24 (12%) of the respondents had formal education and 12 (6%) of all respondents were unemployed. These findings indicate that, most of people in the up country of Tanzania who join VICOBA are self employed and join them in order to support their self established

business. This is contrary to observations of the researcher that, in major towns like Dar es Salaam, a lot of employed and well paid people join VICOBAs to support their families in various socio-economic endeavours like education and food.

Table 4.2: Respondents' Employment Status

	Responses	Frequency	Percent
	Employed	24	12.0
	Self employed	164	82.0
	Not employed	12	6.0
	Total	200	100.0

Source: Field Survey (2018)

4.2.4 Respondents' Membership Time

The researcher was interested in knowing what was the membership time (experience) with the VICOBA, they had joined. Findings revealed that, majority of the respondents who numbered to 188 (94%) of all respondents had an experience of 1-5 years while the minority of 12 (6%) of all respondents had membership experience of above five years. These findings suggest that majority of the VICOBA have either been recently established or their performance is so poor that, majority of members exit a short time after they join them. This has implication on the degree of socio-economic contribution the VICOBA can have members. Findings on the experience members had with the VICOBA are reflected in the Table 4.3.

Table 4.3: Respondents' Membership Time

	Responses	Frequency	Percent
	Between 1-5 years	188	94.0
	above 5 years	12	6.0
	Total	200	100.0

Source: Field Survey (2018)

4.3 Socio-Economic Contrition of VICOBA to Members

This section presents the socio-economic contribution of the VICOBA to socio-economic status of family members

4.3.1 VICOBA Contribution to Education

When respondents were asked what their education status was, majority of the respondents 165 (82.5%) said, they contribute on average while minority of them 35 (17.5%) said that, it contributed on a lot. Thus VICOBA have made sense to helping their members pay for education of their loved one, though the contribution was just on average. These findings are presented in the Table 4.4.

Table 4.4: VICOBA Contribution to Education

Responses		Frequency	Percent
	A lot	35	17.5
	On average	165	82.5
	Total	200	100.0

Source: Field Survey (2018)

4.3.2 Contribution to Health Improvement

The researcher was also interested to knowing the contribution of VICOBA to the health status contribution of its members. Findings indicated that, majority of the respondents who amounted to 142 (71%), said that, its contribution was on average while the minority of 58 (29%) of all respondents said that, it did a lot of contribution. None of the respondents reported a little contribution. Though the contribution to health was not optimal, these findings indicate that, to some extent lives of contributing members and their families was improved in some way and to some extent even saved from death by proper purchase of medical services and medicine

using the funds obtained from the VICOBA. Findings on the contribution of VICOBA to health status of the respondents are reflected in the pie chart 4.2.

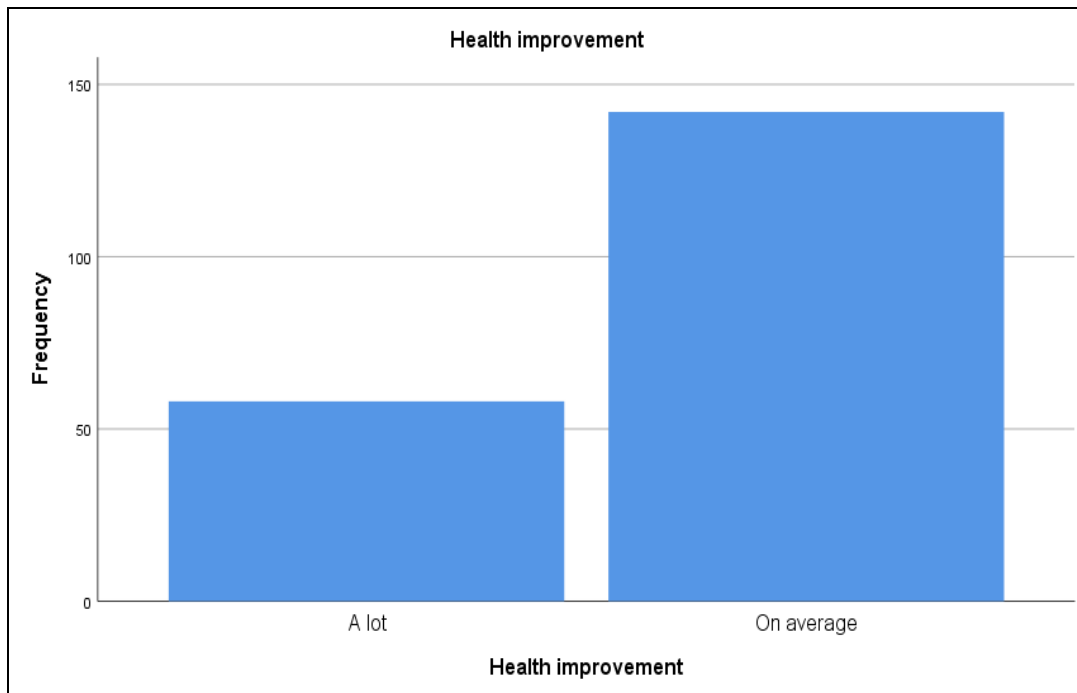


Chart 4.2: Contribution of VICOBA to Health Improvement

Source: Field Survey (2018)

4.3.3 VICOBA and Food Quality and Eating per Day Improvement

When the researcher sought to know the contribution of VICOBA to household food quality improvement for VICOBA members, findings indicated that majority of the respondents who amounted to 119 (59.5%) said contribution was just on average while the rest of 81(40.5%), said it contributed a lot. The implications of these findings are that, the being members of VICOBA has a great potential to contribute to food quality and consequently health improvement of the community. These findings hold water since 57(20.5%) of all respondents said VICOBA changed their food eating numbers per day. Normally, people in Tanzania have habit of eating 3 times a day. Findings on food improvement are quite apparent since more than 50

respondents said VICOBA had contributed to their health a lot. Findings on food quality and eating numbers per day improvement are reflected in the in the table below:

4.3.4 VICOBA and Food Quantity and Animal Husbandry Change

Since the Tanzania society is essentially an agrarian and pastoral society, the research gave a great emphasis on the influence of VICOBA on food and animal husbandly aspect. In this regard, the research further asked the respondents what was the influence of VICOBA on food quantity and animals rearing change production change. Findings revealed that, majority of respondents who amounted to 118 (59%) said the change was on average, while the rest of 82 (41%) of the respondents said the change is a lot. This change has a significant effect on quality of food production and health improvements of members as confirmed in the above analyses. Findings on food and animals numbers change is reflected in the Chart 4.3.

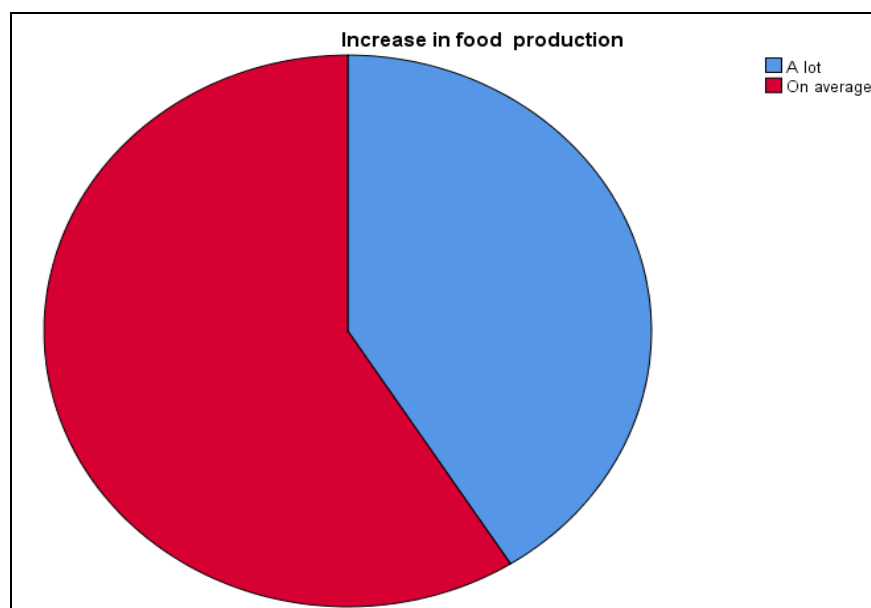


Chart 4.3: VICOBA and Food Quantity

Source: Field Survey (2018)

4.3.5 VICOBA and Property Proprietorship Change

When the researcher sought to know if finances from the VICOBA had any significant influence on change of property proprietorship among their members, findings 105 (52.5%) of all respondents said that, the contribution of was a lot and the rest of 95 (47.5%) of all respondents said the contribution was just on average. This implies that in general terms, VICOBA contributed significantly to wealth of their members. Findings on the contribution of VICOBA to proprietorship of members wealth is reflected in the Table 4.5.

Table 4.5: Change in Proprietorship

Responses		Frequency	Percent
	A lot	105	52.7
	On average	95	47.5
	Total	200	100.0

Source: Field Survey (2018)

4.3.6 VICOBA and Income Change

Since, VICOBA provides financial loans; the researcher was interested in knowing to what extent the income of its members was change. Findings revealed that, majority of the respondents who amounted to 142 (71%) said that, their incomes had changes on average while the rest of 58 (29%) of the respondents said their incomes had changed a lot.

Indeed, when respondents were asked to write in figures the extent to which their incomes had changed, most of them indicated that, their incomes had doubled. This diabolic impact on their finances is the cause of various improvements like health, education and diet as indicated in the above results. Findings on respondents income change is reflected in the Table 4.6.

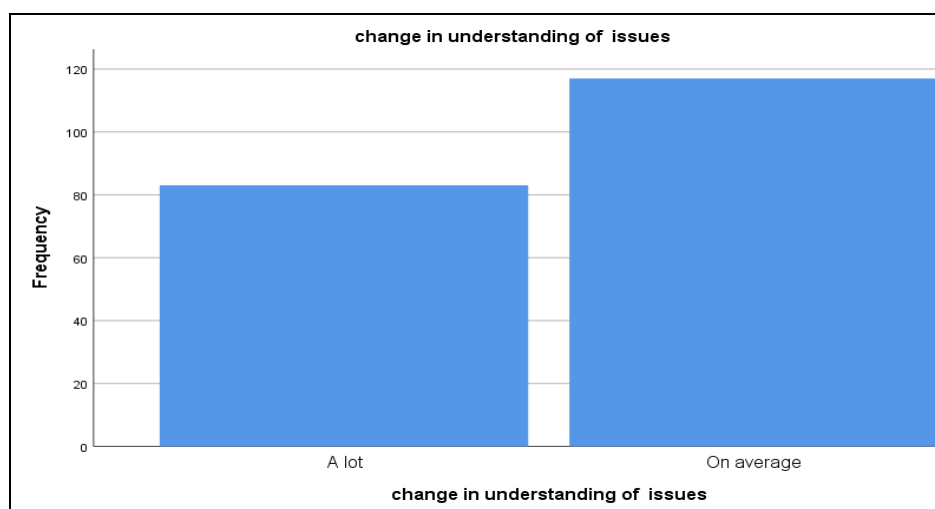
Table 4.6: Income Change

Responses		Frequency	Percent
	A lot	58	23.5
	On average	142	71.0
	Total	200	100.0

Source: Field Survey (2018)

4.3.7 VICOBA and Financial Matters

The researcher was interested in knowing to what extent VICOBA members had changed in their understanding of financial matters after joining the VICOBA. Said otherwise, the researcher was interested in knowing the extent to which they has changed their attitude in raising finances and investing the,. Findings indicated that, majority of the respondents who amounted to 117 (58.5%) indicated that, they had changed on average, while the remaining 83 (41.5%) of all respondents had changed a lot. This is indeed a great improvement in the manner VICOBA members had their financial discipline. Finding on the financial matters change is reflected in the Chart 4.1.

**Chart 4.4: Changes in Financial Matters Understanding**

Source: Field Survey (2018)

4.3.8 Women Empowerment Change

The researcher was interested in knowing the extent to which VICOBA had empowered women in issues like decision making, purchasing power and socio-economic status in their societies. Findings indicated that, majority of respondents who amounted to 104 (52%) indicated that, women were empowered a lot, while the rest of 96 (48%) of the respondents said that women were empowered on average. Probably the empowerment issue to women is highest score of all questions asked in this research. This is contributed by the facts that, majority of the respondents in this research (65%) were females. Empowerment according to respondents did not rest solely on financial capacity but rather even in financial education given in VICOBA seminars. Findings on women empowerment for VICOBA members are reflected in the pie chart 4.5.

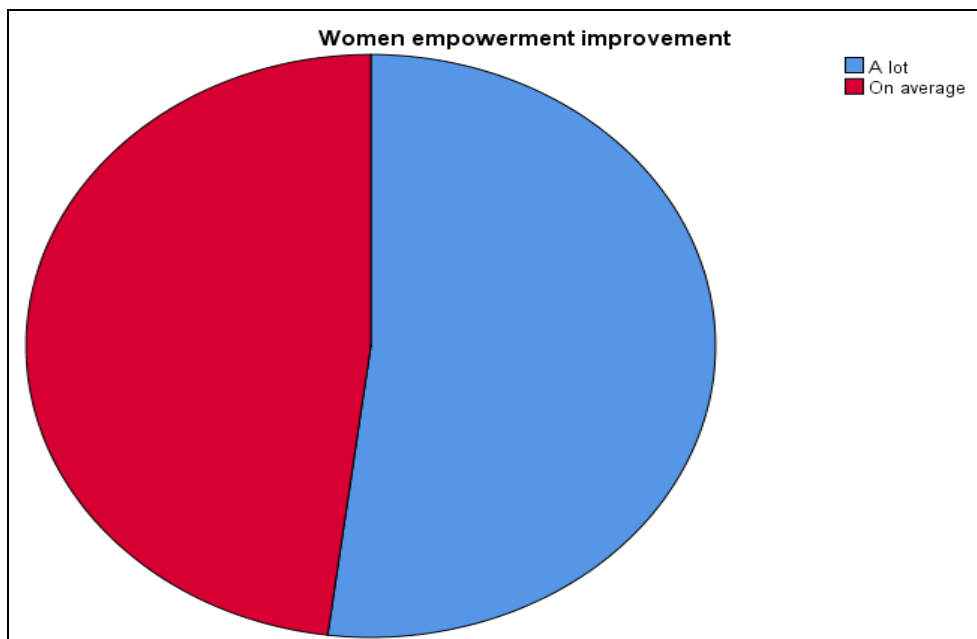


Chart 4.5: Women Empowerment

Source: Field Survey (2018)

4.4 Qualitative Factors on Socio-Economic Development among the VICOBA Members

This section analyses factors leading to socio-economic developments in Tanzania. In an interview checklist, respondents were asked what they thought were the factors leading to socio-economic development of VICOBA members in Tanzania. In their responses, respondents indicated that, financial education via various seminars conducted by financial experts is one of their reasons. Financial education they said helped members to get skills on how to borrow, spend and repay the funds. Financial education among other themes, included establishment of productive projects that could help members repay their loans. In her responses, 52 years old female respondent from Katerero ward and a member of Bethania cooperative society said:

“Financial education has awarded me with incredible on savings, deposits, loan borrowing and repayment skills, skills I did not have before joining the Bethania VICOBA”

The respondents indicated that, despite the formal education they received, they also received informal education through members’ networks by sharing experiences and ideas of financial raising and investments. A female respondent from Solidale Bijanja in Katerero ward aired her perspectives on informal network saying:

“Being a member of the VICOBA has enabled me to know more people, acquire new financial perspectives and ideas and getting various investment counsels from various people”

Respondents also aired that, getting loans at affordable terms and conditions is yet another factor for their socio-economic success. Affordable loans they said helped them to borrow significant amount of money and repay the borrowed funds on time. This enabled them to have viable financial circulation thus enabling the growth of projects they initiated.

Presence of reliable borrowing platform is an obvious factor for their socio-economic development. Financial exclusion gap especially through banking services was covered through the introduction of VICOBA in their societies. Presence of borrowing platform did not only contribute to introduction of project, but also getting money for social activities such as education, medication and food. This empowerment they insisted did not only give them a peace of mind, but also raised their social status bar in their communities.

Presence of borrowing platform yet led to another factor for their socio-economic and cultural success namely “Unity among the VICOBA members”. It is unity had a lot advantages including creating a platform for exchange of financial and projects ideas.

A 26 years male from Lengo VICOBA in Katerero ward posited:

“A borrowing platform has created unity among us, an aspect that has made me meet people, cooperate with them and share creative investment and life ideas”

4.5 To examine the Challenges VICOBA Members Face In Tanzania

The researcher was interested to know if there were any challenges that hindered the attainment of socio-economic goals among the VICOBA members in Tanzania. Findings indicated the following challenges hindered VICOBA members.

4.5.1 Lack of Markets to Sell Agricultural

This was mentioned a most of the respondents. They indicated that, markets were lacking especially for vegetables. Sometimes, if markets were found for such goods prices were low. This affected VICOBA members in a sense that, they failed to repay their loans timely and some of them completely failed to repay their loans. One of the

respondents aged 47 from Solidale Bijanja VICOBA group in Katerero ward hinted that, low prices and sometimes complete lack of agricultural goods are contributed by bad economic conditions prevailing in the country

‘You know, despite having borrowing platforms in which we can get funds and makes investment, the prevailing economic conditions in this fifth phase government makes us fail to manage our loans. When we try to sell our agricultural merchandize to the market, we fail to get the desired prices as customer opine ‘vyuma vimekaza’¹

Poor Financial education: It was revealed that, despite having the opportunity to be trained on financial matters, the kind of education being given to some extent was poor. This was contributed by lack of proper understanding among members given the level of their education. Statistics indicated that 82.5% of all respondents had primary education. Consequently, poor financial education made it difficult for members to have sound financial strategies such as savings, proper bowing and investment of the funds. A 52 years male from Solidale Bajanja VICOBA in Katerero ward had this to say:

“Lack of VICOBA training attendance especially when I am sick, coupled with low markets leads to my poor financial skills and capability making VICOBA a liability for me” Interviewed on 3rd March 2018

4.5.2 Miss Trust Among Family Members

It was revealed that, one of the major hindrances to suitability of VICOBA membership to some of VICOBA members was lack of trust among family members. This was caused mainly by lack of transparency on matters pertaining to finances among family members. Improper couple communication, where some of the

¹ Literary vyuma vimekaza means iron ‘bars are tightened’, this is a Swahili colloquial idiomatic expression to mean ‘I am broke’. The expression has emerged in the 5th phase Presidential regime as economic conditions have weakened for among many citizens’

members hid some financial information, did not only lead to family instability but to divorce of some of VICOBA members. Findings in this research revealed that 6% of the respondents had separated in their marriages. A 47 years old VICOBA member of Solidae Bijanja cooperative posited:

*“Divorce in families was not only instigated by lack of **financial transparency**, but also lack of respect among couples and **increased immorality** in the society due change of financial status” Interviewed on 3rd March 2018*

4.5.3 Pests and Climate Change

It was found that, most projects initiated by VICOBA members was agrarian in nature and character. But some respondents revealed that, their efforts to socially and economically grow were limited by pests and climate change, leading to low agro products and consequent inability to repay loans timely. A 36 years old male from Tweyambe VICOBA in Katerero ward revealed that:

“Availability of pests, coupled with climatic change and predictable markets, led to low capital and inability to make timely repayments’ Interview on 10th March 2018

4.5.4 Inability to Repay Loans on Time

Findings revealed that, due to various problems mentioned such as family problems, low and unreliable markets, lack of financial management skills and climate change and pests, respondents faced difficulties in repayment of loans. Failure to repay loans, did not only retard socio-economic development of VICOBA members, but also lead to **entropy** of some of the VICOBA.

Lack of Punctuality: It was noted that, lack of discipline among VICOBA members such as punctuality hindered proper administration and development of the VICOBA.

Some respondents hinted that, lack of punctuality led to failure or delay to make some important VICOBA meetings decisions as such decisions to a great extent depended to the permitted quorum of VICOBA members. In other words, lack of punctuality in VICOBA, weakened the Unity the VICOBA members had.

4.5.5 Disrespect among VICOBA Members

Despite the facts that, VICOBA members had considerable unity among themselves, in some instances, some of VICOBA members despised or disrespected some members. Those who faced a contempt situation said they felt alienated to the group, found no value in themselves and hence did not find value continuing to be VICOBA members. Other members revealed that, there was a problem of mistrust among VICOBA members. These and many reasons and many other finally led to:

4.5.6 Disintegration of VICOBA

A cumulative effect of all the challenges mentioned above was the collapse or entropy of VICOBA as institutions. Disintegration of VICOBA deprived VICOBA members the opportunity to have a borrowing avenue. Some VICOBA members who faced this problem hinted: “they moved from heroes to zero”. This means that, those advantages that they had by participating in the VICOBA such as paying for food and education, creating productive projects and raising social status bar in the society were lost. This led to poverty and further contempt by community members.

4.6 Suggest Solutions for Improvement of VICOBA Performance in Tanzania

Since VICOBA faced some challenges, the researcher was interested in knowing what solutions VICOBA members envisioned could solve or alleviate some of their

eminent problems. Some of the solutions given for the improvement of VICOBA and consequent socio-economic status of their members included:

4.6.1 Sustainable Financial Education

Since low education and improper understanding of financial management strategies among VICOBA members was seen as a problem, it was suggested that, sustainable and proper financial education should be given to VICOBA members. It was also suggested that, since most of VICOBA members invest in agriculture, there should be streighthen on more agricultural education along with financial education. A 29 years male from TUINUANE VICOBA stipulated the significance of getting financial education:

“We are obliged, all as a group to get financial education in seminars, as this is important for giving us proper strategies for financial saving, financial deposits, contributions, borrowing and investment in viable productive projects” Interviewed on the 9th of March, 2018

4.6.2 Creation of Reliable Markets

Findings indicated that, most of the traders lamented for the creation of reliable markets for the agricultural produce including vegetables, goats and hens. They suggested that, the government needs to intervene in creating reliable markets. This includes providing places for creation of community market place around their neighborhood. Proper markets could too be done through government efforts of creating sound economic conditions where people will get purchasing power to purchase goods in the market place.

4.6.3 Grant greater Capital to Members

Members suggested increasing the scope of capital to members. This they suggested could be done through injecting more money in the VICOBA where member could be

able to borrow more. They envisioned that, giving more capital to members will lead to creation of more productive projects. A 36 years old male from Tweyambe VICOBA in Katerero ward revealed that:

“There should be an intervention of many stakeholders including government and private entities to invest their funds in the VICOBA, where availability of greater capital will be able to disburse more loans to existing and new members” Interview on 10th March 2018

4.6.4 Increase Loan Repayment Time

It was noted that, repayment period for the loans given were very short. This impacted the ability of loan repayment in a sense that, members were required to pay in large sums of money and aspect that affected the repayment process. To solve this problem it, suggested that, there should be a lengthy repayment period. This coupled with low interest rates they said, could boost the financial capability of VICOBA members.

4.6.5 Increased Community Mobilization

In order to make VICOBA live and get greater capital, it was suggested that, VICOBA leadership and National Cooperative Society administration should take initiatives to mobilize the community on the significance of joining of VICOBA. This was said will not only lead to greater capital rising, but also unity among leaders and members in general.

4.6.6 Transparency and Feedback

It was suggested that, financial transparency should be one of the virtues among not only the VICOBA members, but also the leaders. It was suggested that, in order to have good communication and amicable understanding among couples, members should be taught on the significance of financial transparency and respect at home. It

was also insisted that, leaders should be transparent to members if they are to be accorded trust by the same. A 37 years old respondent from UPENDO VICOBA in Kyema village in Katerero ward, revealed:

“If leaders need to get trust and cooperation from members, they should provide feedback on financial situation of VICOBA to members” Interviewed on the 7th of March, 2018

4.7 Conclusion

It was noted that, of all the VICOBA sampled, none had exceeded a 3 years' time period. Despite most of the VICOBA being infant, most of them have the potential improve socio-economic conditions of their members. If some the mentioned challenges can be solved, there is a greater possibility of strong VICOBA creation and consequent creation of a health rural agrarian society in Tanzania.

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.1 Introduction

This chapter presents the discussion of findings. This is done by giving the implication of findings and comparing it with the findings of other researchers. The findings are discussed based on research objective and theoretical framework presented in chapter one and two of this thesis.

5.2 Discussion on Socio-Economic Contribution VICوبا to Members

Findings indicated that, VICوبا had viable contributions to social developments of members. All interviewees acknowledge that, VICوبا contributed notably to their education, food quality and quantity, medication and change of members' perspectives and attitudes on financial matters. the findings of Nkybonadi (2017) who discovered that, people join VICوبا to improve their socio-economic conditions where, 5.3% of the respondents considered their life as improved to a very good rate and the rest of 53% considered their lives to have been improved to "a good condition'. An important thing to note is that, these findings were noted mostly on average, though women empowerment was rated a lot by almost a quarter of the implication of these findings is that, VICوبا have not optimally contributed to the wellbeing of members.

This implies that, despite the existence of VICوبا social problems have just been reduced and not eradicated. This situation is attributed by many factors including challenges facing the VICوبا presented in this thesis. There are also demographic

characteristics of respondents that hindered the optimal contribution of VICOBA to social development of citizens. For example most members said they had only 1-3 experience with their VICOBA an aspect that restricted optimal exploitation of the VICOBA, maturation of projects and their subsequent contribution to social developments of the members. The implication of these findings are that, given grater time frame, there is a room for optimal exploitation of VICOBA and trigger greater impact to social developments of their members.

Findings of Rutenge (2016) indicated that, VICOBA have significant contribution to reduction of poverty in Tanzania. This is consistent with the findings of Mwanga (2015) who found that, VICOBA provide financial capacity to members and improve the life conditions of their members. He found that, apart from financial acquisition, VICOBA provide capital for socio-economic developments. These findings are also consistent with the findings of Allen (2006) who found that, VICOBA contributed to social developments such as the payment of school fees.

Contrastively to contribution of various social developments, women empowerment was seen as the greatest social development in this thesis, where about 52% of the respondents said, the contribution was a lot. A lot of women have changed their outlooks on financial matters. The implication of this finding is that, VICOBA have become an emancipating and liberating factor for socially and economically thereby contributing to reduction of gender parity gap reduction in the Tanzanian nation, which is a priority of the Tanzanian government.

Similarly, findings have indicated a significant contrition of VICOBA to economic development of VICOBA members in Tanzania, though to most members, the

contribution was rated on average due to various challenges such as mentioned above. Among the economic contributions mentioned were diabolic increases in property proprietorship and income, increases in quality housing and improvement in animal husbandry and crops.

Economic conditions improvements are consistent with the findings Nkyabonali (2017) where an anecdotal evidence from one of the members indicated that, a woman from Toangoma VICOBA had furnished her house with a loan of Tzs. 1,000,000/= from her VICOBA. She also revealed that, she had spent Tzs.100, 000/= to pay school fees for the daughter.

Since most of the respondents had little capital and property and their wealth doubled, the implication here is that, little impact occurred in poverty reduction. For example most respondents said they improved from having 4 goats to 8 goats or having Tzs. 300,000 to 600,000/= which in real practice can solve socio-economic problems significantly. Thus, in reality, most of the contributions of VICOBA as found in this thesis cannot create authentic satisfied and happy society.

5.3 Discussion Based on the Factors Affecting the Performance of VICOBA

Some factors have been identified as contributing to the performance of VICOBA in Tanzania. Some of these factors have are embodied in the demographic characteristics of respondents such as experience with the VICOBA. Most of the respondents as mentioned above had 1-3 years experience in the VICOBA which were insignificant time periods for project maturation.

Other factors that affected the performance of VICOBA in Katerero ward included inadequate financial education, literacy, loan rates, VICOBA as borrowing platform, member attitudes, loan repayment periods and unity among members. These factors were to some extent favorable and non favorable in others, an aspect that lead to average contribution of the VICOBA to socio-economic aspect lives of members.

The findings of Bagasha (2012), were somewhat different from the findings of this research where he noted that, the intention of loan borrowing for beneficiaries greatly affected the performs of VICOBA. He noted that, some members who borrowed from VICOBA did not use their funds for income generating activities (IGAs). This impacted smooth loan repayment. The findings of Hulme (1996) are also inconsistent with findings of this research, where he revealed that, levels income greatly affect performance of VICOBA. He posited, only those that were above the poverty line could borrow and benefit while those that were poor ended up in debts.

5.4 Discussion on the Challenges Facing VICOBA Members in Tanzania

Despite having positive socio-economic impacts on the lives of members, VICOBA face a number of constraints in realizing the dreams of their members. Some of the challenges discovered in this thesis included: short time in loan repayment, lack of adequate financial education, insufficient capital, lack of adequate markets for agricultural produce, and bad economic conditions prevailing in the country. Other challenges included mistrust and divorce among couple members, increased immorality in the society, despise and disrespect among members, pests and climate change and untimely repayment of loans on among members which all may lead disintegration (entropy) of VICOBA.

The implication of these challenges is undermining the performance of the VICOBA which in turn undermine the socio-economic prosperity of members. In some instances, such challenges imply despair and low members for members. It therefore follows that; these impediments demand solutions for improvement of VICOBA performance that were documented in this thesis.

5.5 Discussion Based on Solutions for Improvement of VICOBA Performance

Given the challenges discussed above, respondents aired their views on the solutions for improvement of the VICOBA performance. These included provision of sustainable financial education, creation of reliable markets, and grand sufficient capital to the VICOBA, increased transparency among leaders and couple and stakeholders' investments in VICOBA including the government. The findings Rulenge (2016) are relevant to findings of this thesis where, suggested solutions included more financial education training (31%), provision of materials and financial support (24%).

The findings of Bagasha (2012), further hit the nail of significance of sensitization campaigns for VICOBA financial inclusion among Tanzanians. When he asked his respondents what was required to get out of poverty they answered: campaigns by WWF/Rumaki (64), information from villagers (20.4%) and radio listening (19.6%).

However some of their suggestions were inconsistent with findings of this research where suggestions were given for legal aid especially in the registration process (6%) and seeking support from men (24%). The later is particularly a good observation from the researcher in this research, since participation of men (34.5%) was very little

compared to women (65.5%). Inclusion of men is important in VICOBA for many reasons but not limited to giving permission for women to attend in VICOBA, enhancing good couple communication and fund raising.

The implication of these findings is that, if action is taken to implement these solution, proper performance of the VICOBA will be enhanced. In this regard, social-economic and cultural developments of the VICOBA members will be achieved optimally.

CHAPTER SIX

SUMMARY, CONCLUSIONS & RECOMMENDATIONS

6.1 Introduction

This chapter deals with the summary, conclusion and recommendation of the study.

6.2 Summary

This research concentrated in the influence of VICOBA on socio-economic developments of VICOBA members. The mixed research design opted for qualitative and quantitative research approaches as dictated by the nature of information sought in this research. In this regard exploratory and descriptive research designs were adopted to suit the research designs respectively.

Specifically, this inquiry focused on achieving four aspects namely, finding out the influence of VICOBA on socio-economic developments of VICOBA members, examining factors affecting the performance of VICOBA in Tanzania, assessing challenges affecting their performance of VICOBA and give possible solutions for solving the same. The study rested on the problem that, despite presence of VICOBA which provide finances to the people as loans, yet poverty still exists in the society.

The study used a Social inclusion theory which asserts that, health risks are associated with social political and economic exclusion of members in the society. Thus financial inclusion such as it occurs in VICOBA can make people avoid health risks by through their social economic improvement developments.

In line with research designed and approaches mentioned above, the study employed both simple random sampling and purposive sampling techniques for sampling respondents who amount 261. It therefore followed that, personally administered interviews and purposive interviews were used for collection of data.

The findings of the study indicated that, VICOBA have contributed to socio-economic development of members. Overall, the findings indicated double improvements in the lives of member. However, even if the improvements were diabolic, the findings were somewhat insignificant to socio-economic improvements of members since their capital were very low. For instance most respondents said they improved from owning Tzs. 300,000/= to Tz. 600,000/=. In the same way, some said they changed from owning 4 goats to 8 goats. The implication of these findings is that, VICOBA have a long way if they are to have significant impact on the socio-economic lives of people.

Failure to transform socio-economic lives of people to large extent is contributed by many factors such as low repayment period, low capital, lack of markets, poor couple communication, poor financial education and many more. However, these are expected to be reduced in the future if action is taken as respondents have aired their suggestions in this research.

6.3 Conclusion

This study provides the following conclusion:

- (i) VICOBA have contributed on average on socio-economic development of citizens in Tanzania. The improvements included housing improvement, food quality and quantity, health status, education and sole proprietorship of properties.

- (ii) Despite the fact that socio-economic status of the people has been enhanced by VICOBA yet the contribution is meager as to emancipate them from poverty. This is partly contributed by little time the VICOBA have. Most of the members have only three years experience.
- (iii) Despite having positive impacts, participation in VICOBA has negative impacts such as divorce, community immorality and poor couple communication.
- (iv) The greatest contribution of VICOBA has been noted, to be women empowerment. This is partly contributed by the fact that, most VICOBA members are women.
- (v) VICOBA operation largely depends on certain factors such as length of repayment periods, levels of member's income, economic conditions, financial literacy among members, availability of markets, economic conditions, pests and climatic change, couple communication and others.
- (vi) That the above mention factors can pose either a threat or favor their operations. The former may lead to challenges which pose threat to operation of the VICOBA. The challenges existing are but not limited to poor financial education , lack of markets for crops, lack of transparency and feedback among VICOBA leaders, pests and climatic change, poor economic conditions, low loan repayment periods, low capital among VICOBA, poor couple communication and many more.

6.4 Recommendations

This section provides general and policy recommendations of the study:

6.4.1 General Recommendations

The study recommends that:

- (i) Capital for VICOBA should be increased to increase more VICOBA members and enhance the existing ones to borrow a large amount. This can be done through stakeholders like social security funds to invest in their funds in VICOBA.
- (ii) Financial education among VICOBA members should be provided hand in hand with identification of more viable investment projects. Currently, members concentrate on agricultural projects investments, which have a lot of challenges including pests and climate change.
- (iii) Financial education needs to be given to members more as the financial literacy among members is very low.
- (iv) In collaboration with members, there should be concerted efforts between VICOBA administration and other stakeholders to solve challenges affecting the performance of as suggested in this thesis.

6.4.2 Policy Recommendations

There should be a policy in place to make VICOBA a lending platform for poverty alleviation among poor people. The policy should stipulate significant intervention by the government to convince financial stakeholders to inject their funds in VICOBA.

5.5 Recommendation for Further Study

It is recommended that, studies should be conducted to explore opportunities for injecting more capital in VICOBA and find out possible factors for sustainability of VICOBA.

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APPENDICES

Appendix I: Questionnaire ViCOBA Members

This questionnaire is for VICOBA members of Katerero ward in Bukoba Region in Tanzania. My name is George Leo. I would like to thank you for being one of the participants to be interviewed as a group member of Village Community Banks (VICOBA) under WVT in Katereao ADP. The aim of interviewing you is to solicit information that on the 'Influence of VICOBA on Socio economic Contribution of a VICOBA Members in Tanzania' Your responses will strictly be kept confidential

Section I: Demographic Information

Kindly fill information you think best suits your knowledge by either filling relevant information or put a (√) sign where appropriate

1. Age of respondent in years

(a) Between 15-25 years (b) Above 25 years

2. Sex of the respondent

(a) Male ()

(b) Female ()

3. Education level

(a) Primary education ()

(b) Secondary ()

(c) College certificate level

(d) Diploma education ()

(e) Not attended ()

4. Marital status

(a) Married ()

(b) Single ()

(c) Widow/Widower

() separated ()

5. Main Occupation:

a) Self employment ()

(b) Employed ()

(c) Neither the two ()

6. Group name in which you belong

7. How long have you joined as a saving group/VICOBA served by WVT –
Katerero ADP? -----years ago

8. What do you see, as a group member, what have been the positive social and
economic changes realized since you joined saving group/VICOBA?

Sections 2: Socio Economic Contribution of VICOBA to Members

8 In the following questions, provide your opinion on what you think is the socio-economic contribution of VICOBA to their members. Put your answer by putting a tick (✓) where relevant. Likert scales of (1) a lot to (3) a little should be used.

What opinion can you give regarding the status of the following element as a group member as a result of saving group practices at Katerero ward: *(State by your own judging on Kgs, numbers, or if Higher or Average or Lower)*

(a)	Impact element to beneficiaries	Responses		
		A lot	On Average	A little
1	Education improvement			
2	Health facilities improvement			
3	Meals improvement			
4	Number of meal improvement per day			
5	Nutritional status improvement			
6	Sole proprietorship improvement			
8	Individual Income increments			
10	Increase on skills through various training			
11	Women empowerment			

9. In the following table provide your opinion on what you think is the socio-economic contribution of VICOBA to their members..

Impact element to beneficiaries	Before joining Saving group/VICOBA	After joining saving group/VICOBA
Income level (TZS) per month		
Asset owning (numbers)		
Business capital (Shilings)		
Number of meals per day		
Number of Livestock keeping		

THANK YOU FOR YOUR COOPERATION

Appendix II: Interview Checklist

The following questions are intended to answer questions on factors affecting performance of VICOBA, challenges facing VICOBA and possible solutions to solve problems facing VICOBA. This interview checklist is for VICOBA members of Katerero ward in Bukoba Region in Tanzania. My name is George Leo. I would like to thank you for being one of the participants to be interviewed as a group member of Village Community Banks (VICOBA) under WVT in Katereao ADP. The aim of this focused interview is to solicit information that on the 'Influence of VICOBA on Socio economic Contribution of a VICOBA Members in Tanzania' your responses will strictly be kept confidential.


QUESTIONS

1. What do you think are the positive contributions of VICOBA to socio-economic contributions of members?
2. In your opinion, as a group member, what have been the negative social and economic impacts realized since you joined saving group/VICOBA what have been some of the factors leading to positive social and economic impacts realized from saving group/VICOBA since you joined?
3. What do you think are the factors affecting the performance of VICOBA in Tanzania?
4. As a member of VICOBA, kindly give opinions as what you think are the challenges facing VICOBA performance and their members?
5. Kindly provide your suggestions as to what you think are the possible solutions for solving the above challenges and improve efficiency of VICOBA.

Appendix III: Permission Letter

THE OPEN UNIVERSITY OF TANZANIA
DIRECTORATE OF RESEARCH, PUBLICATIONS, AND POSTGRADUATE STUDIES

P.O. Box 23409 Fax: 255-22-2668759 Dar es Salaam, Tanzania,
<http://www.out.ac.tz>



Tel: 255-22-2666752/2668445 ext.2101
 Fax: 255-22-2668759,
 E-mail: drps@out.ac.tz

02/10/2017,

To The District Commissioner
 Bukoba District.

RE: RESEARCH CLEARANCE

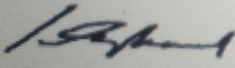
The Open University of Tanzania was established by an act of Parliament no. 17 of 1992. The act became operational on the 1st March 1993 by public notes No. 55 in the official Gazette. Act number 7 of 1992 has now been replaced by the Open University of Tanzania charter which is in line the university act of 2005. The charter became operational on 1st January 2007. One of the mission objectives of the university is to generate and apply knowledge through research. For this reason staff and students undertake research activities from time to time.

To facilitate the research function, the vice chancellor of the Open University of Tanzania was empowered to issue a research clearance to both staff and students of the university on behalf of the government of Tanzania and the Tanzania Commission of Science and Technology.

The purpose of this letter is to introduce to you Mr. George Leo: PG201608740, who is a Master student at the Open University of Tanzania. By this letter, Mr. George Leo, has been granted clearance to conduct research in the country. The title of her research is "Assessment of the Social-economic contribution of VICOBA on beneficiaries's household-Case of Katerero ward : Bukoba Rural District-Kagera region".The research will be conducted Katerero Ward at Bukoba Rural District. The period which this permission has been granted is from 02/10/ 2017 to 03/12/2017.

In case you need any further information, please contact:The Deputy Vice Chancellor (Academic); The Open University of Tanzania; P.O. Box 23409; Dar es Salaam. Tel: 022-2-2668820

We thank you in advance for your cooperation and facilitation of this research activity.
 Yours sincerely,



Prof Hossea Rwegoshora
 For: VICE CHANCELLOR
 OPEN UNIVERSITY OF TANZANIA