

**EFFECTIVENESS OF VICOBA IN POVERTY ERADICATION IN
KINONDONI DISTRICT: A CASE STUDY OF MWANANYAMALA WARD**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT FOR THE
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CERTIFICATION

The undersigned certifies that he has read and hereby recommends for acceptance by the Senate of the Open University of Tanzania a dissertation titled: "Effectiveness of Vicoba in Poverty Eradication in Kinondoni District: A Case Study of Mwananyamala Ward" in partial fulfillment of the requirements for the degree of master in Business Administration of the Open University of Tanzania.

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DECLARATION

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Signature

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Date

DEDICATION

I dedicate this work to my beloved Wife, Neema Msami Kawiche, my Parents and Sons, who gave me the underpinning of this education.

ACKNOWLEDGEMENT

I thank the Almighty God for His Graces, which enabled me to complete this work. In a special way, I express my sincere thanks and gratitude to Dr. Mwisomba (Supervisor) for her direction, corrections and suggestions particularly on how I should undertake this work and her time spent in reviewing my work.

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Be blessed always all.

ABSTRACT

The study examines the roles of Vicoba activities on poverty reduction in Mwananyamara Ward in Kinondoni District. The objectives were to identify the effectiveness of Vicoba activities towards poverty reduction, to examine challenges facing Vicoba activities towards poverty reduction, to determine factors hinder successfulness of Vicoba in poverty reduction, to provide the suggested solutions to improve Vicoba activities and poverty reduction strategies. The study used descriptive research design, and both quantitative and qualitative methods were employed in data collection and analysis. The study sampled 77 respondents which included Vicoba members and leaders in Mwananyamara Wards. Questionnaires, documentary review and interview methods for data collection were employed by the researcher during the study, and the findings were analyzed by using statistical package for social science. The findings also reveal that 51.9% of respondents benefited by soft loan as strategy to reduce poverty in the community, Vicoba member benefit from group by paying school fees and other school related expenses and most of the VOCABA groups are informal. The findings further reveal that there is the relationship between Poverty reduction and the VICOBA groups. The study indicate however that VICOBA groups face different challenges including lack of Management skills, lack of awareness scored, shortage of financial resources, conflicts among group members, and lack of cooperation among members and lack of financial management skills. The findings reveal that such challenges can be eliminated through the provision of entrepreneurship skills, Financial support, Loan security support from the government, individual awareness which are also the recommendation of this study for effectiveness of VICOBA in poverty reduction.

TABLE OF CONTENTS

CERTIFICATION.....	ii
COPYRIGHT	iii
DECLARATION	iv
DEDICATION	v
ACKNOWLEDGEMENT.....	vi
ABSTRACT	vii
TABLE OF CONTENTS.....	viii
LIST OF TABLES.....	xii
LIST OF FIGURES	xiii
CHAPTER ONE.....	1
INTRODUCTION	1
1.1 Background Information	1
1.2 Statement of the Research Problem	6
1.3 General Objective	7
1.3.1 Specific Objectives.....	8
1.4 General Research Questions	8
1.5.1 Specific Research Questions.....	8
1.5 Significance of the Study.....	8
1.6 Limitations of the Study.....	9
CHAPTER TWO	10
LITERATURE REVIEW.....	10
2.1 Definitions	10
2.1.1 Effectiveness.....	10

2.1.2	Poverty.....	10
2.1.3	Poverty and Poverty Alleviation.....	12
2.2	Theoretical Review	13
2.2.1	Transaction Cost Theory	13
2.3	Empirical Literature Review.....	16
2.3.1	Micro Finance in Poverty Reduction	16
2.5	Research Gap	26
2.6	Conceptual Framework	29
	CHAPTER THREE.....	31
	RESEARCH METHODOLOGY.....	31
3.1	Research Design.....	31
3.2	Area of the Study	32
3.3	Sampling.....	33
3.4	Data Collection Method, Instruments and Variables.....	33
3.4.1	Data Collection Techniques.....	33
3.4.2	Interviews	34
3.4.3	Survey Questionnaire	34
3.4.4	Document Review.....	34
3.4.5	Validation of the Study Instruments	35
3.5	Data Processing and Analysis.....	36
	CHAPTER FOUR	38
	RESEARCH FINDINGS AND DISCUSSION	38
4.1	Respondent's Socio-Demographic Characteristics.....	38
4.1.1	Ages of the Respondent.....	38

4.1.2	Gender of the Respondents.....	39
4.1.3	Marital Status.....	40
4.1.4	Education Status.....	41
4.1.5	Number of Years Since the Joining VICOBA.....	42
4.1.6	Livelihood of respondents involved before and after joining VICOBA.....	42
4.1.7	Other Source of Personal Income	44
4.2	The Effectiveness of VICOBA in Reducing Poverty	45
4.2.1	Services which Respondents Receive from VICOBA.....	45
4.2.2	Mechanisms on how VICOBA Groups Raise their Income or Source of Fund.....	47
4.2.3	Legal Status of Village Community Banks in the Study Area.....	48
4.2.4	The Relationship between Poverty Eradication and the VICOBA Groups	50
4.2.5	The Main Benefits of VICOBA Groups.....	51
4.3	The Challenges Facing VICOBA in Poverty Reduction.....	53
4.3.1	Challenges Facing VICOBA	54
4.3.2	Rate of the Problems Facing Village Community Banks.....	55
4.4	Suggested Solutions to Improve VICOBA and Poverty Reduction Strategies	56
4.5.1	Measures for Effective Poverty Reduction Interventions in Village Community Banks.....	57
4.5.2	Types of Training Needed by the VICOBA Group Members.....	58
4.6	Discussion.....	59
4.6.1	The Effectiveness of VICOBA Working to Reduce Poverty	59

4.6.2	Challenges Facing VICOBA in Poverty Reduction.....	60
4.6.3	The Alternative Solutions to Combat the Challenges facing VICOBA and Poverty Reduction Strategies	60
	CHAPTER FIVE	62
	SUMMARY, CONCLUSIONS AND RECOMMENDATION	62
5.1	Summary of the Findings	62
5.2	Conclusion	64
5.3	Recommendations	65
5.4	Recommendation for Further Research.....	65
	REFERENCES	66
	APPENDICES.....	76

LIST OF TABLES

Table 4.1: Age Structure of Respondents	39
Table 4.2: Gender of the Respondents.....	39
Table 4.3: Marital Status of Respondents	40
Table 4.4: Level of Education of Respondents	41
Table 4.5: Number of Participants since Joined VICOBA to 2018	42
Table 4.6: Livelihood Activities Involved by Respondents before Joining VICOBA	43
Table 4.7: Other Source of Personal Income of the Respondents.....	45
Table 4.8: Services that Respondents Receives from VICOBA	47
Table 4.9: Mechanisms Used by VICOBA Group to Raise Income	48
Table 4.10: Relationship between VICOBA and Poverty Eradication.....	51
Table 4.11: Social Economic benefits of VICOBA Groups	53
Table 4.12: Challenges Facing VICOBA	55
Table 4.13: Problem Facing Village Community Banks in the Study Area	56
Table 4.14: Opinions Provided By Respondent on Government Interventions	57
Table 4.15: Proposed Intervention to Be Done for Future Effective Poverty Reduction	58
Table 4.16: Types of Training needed to the Village Community Banks	59

LIST OF FIGURES

Figure 4.1: Legal Status of VICOBA in the Surveyed Ward..... 49

CHAPTER ONE

INTRODUCTION

1.1 Background Information

In 1991 the Mata Masu Dubaru (MMD) Model which translates from local dialect Hausa of Niger to mean literally òa woman on the moveö Kihongo, (2005) was innovated by CARE International in Niger West of Africa. The village women in Niger West of Africa where the MMD model started had shown three symptoms of poverty which were most obvious among others. These were; poor living conditions, meager capital, limited access to resources and poor entrepreneurship strategies (Kihongo, 2005). Behind this was a lack of relevant and realistic vision toward implementing strategies for poverty eradication and exacerbated the magnitude of poverty level; and was considered as a tormenting situation. The situation was not only in Niger, but everywhere and especially in the developing countries like Tanzania.

Community members in this situation are in most cases found also engaged in other socio-economic and environmental evils (Norlock, 2004). Such environmental evils include random bush and forest harvesting and clearing, unplanned utilization of water resources, drug abuse and peace breaking gangs are some of these side lobed evils. To support such vulnerable communities in a positive course is therefore also to safeguard the society at large.

It is in this situation that CARE International in 1991 pioneered the coining up of this tool called MMD by then for the women emancipation in Niger. The communities were revitalized through sensitization meetings and training,

entrepreneurship strategies were refreshed through training and a capital basket was established through special saving and credit scheme called Village Community Banks (VICOBA). After two years the project implementation and innovation in Niger gave forth recommendable results whereby women had shown a defined move out of poverty and the living conditions of the women changed remarkably (Hamadziripi, 2008).

The innovation was thus exported to Msumbiji, Zimbabwe, Uganda, and Eritrea and finally modified by SEDIT staff and adopted in Tanzania Islands (Lema, 2011) and the Mainland in 2000 and 2002 respectively (Massawe, 2014, Lushakuzi, et al., 2017). This lending model was introduced in Tanzania by CARE Tanzania, Zanzibar Area Office (Jozani-Chwaka Bay Conservation Project) in year 2000 and later adopted by other conservation and community livelihood support projects Pemba Island and Tanzania Mainland. The quick adoption and outspread of this model to various districts/projects is made through various development agencies mainly due to the good results shown in the areas where it was initially introduced.

Almost half of the population of the world now lives in urban areas and this proportion is increasing with a projection of almost 5 billion in 2030 (Fiore et al., 2008). Urban centers provide considerable social, economic and political opportunities for poor people and are places where poor people can have a range of employment options, participate in local political movements, and can benefit from access to a wide range of key services, education, health, electricity, solid waste collection and welfare programmes (Ibid). They are also, for many, places of squalor, pollution and crime. With the rapid growth of cities, especially as seen in

developing countries over the last 30 years, the urbanization process needs to be managed better to ensure that it becomes a mechanism through which poverty in the developing countries can be reduced on a sustainable basis (Wood & Mayer, 2001).

For many developing countries particularly those in Sub-Saharan Africa, the pervasive nature of urban poverty constitutes an enormous challenge to their development effort. The burgeoning streams of rural-urban migrations arising partly from failure to significantly improve on agricultural productivity and living conditions in rural areas and partly from the relative attractions of urban centers have tended to fuel the growth and expansion of poverty regimes within urban areas (Kikula, 2018). Two decades of proposal on poverty, however, indicate that Africa is still far from fully understanding the many strands of issues that condemn individuals and communities especially in urban and metropolitan areas of developed and developing countries to being mired in the web of poverty or being unable to pull them-selves out of poverty.

The situation in Sub-Saharan Africa deserves special attention not only because the region presently has the fastest rate of urbanization in the world, but also because, unlike elsewhere in the world, the incidence of poverty continues to deepen in most countries of the region (Carrion & Hanley, 2007). Poverty refers to the lack of basic necessities of life and opportunities for human development. It is multi-dimensional and manifests itself in various forms, making its definition using one criterion impossible (Lushakuzi, et al., 2017). It is pervasive and widespread among all socio-economic groups threatening the very foundation of society (Shoji, Kondo, Kitamoto, et al. (1997).

Poverty in Tanzania is caused by a number of factors, which include: low agricultural productivity, insecurity, unemployment and low wages, poor governance, misallocation of land, inequality of income and assets, inequality in access to economic opportunities, lack of education, unfavorable climatic conditions, HIV/AIDS, gender insensitive property rights regimes and weak democratic institutions (Nafula, Onsomu, Mwabu, & Muiruri, 2005). There has been a continuous growing acknowledgement, by governments and development agencies alike, that poverty is a phenomenon affecting urban communities as much as rural ones, and that poverty in the country's urban areas requires far more attention in terms of policies and strategies than it is currently being given (Wood & Mayer, 2001).

Internationally, there have been a series of important global meetings and regional conferences deliberating on poverty, including The World Social Summit 1995, Recife conference 1996 and the Habitat conference, 1996. The latter two focused on urban poverty, which is growing as a result of the rapid urbanization and poor economic performance that the developing countries are experiencing (Hardoy, 1990).

In Tanzania, poverty alleviation has featured as a priority policy objective in virtually all development plans, session papers, presidential commissions, task forces and other government economic policy documents issued in post-independence Tanzania (Nafula, et al., 2005). According to Development Assistance Committee (DAC) report asserted that "poverty involves different deprivations that relate to

human capabilities, consumption, health, education, security, dignity and decent work.

Village Community Bank (VICOBA) is a saving and credit program that provides basic microfinance management and enterprise development skills to poor rural communities (Muganda, 2016; Sharma, & Zhao, 2017). The core concept of VICOBA is self-empowerment. It also encourages community capacity building, the mobilization of local resources, community ownership of projects and joint management. VICOBA model has more or less similarities with the microfinance concept. Some references traced back the history of micro financing in the middle of the 1800s when the theorist Lysander Spooner 1850s was writing over the benefits of small loans to entrepreneurs and farmers as a way of getting the community out of poverty but it was only at the end of World War II that the concept had a big impact to the world community development.

Generally, the concept of VICOBA its vision and mission, works for the improvement of the livelihood and welfare of the community through its philosophy of human empowerment toward development. VICOBA dedicates and addresses itself to the well-being of poor people and vulnerable groups of the society such as women, the young, the aged, the disabled, widows and orphans (Rutenge, 2016, Maliti, 2017). VICOBA also works for the less fortunate people who are living under difficult conditions and who are living where there are poor social services or none at all (Maliti, 2017). Such services enable them to raise their income levels and improve their living standards (Bangko, 2001). However, many of them have a

common consensus about various problems facing the process of impacting the poor community. VICOBA like any other micro-finance scheme are saving and micro-finance groups which target low income community members to encourage saving and provide access to micro-loans for small enterprises development (SEMIT, 2010).

According to SEMIT (2010) VICOBA schemes have proved to be very effective to the rural communities where they operate with very little cost; the scheme can easily be integrated to other development initiatives and give better results within a short period. Therefore, one would expect that poor households to benefit from access to VICOBA. Generally, access to VICOBA loans could be very essential in income poverty alleviation of those poor rural households that cannot access credit from the formal financial institutions such as Banks due to a lack of collaterals.

1.2 Statement of the Research Problem

In spite of efforts in recent years the rate of poverty continues to increase whilst poverty reduction remains a formidable challenge to development efforts in most countries (Wood & Mayer, 2001). In Tanzania, the number of poor Tanzanians had increased substantially over the ten-year period 1999-2009. In 1992, the number of poor people was estimated to be 9.3 million equivalent to 44.8% of the total Tanzania's population. It rose to 13.4 million (52.3%) in 1997 and further to 17 million in 2000 (56% of the population) before declining slightly to 46% in 2005/2006. This achievement was largely contributed by the launching and the implementation of the First National Strategy for Growth and Poverty Reduction in 2005/6.

The growth of microfinance, as one of the livelihood strategies of urban and rural poor in the global South, has also been widely acknowledged since its inception four decades ago (Kyessi & Furaha 2010). It is praise in many studies that most microfinance institutions (MFIs) plays best practices in improving livelihood outcomes of urban and rural poor households (Dorfleitner et al. 2013). However, the study by (Kitomari & Abwe, 2016) indicates significant failure of nemeous of VICOBA in many part of Tanzania. To date, Kinondoni municipality where Mwananyamala ward is located lacks fact-based and detailed information on households, its built environment, infrastructure, environmental conditions and threats, social and community organization, and flows of people and their economic activities. There is also dearth of knowledge on the programmes being supported in the Kinondoni Municipal by various donors which in most cases results in overlap of poverty reduction programmes.

This study assesses the effectiveness of VICOBA in poverty eradication and point out the challenges that have so far undermined their success towards poverty reduction in Mwananyamala ward located in Kinondoni Municipal. It particularly aimed at establishing how best partnerships and networking among key stakeholders can lead to more innovative solutions to the problems experienced by Mwananyamala residents.

1.3 General Objective

The main objective of this study is to assess and understand the effectiveness of VICOBA in poverty eradication in Kinondoni District by focusing on Mwananyamala Ward as a case study.

1.3.1 Specific Objectives

The study was guided by the following specific objectives:

- i. To assess the effectiveness of VICOBA working in Mwananyamala ward to reduce poverty
- ii. To find out the challenges facing VICOBA in poverty reduction in Mwananyamala Ward.
- iii. To identify the alternative solutions to combat the challenges facing VICOBA and poverty reduction strategies

1.4 General Research Questions

To what extent is VICOBA effective in poverty eradication in Kinondoni Municipal?

1.5.1 Specific Research Questions

The study attempted to answer the following questions:

- i. How effective are VICOBA working in Mwananyamala Ward in reducing poverty?
- ii. What are the challenges facing VICOBA in poverty reduction within Mwananyamala Ward?
- iii. How can the challenges facing VICOBA and poverty reduction strategies be resolved?

1.5 Significance of the Study

This study will make valuable contribution in regard to the body of knowledge on the household characteristics of poverty and ongoing poverty reduction interventions

in Kinondoni Municipal. The information will be vital and provide baseline information for Kinondoni Municipality officials and civil society organizations that intend initiate poverty reduction strategies in future.

1.6 Limitations of the Study

In the course of this study, a researcher acknowledged several limitations. Given the nature of the problem, the study was limited by time, funds and literature availability. Time constrain was also likely to affect the quality and quantity of data as the researcher was forced to use fewer respondents and only one MFIs as the case study. Lack of adequate finance affected the process of data collection during the study.

Financial inadequacy again hindered the researcher in his efforts to conduct the research effectively as the room to interact with many respondents was limited by the available fund. Local empirical literatures on the study were also limited as a result the researcher was forced to use literature sources from other countries which in some cases could not give a true picture of the situation in the ground. Another area that was perceived to be a limitation of the study was the limited discussion and statistical analysis of micro-finance initiatives across Tanzania rather than confining this to Dar-es-Salaam region only. The results could not be applicable to rural areas due to difference in social, economic and traditional environments as compared to urban areas.

CHAPTER TWO

LITERATURE REVIEW

This chapter aims at finding the gap between what other authors have explained theoretically and empirically, and what has not been explained regarding the contribution of VICOBA in poverty reduction among women. It also describes the key terms, effectiveness poverty and poverty alleviation, theoretical review and variables of the study, together with the conceptual framework.

2.1 Definitions

2.1.1 Effectiveness

Effectiveness is defined as the degree to which an organization releases its goals (Jacob & Robbins, 1990). In relation to poverty alleviation, effectiveness is to make future demand and supply in the workforce coincide optimally for the purpose of achieving the short-term and long term organizational, family or individual objectives. Therefore effective poverty alleviation is the degree to which the organization realizes demand & supply forecast of the workforce optimally (Hermanson, Hermanson, & Ivancevich, 1995). Poverty alleviation can be achieved when the human department is organized from the senior position which enables the department to be involved in making policies, practices programmes and systems that advances skills and increase motivation of staffs.

2.1.2 Poverty

Poverty is the state of being “*poor*” with little or no income (Vargo & Lusch, 2004)). UNDP measures income in terms of resources such as assets, income in kind and subsidies to public services and employment. People are poor when they are

deprived of income and other resources needed to obtain the conditions of life the diets, material goods, amenities, standards and services that enable them to play the roles, meet the obligations and participate in the relationships and customs of their society (Bhuiyan, Singh, & Kogan, 2006).

Foster and Sen (1997) defined poverty in different ways based on countries. In Ghana (West Africa), men associate poverty with a lack of material assets, whereas (Yet et al., 1997) defined poverty in different ways based on countries. In Ghana (West Africa), men associate poverty with a lack of material assets, whereas for women, poverty is defined as food insecurity. In Madagascar (Southern Africa), poverty is neglect of Malagasay traditions and norms, lack of motivation among certain classes and groups of people, price liberalization and devaluation, lack of education and absence of governance. In Philippines (Asia), in the Mindanao region, poverty is lack of food and money.

In Armenia (Eastern Europe), seasonal changes, lack of savings and immediate cash needs interact to keep people poor. In Guatemala (Caribbean), people are said to be poor when they don't have enough money, lose hope, lack food, don't have a place to live or the means to pay rent. In Tanzania (East Africa), poverty is symbolized in lacking roof houses, poor utensils and torn our clothes. In Latvia (Central Europe), Poverty is humiliation, the sense of being dependent on them, and of being forced to accept rudeness, insults, and indifference. These interlocking dimensions of poverty come out clearly in the criteria which poor people use to differentiate between categories of rich, average, and poor, as well in discussions of vulnerability. In these

countries, poverty is seen by lack or inadequate material wellbeing, food security, employment, psychological well-being, power and voice, assets, infrastructure, and capital.

In Latvia (Central Europe), Poverty is almost similar to what has been conceptualized in Central Europe as humiliation, the sense of being dependent on them, and of being forced to accept rudeness, insults, and indifference. These interlocking dimensions of poverty come out clearly in the criteria poor people use to differentiate between categories of rich, average, and poor, as well in discussions of vulnerability. In these countries, lack or inadequate material well-being, food security, employment, psychological well-being, power and voice, assets, infrastructure, and capital are regarded as indicators of poverty.

2.1.3 Poverty and Poverty Alleviation

Poverty is a multi-dimensional phenomenon and depends on the context and perspective that one is looking at. A working definition from Professor Muhammad Yunus, the Noble Peace Prize winner in 2006, is: Poverty is that characteristic of being in a state of joblessness, illiteracy, landlessness, homelessness, lack of adequate capital, facilities and food to earn a decent living and also powerlessness (Morshed, Rahman, Mazumder, & Lutfullah, 2009). It is a result of many and often mutually reinforcing factors including lack of productive assets to generate material wealth, illiteracy, prevalence of diseases, natural calamities such as floods; drought and man-made calamities such as wars (Kessy & Urio, 2006). Differences in poverty between men and women are smaller than geographical differences.

Poverty alleviation is, therefore, the act of reducing the scourges of the above conditions of an individual or community. (Kessy & Urio, 2006) argues that, according to statistics, about 1.6 billion people on the globe are in absolute poverty and the number is rising. All these poor people need help but, poverty alleviation projects got priority at the time of fund allocation through budget in most of the developing countries. For the purpose of this study, poverty is defined as a situation whereby a person fails to get the basic needs together with no saving, lack of employment, having no income and assets while poverty reduction is the process whereby poor people are enabled so that they can be able to self-sufficient in terms of the basic needs, increase in income, get employment, make saving and owning assets.

2.2. Theoretical Review

Theoretical framework: is a collection of different theories which relate to the study. It is a released set of prepositions which are derived from and supported by data or evidence (Kombo & Tromp, 2006).

2.2.1 Transaction Cost Theory

The transaction cost theory was created by Coase (1937) in his article "the problem of social cost". The theory asserts that, in order to carry out poverty alleviation it is necessary to discover who that one is; a person wishes to deal with poverty alleviation. The theory is important and helps to know whether or not the poverty state is reduced or continuing. Efficiency in TCT is conceptualized as pareto efficiency where governance modes are compared according to their ability to

facilitate transactions until the point at which it is impossible to make one party better off without making the other party worse off (Jones, 1998).

TCT claims that the firm, in many cases, provides a relatively more efficient method of organizing relative to the market because of optimization of transaction costs or overall value. Therefore, TCT is about efficiency and views economic organization as being principally concerned with the relative efficiency of optimizing on transaction costs (Williamson, 1985: 20). This can be viewed in terms of VICOBA groups as they are always there to enable more efficiency in ensuring market and purchasing power.

2.2.2 Microfinance Theory of Change (ToC)

At its most basic, the theory of change explains how a group of early and intermediate accomplishments set the stage for producing long-range results (Anderson, 2004). Though the Theory of Change was popularized in the 1990s to capture complex initiatives, and outcomes-based according to Clark and Anderson (2004), the theory is quite useful in planning, participation, and evaluation such as in not-for-profit and government sectors to promote social change.

The mechanism by which VICOBA may affect people's lives can be thought of as a chain of events, with short-run behavioural changes from the programme, potentially leading to livelihood outcomes in the long-run. VICOBA have many factors, among which are savings, credit, training and a social welfare fund (insurance). Thus, by testing whether access to VICOBA leads to an overall change in the way VICOBA

members manage their personal finances and the tools they use to finance expenditures and investments; these are short-run behavioural changes and immediate impacts of the outcomes.

If these changes occur as a result of the VICOBA programme, the expectation of members to save more also increases. Access to credit from VICOBA may lead to an overall addition of credit to individuals with no previous access to loans and an increase in the average loan amounts received by respondents. Credit could be used to invest in income generating activities, such as the purchase of agricultural and business inputs. Improved credit and access to the group's emergency or social funds may allow members to smoothen the impacts of economic shocks, unforeseen health expenditures and guarantee food security to the household. Higher investment of assets levels could lead to higher yields in agriculture and to growth in business ownership as well as increased income.

Access to VICOBA indicators may alleviate the impact of shocks on households, and easier access to lump-sums through savings, insurance, training and credit may lead to improvements in owning a house with an iron sheets roof and food security. The creation of livelihood outcomes in the longer term is largely dependent on the VICOBA programme's ability to lead to significant and relevant changes in short-term behavioural indicators, such as use of financial services to improve investments and smooth financial shocks and expenditures. The variation of time to join a VICOBA programme placed the study sample at a point in the theory of change where we can test many of the behavioural impacts described above. It might be too early, however, to detect significant impacts in livelihood outcomes. Members might

reasonably take two to three years before we could observe measurable changes in livelihood indicators.

Generally, the Microfinance Theory of Change describes a strategy or blueprint for achieving a given long-term goal. It identifies the preconditions, pathways and interventions necessary for an initiative's success. The classic microfinance theory of change is the same as the Theory of Change. However, it involves three steps that people from poor households are assumed to take to make the theory true (Dunford, 2012). First, they tap microfinance services (primarily as loans and/or savings); second, they invest this money in microenterprises; and third, they manage these microenterprises to yield enough returns on the investment to increase their household income and consumption-leading to poverty reduction.

However, according to Dunford (2012), evidence to date makes the theory look problematic, first as many (perhaps half) of poor households don't tap microfinance services even when they are locally available; second, of those who do use microfinance services, many (perhaps half) do not invest part or any of their loans and/or savings in microenterprises; and third, most of the microenterprises in which loans or savings are invested remain quite small with only modest returns on investment being generally not enough to lift the household out of poverty.

2.3 Empirical Literature Review

2.3.1 Micro Finance in Poverty Reduction

The MFIs play a vital role in helping people to fight against their poverty (Knopman et al., 2001) in his study on microfinance and poverty alleviation in Bolivia

assessed the impact of microfinance on poverty eradication. The study was conducted through small sample survey of four microfinance institutions, two from urban and other two from rural areas using a range of poverty concepts such as income, asset holding and diversity and various measures of vulnerability. All institutions studied had on balance positive impact on income and asset level.

The study revealed that, microfinance appeared to be successful and relatively cheap at reducing poverty of those close to the poverty line. However, it was revealed ineffective by comparing with labor market and infrastructural measures in reducing extreme poverty. The study proposed actions that appeared to be promising for the further reduction of poverty in Bolivia which can also be useful for other developing countries. It was also revealed when compared with other anti-poverty measures; microfinance appeared to be successful and relatively cheap at reducing the poverty of those close to the poverty line.

Despite this contribution, the study by Mosley has some weaknesses including the exclusion of MFIs in the sample size and considered only four microfinance institutions clients. This sample size with exclusion of the poor people who take loans from the MFIs might not be adequate for the generalizations made above. Also the poverty concepts considered excluded the number of employees, which is very important to be measured, as it indicates whether the MFIs created capacity to employ more people or not.

The study by Doughty & Zaman (2000) also made another empirical contribution in this area in his study on assessing the poverty and vulnerability impact of Micro-

Credit in Bangladeshø He examined the extent to which micro-credit reduces poverty and vulnerability through a case study of BRAC, one of the largest providers of micro-credit to the poor people in Bangladesh. The main argument of his study is in favor that micro-credit contributes to mitigating a number of factors that contribute to vulnerability whereas the impact on income-poverty is a function of borrowing beyond a certain loan threshold and to a certain extent contingent on how poor the household is to start with. Different control groups and estimation techniques were used to illustrate this point. Doughty & Zaman further discusses several ways by which membership in micro-credit programs reduces vulnerability by smoothing consumption, building assets, providing emergency assistance during natural disasters and contributing to female empowerment.

Despite this contribution, the study by Doughty & Zaman leaved a room for some questions especially on the sample size which was only one microfinance institution with no MFIs client included. This sample size might not be adequate for the generalizations made above. Also the poverty concepts considered excluded the aspects of saving, asset buildings and employment to poor people. This is very important to measure, as it indicates whether the microfinance institution has created employment capacity, saving and asset ownership to the poor people.

Another empirical contribution was made by Gow (2006) in his study and examined the Grameen Bank (GB) experience with a purpose of understanding the essential elements of its operations and the factors that enabled GB to reach the poor. The study revealed that the GB has established its credentials as an institution that aims at providing credit to the landless and asset-less poor in rural areas. GB credit gives

the recipients the power of entitlement to society's productive goods and services with immediate effect, unlike most of the other programmes for the poor that tend to create the unintended negative effect of dependency on the service providers. However, it was observed that, credit by itself is insufficient factor to reduce poverty conditions, and thus the GB devotes a substantial amount of resources to the improvement of the social well-being of its members.

The GB uses an unambiguous eligibility criterion which ensures that only the poor or very poor can participate. It motivates their clients to organize themselves into groups of five like-minded members. Each group elects one group leader among themselves. Every six groups form a "centre" which serves as the basic operating unit of the GB. It is at the centre that weekly meetings are conducted to openly discuss loan applications proposals and to accept weekly repayments and compulsory savings deposits. While the loans are made to individual members, the group as a whole is expected to be responsible for the regular repayments of the loans of all their members. This form of grassroots organization not only promotes solidarity and participation among the members, at the group and centre levels, but also promotes mutual support and peer pressure to ensure that the loans are properly utilized and repayments made promptly.

In concluding their work, Hassan and Renteria-Guerrero assert that the GB's approach seems to be an effective tool for rural poverty reduction despite minor criticism that has never given alternative solution for poverty alleviation. The programme supplies credit to improve the physical productive capacities of the poor and in addition, it provides the disadvantaged with human development inputs to

improve their overall productive and living standards (Mukhooli, 2015).

The conclusion given by Rena, & Ghirmai (2006) indicated that micro finance is the founding stone for poverty reduction by providing poor people with the means of earning income and buying the productive assets. Most studies Rena, & Ghirmai (2006), Gow (2006), Mukhooli (2015) showed that there is a fundamental linkage between microfinance and poverty eradication, in that the latter depends on the poor gaining access to, and control over, economically productive resources, which includes financial resources. Previously implemented programs not produced good results due to the non-involvement of the peoples for which the programs were probably poorly designed. These studies suggested that the government poverty alleviation program should be restructured if not re-designed and should be centered on the basic needs approach.

2.3.2 Effectiveness of VICOBA in Poverty Reduction Initiative in Tanzania

To a large extent VICOBA operating in Tanzania have brought about positive changes in the standards of life of the clients who received VICOBA services. About 81.3% of the surveyed microenterprises revealed in different studies Kikula (2018), Lema (2011), Lushakuzi et al (2017), Mukhooli, (2015) and Ngalemwa (2013) that their income and savings had increased due to profit increase after receiving the loans. Most of the clients who experienced an increase in profit after receiving the loan were in the age group of 25 to 39 years with regard to the level of education, the majority, 37.6% of respondents who had achieved a positive change in their profit after the loan had attained an ordinary level of secondary education.

A test was conducted to test if there was any significant difference in employment status before and after receiving the loan. Results of the test revealed that there was a significant difference between before and after receiving the loans. The value of t-test was positive indicates that, the number of employees increased. These results suggest that VICOBA assisted their clients to create more employment opportunities (Rweyemamu, Kimaro, & Urassa, 2003). Other studies on microfinance services, in Tanzania were carried out by (Kuzilwa, 2002) and (Rweyemamu, Kimaro, & Urassa, 2003).

Kuzilwa (2002) examines the role of microfinance credit in generating entrepreneurial activities and used qualitative case studies with a sample survey of businesses that gained access to credit from a Tanzanian government financial source. The findings reveal that the output of enterprises increased following the access to the credit. It was further observed that the enterprises whose owners received business training and advice, performed better than those who did not receive training. The recommendation provided creation of enabling environment where informal and quasi-informal financial institutions can continue to be easily accessed by micro and small businesses for the sake of poverty alleviation among the poor population (Kuzilwa, 2002).

Mbise, (2004) in his study on Role of VICOBA on Socio-Economic Development. Of Babati District observed that VICOBA borrowers were able to hire other people for farm activities and selling in their shops. It revealed that Non-borrowers who constituted 6.7% of all respondents were able to hire for those activities while to VICOBA borrowers (21.6%) of all respondents could do that. Also 58.7% of Non-

borrowers were able to buy Pesticides contrary to 62.2% of borrowers. Besides, only 9.3% of non-borrowers could buy Fertilizers for farm production while 18.9% of borrowers did. VICOBA lending scheme has already proved to be one of the better tools for community emancipation socially and economically in Tanzania. This is evident in the people benefiting from the scheme. There are a lot of testimonies and recorded facts from the VICOBA practitioners as derived from the Documentation Report by the Ministry of Finance and Economic Affairs/Poverty eradication Department (2009).

The study conducted by Kihongo (2005) revealed that there was effectiveness in the capacity building through various skills by provision of training ranging from simple accounting procedure, business management and some entrepreneur skills as part of VICOBA project operation. The trainings have been not only useful in successful operation of VICOBA but also growth of their economic activities. Another study was done in Arumeru District to evaluate how VICOBA have benefited the poor, to assess the services, achievements and challenges pertaining to VICOBA in Arumeru Districts. Sample of 96 respondents was selected for the study. The study revealed that VICOBA members of Muhorere, Mchele mchele and Mwangeza groups have benefited as members and sole owners of the banks. Members have been empowered in different skills and received different services such as soft loans savings shares, training and social or emergence loans (Haule, 2015).

Similarly, Robinson (2001) noted that households of microfinance beneficiaries tend to have better nutrition, health education and health practices in comparison to households of non-microfinance beneficiaries. Also, Littlefield, Morduch, and

Hashemi (2003) maintain that poor people with income obtained through microfinance activities invest in their children's education i.e. children are more likely to go to school and as well as stay longer in school in comparison to children of non-microfinance beneficiaries. Furthermore, Robinson (2001) and Zeller and Meyer (2002) pointed out that microfinance has a positive influence on the livelihoods of women. As access to microfinance leads to an enhancement in the quality of life of clients, a boost in self-confidence and has also helped in diversifying their sources of income, thereby increasing their income. For that matter, microfinance programme is generally perceived as one of the practical and attractive means for providing accessibility of the poor to credit and hence reducing poverty and achieving sustainable livelihoods (Anand, 2013).

In Newala District, Tanzania, a study by Kambuga (2013) on contribution of VICOBA to supporting the Most Vulnerable Children (MVCs) found that members of VICOBA save money for improvement of their livelihood but they were also supporting MVCs, who were left by their parents who died from HIV/AIDS. He insisted that members of VICOBA are very careful on expenditures.

2.3.3 Challenges Facing VICOBA in Poverty Reduction

On the other hand, though there is progress in microfinance sector in Tanzania in terms of number and products they offer, still there are some limitations, which are a hindrance to income poverty reduction. Further, sustainability of VICOBA members' projects is not assured as with the small size of capital in business, it is difficult for them to compete with new entrants in the same business with large capital (Kihongo, 2005). Kitomari and Abwe (2016), in their study which was

conducted in Meru District, concluded that some of the VICOBA (Microfinance) may not be considered as sustainable sources of livelihood strategies due to their failure to empower beneficiaries to cope with and recover from stresses and shocks.

The challenges/constraints noted in Tanzania by SEDIT (2008) include cultural constraints, educational level constraints, infrastructure constraints and lack of funds to contribute. Moreover, challenges like mushrooming of actors, lack of centralized documentation system, and different styles by different agencies targeting the same communities in Tanzania do affect the credibility of MFIs. VICOBA, like any other financial schemes, face a number of risks such as human capital which later affects agricultural productivity and the amount of money available for investment, limited access to markets and insecurity that undermine the functionality of VICOBA as they limit opportunities for investment or livelihood diversification (Kaberia and Allport, 2011). Nevertheless, the pillar of sustainability of VICOBA scheme depends much on the investment on the community's capacity building through training and support in establishment of communities' savings and credit banking groups (Kaberia and Allport, 2011; SEDIT, 2008; Anglican Alliance, 2016).

Chijoriga (2000) evaluated the performance of and financial sustainability of VICOBA in Tanzania, in terms of the overall institutional and organizational strength, client outreach, the operational and financial performance. About 28 VICOBA and 194 SMEs were randomly selected and visited. It was revealed that, the overall performance of VICOBA in Tanzania is poor and only few of them have clear objectives or a strong organization structure; and most of VICOBA in Tanzania lack participatory ownership and many is donor driven with operational performance

showing low loans repayment rates. In conclusion, the author pointed to low population density, poor infrastructures and low house hold income levels as constraints to the VICOBA performance. Many of these VICOBA have no clear mission and objectives; also their employees lack capacity in credit management and business skills.

In addition a study on the functioning of the VICOBA was carried out by (Rweyemamu, et al., 2003) who evaluated the performance and constrain facing semi-formal MFIs in providing credit in Mbeya and Mwanza regions. The primary data which were supplemented by secondary data were collected through a formal survey of 222 farmers participating in Agriculture Development Programme with results indicating that that the interest rate was a hindrance to the borrowers and also the length of credit procurement procedures and the amount of disbursement being inadequate.

The study by Temu & Due (2000) examined the current practices of the microfinance institutions in Tanzania particularly in Dar-es-salaam, Mbeya, Arusha and Mtwara regions of Tanzania; and the conclusion drawn indicated that most MFIs target small business which is already in existence as well as mature adults, and no loans are given to clients with outstanding debts. This implies that, many poor people wishing to start micro enterprises as a way of disentangling themselves from poverty as well as the younger generation are not easy accommodated by the VICOBA. It was found that there was little networking and co-ordination among the VICOBA, thus giving room to duplication of microfinance services in such regions. It is expected that networking and co-ordination may result in increased outreach and

greater impact on poverty reduction. The study concludes that VICOBA have not yet managed to reduce poverty to a measurable level in Tanzania.

2.5 Research Gap

There are many challenges facing VICOBA that hinders their progress and therefore limits their sustainability. Some of the VICOBA lack knowledge on how to form strong groups. Such type of VICOBA lack good foundation, lack of clear vision, lack of cooperation, lack of operational bank accounts, lack of seriousness and weak saving culture among the members. For the formalized VICOBA may face a problem of capacity building including entrepreneurship skills and business management. Other challenges are membership drop outs, mismanagement of funds, and inability to service the loans, (SEDT, 2009). The assessment of the challenges facing VICOBA showed that the members hardly attend meetings, the contributions of the members are inconsistent, the members lack entrepreneurship skills, and there is a lack of market for the produce of some of the members. Also in most VICOBA groups are dominated by woman; a fact that makes them lacks the men's participation in their management and leadership.

The other challenge as pointed out by VICOBA is lack of cooperation. About 70% of the group members felt that lack of cooperation is the number one cause of problem in this particular VICOBA. Finally, the assessment also established that most of the VICOBA members do not operate bank accounts. This is an indicator of the financial literacy of the group. This is also a confirmation of a weak saving culture among the members hence they cannot engage actively on investment matters.

Yet these make important contributions to group formation and organization. Hence, the poor are structurally weak in terms of group formation, relative to others in society. In relation to market failure groups, the poor often cannot make productive contributions that make their inclusion worthwhile. This result in what some have analyzed as a middling effect, whereby the poorest and the richest tend to be excluded from groups (Hume and Mosley, 1996, Mercer, 2002, Molinas, 1998 and Weinberger and Jutting, 2001). While the rich may not need groups in order to produce efficiently, the poorest may be excluded because they have no assets to contribute to group enterprises.

Education can also play an important role in mobilizing links, and in the motivation to join VICOBA in the first place. Evans, Adams, *et al.* (1999) show that the extent of female education correlated positively with participation in credit groups among the poor in Bangladesh. Similarly, Nelson's (1995) analysis of a ROSCA started in a Nairobi slum showed how the group mobilized their scarce educational and political resources (one member of the group was literate and one was the secretary of the local political party branch), which eventually enabled them to form a lucrative cooperative and engage with formal financial institutions.

By comparison, the lack of education and social status of the poor, more generally, contributes to exclusion from groups. For example, in her study of VICOBA on Mt. Kilimanjaro in Tanzania, Mercer (2002) found that VICOBA were mainly comprised of 'respectable' women from middle-level families who used groups to demonstrate their upwardly mobile status. The richest women had no need to do this, and the poorest were excluded on social grounds. This relates to the critical tendency of

many VICOBA to reinforce rather than challenge existing structures. VICOBA can enable individuals to reinforce or increase their (economic and social) status through conformity to dominant social and political norms (Bourdieu, 1984). Marginalized categories, by definition, may be excluded from this process, and may be more likely to achieve economic, political, or social objectives through the more arduous and demanding route of challenge.

The isolation which poverty entails is a major disadvantage in relation to networks, which are critical both for the capacity for VICOBA formation and the success of VICOBA. Unequal access to networks results in asymmetric information about opportunities. In particular, the poor often lack access to social networks which can be a major handicap to the success of VICOBA. For example, Bebbington (1996) shows how class distinctions in South America inhibit the capacity of Peoples Organizations to make the relevant connections with technical experts/financial investors which are crucial to their capacity to enhance productivity. In addition, deprivation tends to worsen some forms of conflict and thereby damages the trust essential for networking and economic exchange more generally. In turn, the resulting limited and biased economic networks among the poor generally strongest within their own income group limits knowledge about and access to market opportunities.

Flawed access to market information is worsened by the isolation of rural poverty. Thus, many studies find cooperatives or credit unions are more likely to form nearer towns, where there is some prospect of transport and market access (for example, Lam, 2001 and Meinzen-Dick, Raju, *et al.*, 2002), while poverty maps show a

distinct relationship to geographical proximity to transport. Access to political institutions seems to have a crucial bearing on the ability of VICOBA to succeed among the poor.

2.6 Conceptual Framework

Figure 2.1 shows the interaction between components of poverty reduction on one hand and institutional strength or capacities required for successful implementation and sustainability on the other. Poverty reduction efforts are influenced by policies, structures and capacities of institutions involved. This requires the formation of partnerships against poverty through mobilization and deliberate allocation of financial and human resources towards pro-poor activities that are likely to stimulate economic growth. Appropriate policies which would encourage stakeholder participation in poverty alleviation and stimulate economic development will be a pre-requisite for successful poverty reduction programmes.

Arguably, poverty reduction efforts, which are hinged on partnership and collaboration and supported by policies targeting the very poor, are devoid of conflict or duplication of in implementation. The capacities of the institutions and their financial resource base determine the choice of poverty alleviation programmes. Such choices would strongly be influenced by both physical and human infrastructures required to successfully implement the program. Institutions with wide range of capacities and adequate resources tend to undertake varied poverty reduction programmes while institutions with limited infrastructure engage in less income generating activities. Again, the policies relating to poverty reduction and contextual factors e.g. stakeholders determine the types of programmes

undertaken.

The community for instance, is so important in the conceptualization, planning, budgeting and implementation of programs, which are beneficial to them and their ability to carry out the tasks on their own. The stakeholder context also includes external factors such as attitudes, policies, legal and institutional frameworks which influence the successful implementation of poverty reduction programmes. The benefits of poverty alleviation programmes will be assessed more by communities and stakeholders who helped initiate and manage them while policies create an enabling environment for stakeholder participation in choosing and implementing programmes. In all, the integration of institutional capacity with policies and stakeholders will influence the extent to which poverty reduction programmes will be sustainable (Temu & Due, 2000).

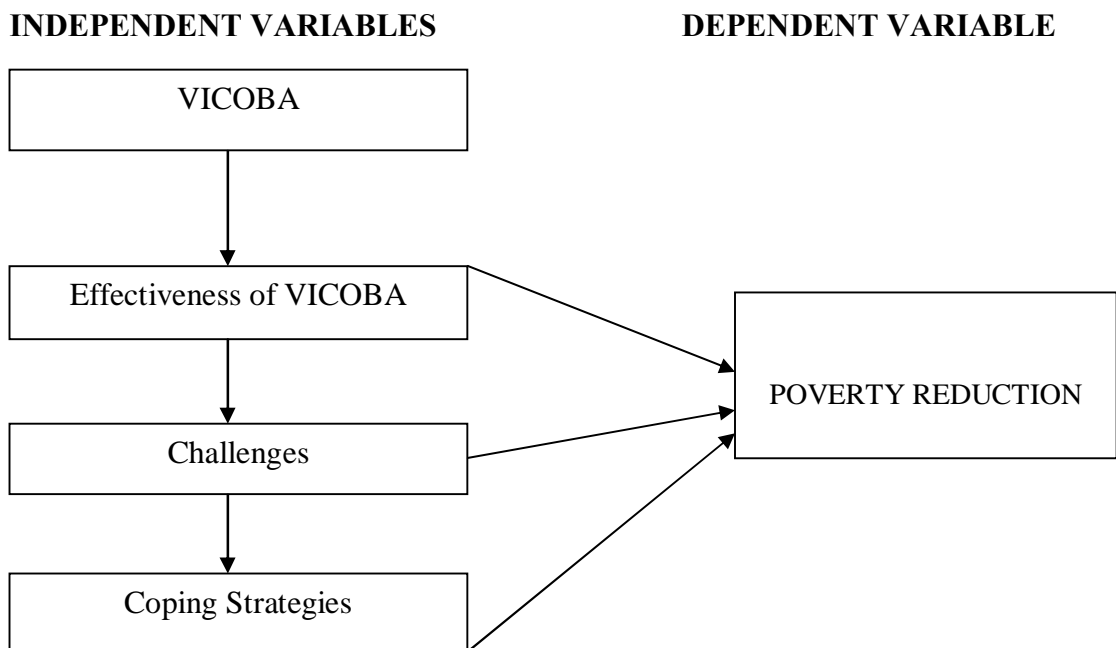


Figure 1: Conceptual Framework of the Study

Source: Researcher own construction

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter describes the research design and methodology by assessing the effectiveness of Vicoba in poverty eradication in Kinondoni district by taking the case study of Mwananyamala Ward. The chapter also describes the population to be involved and procedure of sampling, instruments used, data collection and analysis, and how interviews and questionnaire were conducted and lastly is the summary of this chapter.

3.1 Research Design

Research design is the plan showing the approach and strategy of investigation aimed at obtaining relevant data, which fulfills the research objectives and answers the research questions (Cohen & Grifo, 2007). In addition, it implies the structure of the research. It is the glue that holds all of the elements in a research project together. Indeed it is a conceptual structure within which research is conducted (Kombo & Tromp, 2006). It constitutes the blue print for the collection, measurement and analysis of data (Sankaranarayanan et al., 2009).

This study employed descriptive research. Descriptive research is used to obtain information concerning the current status of a phenomenon and to describe what exists with respect to conditions in a situation (Rweyemamu, et al., 2003). In other words, descriptive research design primarily describes what is going on or what exists (Luz, 2006; World Bank, 2009). Descriptive research design is used in this study since it allows for description of the effectiveness of poverty eradication projects in kinondoni district by taking the case study of Mwananyamala ward and

also it helps to establish strengths and gaps which is the fundamental to the realization of research objectives. The study is also an accurate description of a situation or of an association between variables and accuracy becomes a major consideration and a research design which minimizes bias and maximizes the reliability of the evidence to be collected.

Review of organization documents like semi-annual and annual reports, monitoring tools and evaluation reports are supported by questionnaire administration in order to obtain information relevant for the study. Furthermore, the study also uses causal research which is meant to provide information on the causal-and-effect relationship between functioning M&E system by assessing the effectiveness of vicoba in poverty eradication in Kinondoni district.

Open and close-ended questionnaires were used to draw information that focus on research objectives and questions on the roles of management to functioning M&E system, on practices that also assess the effectiveness of vicoba in poverty reduction projects in Kinondoni district by taking the case study of Mwananyamala ward. Questions and answers between researcher and respondents in a group discussion helps to bring joint understanding of M&E system to ensure that their response to the questionnaire are accurately reflecting what was aimed by the study.

3.2 Area of the Study

The study was conducted in Kinondoni District in Coast Region; it involved assessing the effectiveness of vicoba in poverty eradication in Kinondoni district by taking the case study of Mwananyamala ward. During the study, interviews was

conducted to those VICOBA members in Mwananyamala Ward in order to determine the effectiveness of VICOBA in poverty eradication in Kinondoni district by taking the case study of Mwananyamala ward. A sample size of several respondents was chosen to useful information to the study and to ensure equal representation of key organization staff as implementers and those of management level such as directors, managers and board members. The research work was conducted as soon as possible for data collection. Data analysis and report writing was done as soon as possible.

3.3 Sampling

Purposive sampling technique was used due to nature of the project which needed households in areas where VICOBA members are was counted. It was also difficult for the researcher to view and take information from the whole population of all VICOBA in Kinondoni Municipal due to the different limitations such as financial capacity and time. The sample however, represents the relevant information that can be generalized to such population of Kinondoni Municipal. Convenience sampling was used for selected participants of the study. The researcher used this kind of sampling based on geographical proximity and apart from that, Shaughnessy (2000) argues that this approach is the best in saving time and money. Simple random sampling was used to assess customer and stakeholder satisfaction by interviewing individuals who was visited respective service outlets of their organizations.

3.4 Data Collection Method, Instruments and Variables

3.4.1 Data Collection Techniques

Different techniques were applied to collect data, since there is no single technique

which is valid and variable; hence several techniques were employed to enable crosschecking of validity of the examined phenomenon.

3.4.2 Interviews

An interview is described as a conversation with a purpose. Cohen *et al* (2000) define interview as a two-person conversation initiated by the interviewer for the specific purpose of obtaining relevant research information. Despite being time consuming and expensive, structured and semi structured interview guides will be used to collect data for the study. The interview was conducted to the people living within the project area. Guided conversations where broad questions were asked and did not constrain conversations. The interviews aimed at getting first information and enable researcher to triangulate variables information in the study.

3.4.3 Survey Questionnaire

Questionnaires were used to obtain primary data for this study. Kothari (2004) shows that semi-structured or unstructured questionnaires are used when the study aims to invite free responses that generate information required for the study. Semi-structured questionnaires were distributed to target participants which require all respondents to provide valid answer for each question freely without any fear or worries. The questionnaires were collected in the end of the task ready for data coding, processing and analysis ready for report documentation and dissemination.

3.4.4 Document Review

Secondary data are those which have already been collected by someone else and which have already been passed through the statistical process (Kothari, 2004) and

Booth (2003) adds that secondary sources of data are research reports, whether books or articles, based on primary data or sources. In this study secondary data were obtained through library search of relevant documents of the sample participants like several reports and presentations to stakeholder meetings.

3.4.5 Validation of the Study Instruments

Validation and reliability are important keys to effective research. If a piece of research is invalid, then it is worthless. Cohen *et al* (2000) defines validity as the ability of the research instruments to measure what they claim to measure and the degree to which the results can be generalized to the wider population, cases or situation. On the other hand, reliability refers to the quality of consistency or reliability of a study or measurement. The procedures and activities to follow in a study was designed and discussed among colleagues and suggestions were given for modification purposes before being sent to supervisor for more opinions and approval.

The validation of the instruments in this study was done by ensuring that readability levels are appropriate; avoiding any ambiguity of instructions, terms and questions. Validation also was done by seeking expert's opinion of the supervisor who pass through the items of instruments and make recommendations for improving the clarity of concept and wording. Moreover, the use of different data collection methods helps in checking weaknesses of one data collection method by strength of others. It should be noted, however, in qualitative research, data gathering instruments are never "finished products" at the time of planning the research. The instruments, therefore, continue to be refined in view of the objective and

circumstances unfolded in the field. Moreover, the few questionnaires were drafted and piloted in several umbrella groups. Through questionnaire piloting conducting, it helps the researcher to fine-tune the questions and omit ambiguities and repetition of questions.

3.5 Data Processing and Analysis

The concept data analysis refers to examining what has been collected in a survey or experiment, and making deductions and inferences (Orotho, 2003). It involves uncovering underlying structures, extracting important variables, detecting any anomalies and testing any underlying assumptions. The analyses of data for this study involves qualitative than quantitative approaches. The reason for using both approaches is that they complement each other. Responses like "YES" or "NO" are more qualitative while judging on the strengths of each response had to be quantified for example twenty (20) responses have said "YES" about a certain question and two (2) have said "NO" for example.

Main steps involved in data analysis are organizing and preparing the data, reading through the data, coding the data, generating categories and finally interpretation of data. This step helps the researcher to compile all the information displaying a similar scheme, then data was assessed and organized accordingly to examine whether the data is logically arranged to answer the research problem. Then quantitative data from questionnaire filled by respondents are analyzed to test relationship between variables through Statistical Package Social Sciences (SPSS) version 21 computers programme to find the pattern of relationships between

variables. However, collected qualitative data is organized based on the themes extracted from research questions and analyzed using content method of analysis.

Content Qualitative data analysis is the non-numerical representation and manipulation of observation for the purpose of describing and explaining the phenomenon that those observations reflect the intended task (Babbie, 2010). This enables this study to analyze research findings which are more qualitative by enumerating the frequency (quantitative nature analysis) of their responses which are finally be used to draw dashboards that helps to easily describe and interpret research results according to research objectives and research questions as Sharma (2005) adds that this method helps managers to make suggestions into drawing conclusions as well as supporting decisions.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

This chapter presents findings of the study. It is divided in three sections; social demographic characteristics of respondents which include their age, marital status and level of education. Section two deals the effectiveness of VICOBA in reducing poverty, challenges and respondents view on abating existing challenges for effective poverty reduction.

4.1 Respondent's Socio-Demographic Characteristics

4.1.1 Ages of the Respondent

The current age structure of the given area provides a population dynamics reflection of the past and it is affects future growth of a population and its structure adjustments in the future (URT, 2006). Findings of this study as indicated in Table 4.1 reveal that, respondents who were involved in VICOBA had different age groups as shown by 39% of respondents had years ranging from 18-35; and 61% were respondents with age group above 35 years. This implies that young and the middle age groups are less involved in programmes aiming at improving livelihood activities probably due to less family responsibilities as in this age most individual are single in their marital status compared to the age group with age ranging from 35 years.

Respondents with age above 35 years have to diversify their income sources including joining VICOBA so that boost their economy and secure loans to run various business activities. This finding concur with what observed by Nanai (1993) individuals in the age of majority are in the active reproductive age and are required

to join financial institution (formal or informal) to acquire loans (Lushakuzi et al., 2017) that will assist them to reduce income poverty and meet household demands.

Table 4.1: Age Structure of Respondents

Age (Years)	Frequency	Percent (%)
18-35	30	39
Over 35	47	61
Total	77	100

Source: Field Data 2018

4.1.2 Gender of the Respondents

Finding of this study as indicated in Table 4.2 reveal 39% of respondents were males and 61% were females who were member of VCOBA. The number of male joining VICOBA is very low as compared to that of female; this is because of males' perceptions about VICOBA as financial groups designed to empower females. These findings are similar to the findings of Kihongo (2005) and that of Rutenge (2016) who reported that most men hesitate or do not want to join VICOBA, because it takes a long time to acquire loans, the loans provided are not enough for business capital and others argue that, VICOBA is woman based project. This was also reported by Kikula (2018) that the process to meet conditions for joining VICOBA is seen as long process that man regard it as a wastage of time. Kihongo 2005) further points that, men argue that, women are more patient with the entire requirements including the time they need to wait to access the loan. Such patience is not very common among men.

Table 4.2: Gender of the Respondents

Gender	Frequency	Percent (%)
Male	30	39
Female	47	61
Total	77	100

Source: Field Data 2018

4.1.3 Marital Status

Finding of this study (Table 4.3) indicate marital status of surveyed respondents and reveal that most of respondents who were member of VICOBA were married respondents (70.1%) and 26% were single. However, only 3.9% represented divorced respondents. It was found that individuals looking for opportunities to increase household income increases as family responsibilities increases which is some characteristics of individual in marriage. According to Ngalemwa (2013; Maselle (2009) argued that marriage is a factor that closely related poverty or welfare of household.

Katunzi (1999) presented similar finding and reported that marriage patterns play an important role in shaping social organizations as they associate with many socioeconomic, cultural and demographic variables. Phillip and Abdillahi (2003) observed that married couples show a high level of participation in community development activities probably due to cooperation amongst them in the marriage institution and in the society. From similarity in information provided with respect o VICOBA and marriage individual, it may then be concluded that the higher proportion of the married couples within VICOBA members may suggest that they have big responsibilities to their families therefore, the need to join VICOBA so as to overcome the situation.

Table 4.3: Marital Status of Respondents

Marital Status	Frequency	Percent (%)
Single	20	26
Married	54	70.1
Divorced	3	3.9
Total	77	100

Source: Field Data 2018

4.1.4 Education Status

Education is regarded as a key to better opportunities for employment, accessibility to information, services and independent and correct actions with regard to survival and development (Nkurunzinja, 2006). Furthermore, education tends to stimulate self-confidence and self-reliance. Moreover, education is important in adapting to business skills and strategies which will lead to improved household prospects. This is precisely because education normally has a significant influence on a household's income strategies, land management and labor use (Nkonya *et al.*, 2004). It was evidenced that individual with formal education i.e. primary education (29.9%), secondary education (22.1%), certificate 24.7%, diploma 11.7%, degree (10.4%) and postgraduate level (1.3%) are mostly motivated to join financial groups as opposed to individuals with non formal education.

Similar findings were reported by Rutenge (2016), Handley *et al.*, (2009), who asserted that, majority of the respondents in the study area had modest level of education that is primary education; nonetheless this can enable them to adopt extension services packages, which could enable them to adopt innovations. On the other hand, Owen *et al.*, (2005) state being knowledgeable of something increases the ability to control one's livelihood.

Table 4.4: Level of Education of Respondents

Education status	Frequency	Percent (%)
Primary education	23	29.9
Secondary education	17	22.1
Certificate	19	24.7
Diploma	9	11.7
Degree	8	10.4
Above	1	1.3
Total	77	100

Source: Field Data 2018

4.1.5 Number of Years Since the Joining VICOBA

According to literature (Begasha, 2012; SEDIT 2010; URT 2009) membership and involvement in VICOBA activities is influenced by several factors. These include; thinking of the high rate of charges on loans, lack of collateral for the loan and deceptive models brought before by other projects to mention a few. Based on the findings the majority (81.8%) of the respondents had less than 5 years of VICOBA membership while 16.9% had above 5 years. This implies that communities in the study area have recently become aware on the contribution of VICOBA in improving livelihood of the community.

Table 4.5: Number of Participants Since Joined VICOBA to 2018

Years	Frequency	Percent (%)
Under 5	64	83.1
Above 5	13	16.9
Total	77	100

Source: Field Data 2018

4.1.6 Livelihood of respondents involved before and after joining VICOBA

Respondents in the study area were involved in different livelihood activities before joining VICOBA. Majority of respondents 55.8% were self-employed, 37.7% were employed in different public and private institutions, 5.2% were housewife and only 1.3% represented the rest livelihood activities. This means that despite that respondent have other livelihood activities still need to join VICOBA in order to diversify and increase income sources as well as increased likelihood of securing loans from different financial institutions.

Table 4.6: Livelihood Activities Involved by Respondents before Joining VICOBA

Livelihood involved	Frequency	Percent (%)
House wife	4	5.2
Self employed	43	55.8
Employed	29	37.7
Others	1	1.3
Total	77	100

Source: Field Data 2018

The research also wanted to know how respondents could rate their economic condition before and after joining VICOBA. The findings in Table 4:7 reveal that, 29.9% rated very poor, 29.9% rated poor, 20.8% rated Moderate, 14.3 rated good and only 5.2% rated very good while their economic condition was rated Good by 40.3%, Moderate by 19.5%, very good by 18.2%, Poor by 15% and Very poor by 6.5%, the rates which show high improvement of the respondents' economic condition since they joined VICOBA.

Table 4.7: Economic Condition Before and After Joining VICOBA

Rate	Before Joining VICOBA		After Joining VICOBA	
	Frequency	Percent %	Frequency	Percent %
Very Poor	23	29.9	5	6.5
Poor	23	29.9	12	15.6
Moderate	16	20.8	15	19.5
Good	11	14.3	31	40.3
Very Good	4	5.2	14	18.2
Total	77	100.0	77	100.0

Source:Field Data 2018.

Moreover, the respondents were asked to indicate their income per month before and after joining VICOBA. The findings in table 4.8 reveal that the majority who are 39% of the members had the income of 50,000 to 99,000 Tsh per month as compared to 44.2% members who has the income of 200,000 to 399,000 Tsh after joining VICOBA. While 26% had an income below 50,000 Tsh before joining VICOBA, 29.9% had 100,000 to 199,000 Tsh after joining VICOBA. The findings here indicate that VICOBA helps its members to reduce their rate of poverty by improving their income.

Table 4.8: Members' Income per Month before and after Joining VICOBA

Income Per Month	Before Joining VICOBA		After Joining VICOBA	
	Frequency	Percent %	Frequency	Percent %
Bellow 50,000	20	26.0	11	14.3
50,000 to 99,000	30	39.0	6	7.8
100,000 to 199,000	17	22.1	23	29.9
200,000 to 399,000	8	10.4	34	44.2
Above 400,000	2	2.6	3	3.9
Total	77	100.0	77	100.0

Source:Field Data 2018

4.1.7 Other Source of Personal Income

It was evidence that VICOBA is source of income for most of respondents that help them to implement different business (Table 4.7). It was found that some members rely on VICOBA only as source of income (39%) and respondents who depend on salary as main source of income were represented by 37.7%. However, 23.4% are the percentage of respondents whose source of income was termed as others to imply casual works and other informal activities. Having multiple sources of income

sources was observed and presented by majority of respondents as a strategy toward poverty reduction and enhances household livelihood security.

Table 4.9: Other Source of Personal Income of the Respondents

Personal Income	Frequency	Percent (%)
Salary	29	37.7
None	30	39
Others	18	23.4
Total	77	100

Source: Field Data 2018

4.2 The Effectiveness of VICOBA in Reducing Poverty

The first objective of this study was sought to assess the effectiveness of VICOBA working in Mwananyamala ward on poverty reduction. This was supposed to enable the researcher to determine the how effective are VICOBA in helping the Government in fighting against poverty in Tanzania and Mwananyamala in particular. Data obtained are discussed in the subsection bellow.

4.2.1 Services which Respondents Receive from VICOBA

This findings highlights varied services offered by VICOBA to its members as indicated in Table 4.8; these includes receiving soft loans, business management skills, social supports, financial management skills as well as entrepreneurship skills. Based on each services provided by VICOBA, respondents were required to rate it in terms of magnitude of importance. These rating includes strong agree, agree, uncertain, disagree and strong disagree. Respondents perceived differently on the loan provision from Village Community Bank in which they affiliated to. For

example, most respondents (51.9%) strongly agreed that they have been receiving soft loans from VICOBA. However, few respondents of about 13% agreed, 11.7% of respondents tied to each of the remaining responses.

It was further observed that 37.7% of the respondents strongly agreed that VICOBA provides business management skills. Nonetheless respondents of about 22.1% disagreed, 16.9% agreed, 15.6% disagreed and 7.8% were uncertain on the provision of business management skills provision by Village Community Bank. Moreover, 27.3% of the respondents were uncertain of whether VICOBA provide social support, 26.0% agreed, 19.5% strongly agreed, 19.5% strongly disagreed and 7.8% disagreed. For the case of financial management skills as a service provided by Village Community bank to its member were also rated differently by respondents. For example, 35.1% of the respondents were uncertain on financial management skills, 28.6% agreed, 22.1% strongly agreed, 14.3% strongly disagreed and 0% disagreed. In terms of Entrepreneurship Skills; 31.2% agreed, 29.9% strongly agreed, 20.8% strongly disagreed, 11.7% were uncertain and 6.5% disagreed.

These findings are in-line with what reported by Rutenge (2016); Haule (2015); Salum (2017) and Massawe (2014) on the benefits members of the VICOBA accrued to their membership such as access to affordable loans, increasing household asserts, improving social interaction, investing in agriculture activities, meeting medical expenses, improved shelter and meeting education cost for children. Finding of this study also concur to the study of Herinely Chipindula (2015) in the research conducted in Mtwara Region, the findings showed that VICOBA led to social empowerment of group members by increasing their self-esteem through increased

respect, building a sense of social-worth and enabling them and their families to overcome disgrace. Furthermore, it led to the increase in self-efficacy through allowing acquisition of resources, changing roles, increased confidence, improved communication between couples, building a sense of community, transforming gender relations and increased ability to solve marital problems.

Furthermore, according to Chipindula and Mwanga (2015), through provision of soft loans, VICOBA provides financial capacity to its members and as a result when used properly enable them to have an access to capital for investment, owning assets and house facilities. Ahlen (2012) argued that loans acquired by VICOBA members were not only taken to make big investments, but were also important for members to be able to plan, control and diversify their economy, and be less dependent on harvesting times.

Table 4.10: Services that Respondents Receive from VICOBA

Statement	Frequency (%)				
	1	2	3	4	5
Soft Loan	51.90	13.00	11.70	11.70	11.70
Business Management Skills	37.70	16.90	7.80	22.10	15.60
Social Support	19.50	26.00	27.30	7.80	19.50
Financial Management Skills	22.10	28.60	35.10	0.00	14.30
Entrepreneurship Skills	29.90	31.20	11.70	6.50	20.80

Source: Field Data 2018

4.2.2 Mechanisms on how VICOBA Groups Raise their Income or Source of Fund

The respondents were asked to state how their VICOBA group is funded based on Members registration fees, Donors, Members monthly/yearly contribution, Soft loan interest and VICOBA Projects. Findings of this study (Table 9) indicates that 53.2%

of the respondents indicated that VICOBA fund come from monthly contribution, 26.0% come from interest on loans, 11.7 come from registration fee, 6.5% come from Donors, 1.3% come from VICOBA projects while other 1.3% didn't know where VICOBA group get their fund from.

Finding of this study collaborate with what reported by Muganda (2016); Sharma et al (2017) that most VICOBA in Tanzania depend on own raised funds including registration fees, interest from soft loans and monthly contribution that comes from every registered member. On the other hand, Kitomari et al (2016), Hamadziripi, (2008) presented similar finding to this study that donar and VICOBA projects are other source of fund that Village Community Bank depends.

Table 4.11: Mechanisms Used by VICOBA Group to Raise Income

Sources of fund	Frequency	Percent
Registration fees	9	11.7
Donors	5	6.5
Monthly contribution	41	53.2
Interest from soft loans	20	26
VICOBA projects	1	1.3
I don't Know	1	1.3
Total	77	100

Source: Field Data 2018

4.2.3 Legal Status of Village Community Banks in the Study Area

The Village Community Bank in the surveyed ward differed in legal status such that 70.1% of the surveyed Village Community Bank was informal and 29.9% were legal Village Community Bank. The legality of the Village Community Bank can

influence its vulnerability to failure. For example, the formal Village community Banks are likely to withstand challenges facing it that informal Village Community Bank.

According Lushakuzi et al (2017) changes in business environment such as economic, financial, political, legal, and socio-cultural factors also affect discovery of opportunity. For example, income level of the entrepreneur, capital availability, political stability, poor supervision, laws concerning private enterprise and property rights, and desire for enhanced social status by the entrepreneur could affect discovery of entrepreneurial opportunity. Lushakuzi et al (2017) further argued that for sustainability of Village Community Bank and that Village Community Bank that will reach majority of people in the rural areas, the government should enact different policies which favor the informal financial settings such as VICOBA since the current microfinance policy in use favors the formal and semi-formal financial institutions which are legally registered by the Bank of Tanzania.

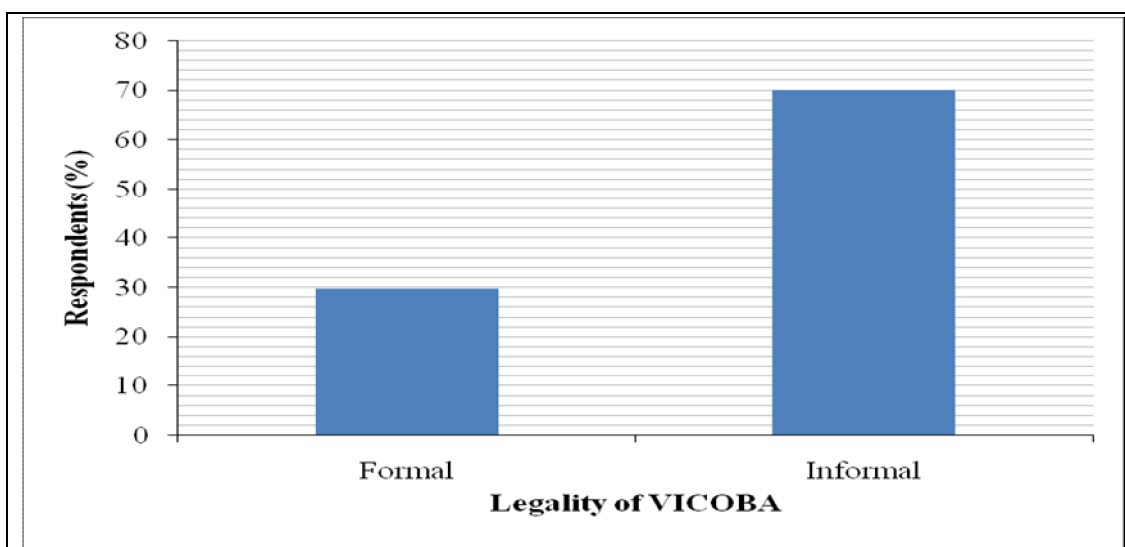


Figure 4.1: Legal Status of VICOBA in the Surveyed Ward

Source: Field Data 2018

4.2.4 The Relationship between Poverty Eradication and the VICOBA Groups

This study explored respondents' perspectives of Village Community Bank on Poverty reductions. It is seen (Table 10) that majority of respondents 76.6% agreed that Village Community Bank has strong influence on poverty reduction as opposed to few respondents (23.4%) who perceived that VICOBA has no influence on poverty reduction. Numerous of literature Hamadziripi (2008); Kikula (2018); Kitomari, et al. (2016); Lema (2011); Lushakuzi et al (2017); Maliti (2017) & Massawe (2014) have provided existence of strong relationship between Village Community Bank and poverty reduction as similar reported in this study.

Finding of this study further resemble with the study of Lushakuzi, *et al.* (2017) who reported VICOBA as a form of empowerment-based economics which falls under the larger umbrella of microfinance. Micro-finance as a whole is focused on the entrepreneurship of individuals, generally with a goal of lifting low-income or disadvantaged groups out of poverty and providing the means for them to prosper (Tervalon and Murray-Garcia, 1998). The methodology is simple and easy to replicate. It builds on local capacities and is adapted to a wide variety of local cultural contexts. VICOBA has been implemented in many places of Tanzania and looks very different in individual settings or within unique groups. VICOBA MODEL is said to be a good TOOL to implement different policies, strategies, programs and projects (URT, 2010; SEDIT, 2008 & 2010; Kihongo, 2005 and Ngalemwa, 2013).

Findings of this study is also supported by the study of Salum (2015) who asserted that the fast growing micro-finance/micro-credit programmes for the poor is based

on a theoretical framework and a strong awareness that something needed to be done about the plight of the poor (Molenaar, 2009). According to Molenaar (2009), initially, most developing countries accepted microfinance as an instrument to combat poverty. Then it was acclaimed as an instrument to boost entrepreneurial initiatives. Subsequently, micro finance institutions (MFIs) developed comprehensive programmes offering a wider range of products and services to micro-entrepreneurs. Currently, the sector is considered an industry, and legalization and regulatory frameworks have been developed and introduced in support of the sector.

Table 4.12: Relationship between VICOBA and Poverty Eradication

Responses	Frequency	Percent (%)
Yes	59	76.6
No	18	23.4
Total	77	100

Source: Field Data 2018

4.2.5 The Main Benefits of VICOBA Groups

Respondents were asked in their opinion to state what their thought are the main benefit of VICOBA groups. 29% of the respondents identified paying school fees to be the main benefits, 20.8% to be Loans, and 15.6% none, 14.3% training, 14.3% plot or house building, 2.6% business and 2.6% project initiation as illustrated in the Table 4.10.

Finding of this study also concur to the study of Herinely Chipindula (2015) in the research conducted in Mtwara Region, the findings showed that VICOBA led to social empowerment of group members by increasing their self-esteem through

increased respect, building a sense of social-worth and enabling them and their families to overcome disgrace. Furthermore, it led to the increase in self-efficacy through allowing acquisition of resources, changing roles, increased confidence, improved communication between couples, building a sense of community, transforming gender relations and increased ability to solve marital problems.

Furthermore, according to Chipindula and Mwanga (2015), through provision of soft loans, VICOBA provides financial capacity to its members and as a result when used properly enable them to have an access to capital for investment, owning assets and house facilities. Ahlen (2012) argued that loans acquired by VICOBA members were not only taken to make big investments, but were also important for members to be able to plan, control and diversify their economy, and be less dependent on harvesting times.

The loan they received from SIDO enabled them to acquire assets, send their children to school and even to raise their standard of living. The study by Temu & Due (2000) examined the current practices of the microfinance institutions in Tanzania particularly in Dar-es-salaam, Mbeya, Arusha and Mtwara regions of Tanzania; and the conclusion drawn indicated that most MFIs target small business which are already in existence as well as mature adults, and no loans are given to clients with outstanding debts. This implies that, many poor people wishing to start micro enterprises as a way of disentangling themselves from poverty as well as the younger generation are not easily accommodated by the VICOBA. It was found that there was little networking and co-ordination among the VICOBA, thus giving room to duplication of microfinance services in such regions. It is expected that

networking and co-ordination may result in increased outreach and greater impact on poverty reduction.

The findings further supported by the study of Chipindula et al (2015) who asserted that that through its economic role, VICOBA has led to social empowerment of rural women by increasing their self-esteem through increased respect, building a sense of social-worth and enabling them and their families to overcome disgrace. Furthermore, it has led to the increase in self-efficacy through allowing acquisition of resources, changing roles, increased confidence, improved communication between couples, building a sense of community, transforming gender relations and increased ability to solve marital problems. Results substantiate a need to formalize and harmonize the existing VICOBA models so that rural people can discover their potentials and use them effectively to overcome different social problems.

Table 4.13: Social Economics benefits of VICOBA Groups

Main Benefits	Frequency	Percent (%)
Paying school fees	23	29.9
Training	11	14.3
Loans	16	20.8
None	12	15.6
Plot/House building	11	14.3
Business	2	2.6
Project initiation	2	2.6
Total	77	100

Source: Field Data 2018

4.3 The Challenges Facing VICOBA in Poverty Reduction

The fourth objective sought to find out the challenges facing VICOBA in poverty reduction within Mwananyamala ward. Here several questions were asked to the respondents.

4.3.1 Challenges Facing VICOBA

Despite benefit of Village Community Bank that been mentioned by respondents in the previous section, respondents also reported challenges for which Village Community Bank have been facing. For example, an inadequate management skill (46.8%) was reported to be one among challenges facing VICOBA. It was followed by 32.5% respondents who reported that inadequate awareness on issues related to Village Community Banks is the challenge facing VICOBA prosperity. Financial constraints were also reported by respondents 18.2% as a challenge facing VICOBA. Nonetheless 2.6% of respondents in the surveyed ward didn't know any challenge as illustrated in the Table 12.

Similar findings were reported in Rutege (2016) who pointed various challenges facing Village Community Banks in Tanzania including low entrepreneurship skills, low knowledge of record keeping, women being refrained by their husband to involve in Village Community Bank related activities, husband misusing loans received by wife, management skills and some participant seeing as they are wasting time as they join or engage in VICOBA activities. Findings of this study pointed some similar information as found in Ngalemwa et al (2013) who reported that the challenge facing communities in relation to the involvement in VICOBA activities can be divided into two groups which those challenges facing performance of VICOBA activities and second, those influencing membership of the group. Furthermore, the performance of VICOBA is constrained by many factors. As shown in literature (Mkombe, 2005; Nyamsogoro, 2010; Begasha, 2012) these include poor infrastructure, low education and cultural practices.

Kitomary, *et al.* (2016) also pinpointed some of similar challenges to this study facing Village Community Banks which includes group members' status of income poverty, late repayments and loan default, lack of business education and entrepreneurship skills both for group leadership and group members, wrong start by choosing or selecting wrong or uncommitted members, mistrust and mismanagement of funds, multiple group membership, Loan repayment failures, which result in, members running away or migrating to other places or areas due to the burden of loans).

Table 4.14: Challenges Facing VICOBA

Challenges	Frequency	Percent
Awareness	25	32.5
Financial Resources	14	18.2
Management Skills	36	46.8
I don't know	2	2.6
Total	77	100

Source: Field Data 2018

4.3.2 Rate of the Problems Facing Village Community Banks

Findings of this study presented in Table 4.13 indicate differed rating responses provided by respondents with regard problems facing Village Community Bank group in the Mwananyamla ward. It was evidenced that Education, skills shortage, cooperation, conflict and others. In education problem; 27.3% of the respondents strongly disagreed, 26.0% were uncertain, 22.1% agreed, 16.9 disagree and 7.8 strongly disagreed. Shortage of skill in the other hand, 41.6% agree, 37.3% strongly agree, 10.4% disagree, 5.2% were uncertain while 5.2 rated uncertain. Nevertheless, 40.3% agree, 32.5% uncertain, 20.8% strongly agree, 6.5% disagree and 00.0%

strongly disagreed on the problem of cooperation. Conflict was rated 31.2% agree, 22.1% strongly agree, 19.5 disagree, 19.5% uncertain while 7.8% strongly disagree. Other problems were rated 35.1% strongly agree, 20.8 strongly disagree, 15.6% disagree, 14.3% agree and 14.3% were uncertain.

The problems mentioned by respondents are the reflection on the challenges they have been experienced. For example, the study of Rutege (2016); Ngalemwa et al (2013); Kitomary et al (2016); Mkombe, (2005); Nyamsogoro (2010) and Begasha, (2012) highlighted that most of problems facing Village Community Banks routed from the challenges that these groups face.

Table 4.15: Problem Facing Village Community Banks in the Study Area

Statement	Frequency (%)				
	1	2	3	4	5
Education	27.3	22.1	26.0	16.9	7.8
Skills shortage	37.7	41.6	5.2	10.4	5.2
Cooperation	20.8	40.3	32.5	6.5	00.0
Conflict	22.1	31.2	19.5	19.5	7.8
Others	35.1	14.3	14.3	15.6	20.8

Source: Field Data 2018

4.4 Suggested Solutions to Improve VICOBA and Poverty Reduction Strategies

The opinions provided by respondents on done by the central or local government to improve on the support to the VICOBA Groups were based on financial support (36.4%), entrepreneurial skills (57.1%) and loan security. 57.1% of the respondents recommended entrepreneurship skills support, 36.4% recommended financial support while the rest 6.5% recommended Loan security support from the government as indicated in the Table 4.13. Similar finding was reported in Lushskuzi, et al. (2015); Rutenge (2016) and Kitomary et al (2016) who asserted that

for the purpose of reducing poverty provision of financial support to run business projects, provision of entrepreneurship skills to the members and loan security.

Table 4.16: Opinions Provided by Respondent on Government Interventions

Suggested measures	Frequency	Percent (%)
Financial support	28	36.4
Entrepreneurial skills	44	57.1
Loan Security	5	6.5
Total	77	100

Source: Field Data 2018

4.5.1 Measures for Effective Poverty Reduction Interventions in Village Community Banks

The respondents were on what should be done in order to make future poverty reduction interventions and initiatives effective by using VICOBA group. Findings were based on responses provided by members of the Village Community Banks in the surveyed wards; and it includes the provide leadership skills (27.3%), provide individual awareness (57.1%) and accountability among members (15.6%).

The study of Nafula et al (2005) highlighted mechanisms that can be used as better intervention and ensuring that future VICOBA works effectively to reduce poverty among the community. Provision of education, leadership skills, financial management and raising awareness of the village community on the contribution of VICOBA in poverty reduction will stimulate people to join VICOBA and make them sustainable. Nafula et al (2005) further argued that collaborative decision on matters related to Village Community Banks group facilitate transparency among member within group.

Table 4.17: Proposed Intervention to Be Done for Future Effective Poverty Reduction

Intervention for poverty reduction	Frequency	Percent (%)
Provide leadership skills	21	27.3
Provide individual awareness	44	57.1
Accountability	12	15.6
Total	77	100

Source: Field Data 2018

4.5.2 Types of Training Needed by the VICOBA Group Members

Respondents were asked to rate the values which they thought will be useful to VICOBA group based on VICOBA Group Formation Capacity Building, Business Management Skills, and Skills in Record keeping, Financial Management Skills and Entrepreneurship Skills. Respondents rated VICOBA Group Formation Capacity Building; 33.8% strongly agree, 26.0% agree, 20.8 uncertain, 15.6% disagree and 3.9% strongly disagree. Business management was rated 39.0% strongly agree, 27.3% agree, 6.5% uncertain, 14.3% disagree and 13.0% strongly disagree.

Moreover, Skills in record keeping 32.5% strongly agree, 13.0% agree, 32.5% uncertain, 2.6% disagree and 19.5% strongly disagree. Financial Management Skills was rate 7.8% strongly agree, 33.8% agree, 32.5% uncertain, 13.0% disagree and 13.0% strongly disagree. Entrepreneurship Skills was rated 33.8% strongly agree, 19.5% agree, 6.5% uncertain, 19.5% disagree and 20.8% strongly disagree as identified in the Table 4.16.

Table 4.18: Types of Training needed by the Village Community Banks

Statement	Frequency (%)				
	1	2	3	4	5
VICOBA Group Formation Capacity Building	33.8	26.0	20.8	15.6	3.9
Business Management Skills	39.0	27.3	6.5	14.3	13.0
Skills in Record keeping	32.5	13.0	32.5	2.6	19.5
Financial Management Skills	7.8	33.8	32.5	13.0	13.0
Entrepreneurship Skills	33.8	19.5	6.5	19.5	20.8

Source: Field Data 2018

According to literature Massawe (2014); Muganda, (2016); Sharma, & Zhao (2017) Rutenge (2016); Mukhooli, C. (2015); Chipindula, & Mwanga, (2015) and Lushakuzi et al (2017) recognized importance of capacity building to the members of the Village community Banks in terms of skills and knowledge related to record keeping, financial management, entrepreneurship and business management skills. On the other hand, Hamadziripi, (2008); Kikula, (2018); Kitomari, & Abwe (2016); Lema, (2011) and Maliti, (2017) insisted provision knowledge and skills pertaining proper formation of Village Community Banks groups in order to get members with the same interest who will work together for the sustainability of their own group.

4.6 Discussion

4.6.1 The Effectiveness of VICOBA Working to Reduce Poverty

The findings revealed that most of the respondents (51.9%) strongly agree that VICOBA provide soft loans as a strategy to reduce poverty in the community. In terms of sources of fund, majority of the respondents 53.2% indicated that VICOBA fund come from monthly contribution. The finding also revealed that, most of the VOCABA groups are informal (70.1%) while only formal status states by 29.9% of the respondents. Majority of the respondents (76.6%) indicated that there is the

relationship between Poverty eradication and the VICOBA groups while only 23.4% indicated absence of such a relationship when asked to do so. Nevertheless, the findings revealed that 29% of the respondents identified paying school fees to be the main benefits of VICOBA, 20.8% to be Loans, 15.6% None, 14.3% training, 14.3% plot or house building, 2.6% business and 2.6% project initiation.

4.6.2 Challenges Facing VICOBA in Poverty Reduction

Finding revealed that lack of Management skills is the first challenge (46.8%), followed by lack of awareness scored (32.5%), shortage of financial resources (18.2%). The problems provided were Education, skills shortage, cooperation, conflict and others. In education problem; 27.3% of the respondents strongly disagreed, 26.0% were uncertain, 22.1% agreed, 16.9 disagree and 7.8 strongly disagreed. Shortage of skill in the other hand, 41.6% agree, 37.3% strongly agree, 10.4% disagree, 5.2% were uncertain while 5.2 rated uncertain.

Nevertheless, findings also revealed that 40.3% agree, 32.5% uncertain, 20.8% strongly agree, 6.5% disagree and 00.0% strongly disagreed on the problem of cooperation, while Conflict was rated 31.2% agree, 22.1% strongly agree, 19.5% disagree, 19.5% uncertain while 7.8% strongly disagree. Other problems were rated 35.1% strongly agree, 20.8 strongly disagree, 15.6% disagree, 14.3% agree and 14.3% were uncertain.

4.6.3 The Alternative Solutions to Combat the Challenges facing VICOBA and Poverty Reduction Strategies

The findings in this study revealed that, 57.1% of the respondents recommended

entrepreneurship skills support, while 36.4% recommended Financial support and the rest 6.5% recommended Loan security support from the government. For effective poverty reduction strategies, the findings revealed that Provide individual awareness scored 57.1% of the respondent recommended provision of individual awareness, while leadership skills scored 27.3% and Accountability scored 15.6%.

Furthermore, the findings revealed that Respondents rated VICOBA Group Formation Capacity Building; 33.8% strongly agree, 26.0% agree, 20.8 uncertain, 15.6% disagree and 3.9% strongly disagree. Business management was rated 39.0% strongly agree, 27.3% agree, 6.5% uncertain, 14.3% disagree and 13.0% strongly disagree. On the type of training needed, the finding revealed that majority of the respondents strongly agreed on Skills in record keeping 32.5%, while 33.8% agreed on Financial Management Skills and 33.8% of the respondents strongly agreed on Entrepreneurship Skills.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1 Summary of the Findings

This study generally intended to investigate the effectiveness of VICOBA in poverty eradication within Kinondoni District, more specifically, the study aimed at addressing the following objectives; to assess the effectiveness of VICOBA working in Mwananyamala ward to reduce poverty, to find out the challenges facing VICOBA in poverty reduction within Mwananyamala Ward and lastly to identify the alternative solutions to combat the challenges facing VICOBA and poverty reduction strategies.

The study used descriptive research design and participants of the study included VICOBA members and leaders in Mwananyamala Ward. The total number of study sample was 77 respondents. The sample design used was Purposeful and Convenience sampling techniques. Questionnaires and interviews were used to collect information from the field and the analysis of data involved both qualitative and quantitative techniques. Data was analyzed using descriptive statistics and Statistical Package of Social Sciences (SPSS). Data obtained was coded according to different variables and descriptive statistics such as frequencies, mode, mean percentiles, variances and standard deviations was used to interpret. Tables, figures and charts were used for analysis and interpretation of data.

The first objective was to assess the Effectiveness of VICOBA Working to Reduce Poverty where the findings reveal that most of the respondents (51.9%) strongly

agree that VICOBA provide soft loans as a strategy to reduce poverty in the community and there is the relationship between Poverty reduction and VICOBA groups, Nevertheless, the findings identify that VICOBA members paying school fees for their children, get Loans, training, and buy plot or house building. The findings also reveal that there is improved income among VICOBA members unlike before joining the groups.

The second objective was to find out the challenges Facing VICOBA in Poverty Reduction where the findings revealed that lack of Management skills, lack of awareness among VICOBA members, shortage of financial resources, and conflict among members are some of the main challenges. (18.2%). The problems provided were Education, skills shortage, cooperation, conflict and others. In education problem; 27.3% of the respondents strongly disagreed, 26.0% were uncertain, 22.1% agreed, 16.9 disagree and 7.8 strongly disagreed. Shortage of skill in the other hand, 41.6% agree, 37.3% strongly agree, 10.4% disagree, 5.2% were uncertain while 5.2 rated uncertain.

The last objective was centered on the alternative Solutions to Combat the Challenges facing VICOBA and Poverty Reduction Strategies in which the findings reveal entrepreneurship skills support, Financial support, loan security supports from the government, Provision of individual awareness and leadership skills to be important solutions towards the challenges facing VICOBA groups. Other alternative solution suggested are VICOBA Group Formation Capacity Building, Business management skills, and Financial Management Skills.

5.2 Conclusion

During the study, it was identified that VICOBA provides soft loans to their members, while their sources of fund come from members' monthly contribution. It was also identified that there is the relationship between VICOBA and poverty reduction though most of VICOBA are informal. Furthermore, it was also identified that VICOBA member benefit from the groups by paying school fees and other school related expenses. It is therefore concluded that, VICOBA are effective tool in poverty reduction process as members can acquire soft loans which are affordable in comparison to other financial institutions.

For the challenges faced by VICOBA group in the process of implementing VICOBA activities, the study identified lack of management skills to be the most notable challenge followed by lack of awareness, and lack of financial resources respectively. The study also identified the problem of cooperation and conflict within VICOBA groups. The study therefore concludes that, VICOBA groups must not only prioritize management training but also ensure the presence and effective training mechanisms are in place especially to VICOBA leaders. The study continues concluding that, group members should be helped to ensure cooperation and conflict resolutions are taken responsibly.

The findings identified that, entrepreneurship skills support should be provided by the government or local government to improve on the support to the VICOBA Groups followed by financial support and Loan security support respectively. It was also identified that training on VICOBA group formation capacity building and skills in record keeping are mostly required for effective poverty reduction. This study

therefore concludes that, entrepreneurial skills to VICOBA group members should be emphasized for better achievement of poverty reduction. It further concludes that, since VICOBA groups can be challenged with good record keeping, it is important for the group leaders to undergo some training on record keeping.

5.3 Recommendations

Based on the research findings and conclusion reached, the study makes different recommendations especially to VICOBA groups, the responsible government institutions and development stakeholders. For effective poverty reduction, VICOBA groups, it is important for them to be legal and formal. VICOBA leaders should acquire management and leadership skills. VICOBA members should be given entrepreneurship skills in order to make such groups not only effective in helping to reduce poverty but also to enable sustainable development.

5.4 Recommendation for Further Research

The study only focused to assess the Effectiveness of VICOBA in poverty eradication within Kinondoni District. It is recommended that other studies be done to determine factors hinder successfulness of VICOBA in poverty reduction. Further studies should be conducted on the roles of M&E in enhancing effectiveness of VICOBA in poverty reduction. Research can also be conducted to determine whether VICOBA project adheres to project life cycle.

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APPENDICES

QUESTIONNAIRE

Master of Monitoring and Evaluation

This questionnaire is designed to investigate on how effective are the VICOBA projects working in Mwananyamala ward in reducing poverty. Responses given in this questionnaire are solely meant for the research purposes and not otherwise. I am exclusively grateful to all respondents for the sacrifices of their valuable time and knowledge they contribute in completing this questionnaire.

Note: Do not write your name or name of your organization.

1. Age of the respondent

- 1) 18 - 35 2) Above 35 []
 3) Others, please specify í í í í í í í í í í í í í í í í ...

2. What is your marital status?

- 1) Single 2) Married []

3. What is your gender?

- 1) Male 2) Female []

4. Number of years since the joining in to VICOBA

- 1) Below 5 years 2) Above 5 years []

5. Please state your education level

- 1) Primary level 2) Secondary level 3) Certificate
 4) Diploma 5) Degree 6) Above []

6. What work were you doing before you join VICOBA?

- 1) Housewife/husband 2) Self Employed 3) Employed []
 4) Others, please specify í í í í í .

7. What was your income per month before joining VICOBA groups

- 1) bellow 50,000 2) 50,000 to 99,000 3) 100,000 to 199,000
 4) 200,000 to 399,000 5) Above 400,000 []

8 What is your income per month after joining VICOBA groups

- 1) Bellow 50,000 2) 50,000 to 99,000 3) 100,000 to 199,000
 4) 200,000 to 399,000 5) Above 400,000 []

9. How can you rate your economic condition before joining VICOBA?

- 1) Very poor 2) Poor 3) Moderate
 4) Good 5) Very good []

10. How can you rate your economic condition after joining VICOBA?

- 1) Very poor 2) Poor 3) Moderate
 4) Good 5) Very good []

11. Did you have your own plot/house before joining VICOBA?

- 1) YES 2) NO

12. Did you have your own plot/house after joining VICOBA?

- 1) YES 2) NO

13. Apart from this business, what is/are your other source(s) of income?

- 1) Salary 2) None []
 3) Others. Please specify.....

14. Have you ever heard of the VICOBA groups?

- 1) YES 2) NO []

15. What is legal status of your VICOBA group?

- 1) Formal 2) Informal []

28. Among the 5 types of training listed below; rate the value of which you think will be useful to your VICOBA group:

Where: 1=Strong Agree 2=Agree 3=Uncertain 4=Disagree 5=Strongly Disagree

Statement	1	2	3	4	5
VICOBA Group Formation Capacity Building					
Business Management Skills					
Skills in Record keeping					
Financial Management Skills					
Entrepreneurship Skills					

29. In your view, what do think are the main benefits of VICOBA GROUPS?

1) Soft Loan 2) Entrepreneurial skill 3) Social Support []

30. What do you rate the activities/services currently being provided by VICOBA group?

Where: 1=Strong Agree 2=Agree 3=Uncertain 4=Disagree 5=Strongly Disagree

Statement	1	2	3	4	5
Soft Loan					
Business Management Skills					
Social Support					
Financial Management Skills					
Entrepreneurship Skills					

31. What do you think should be done in order to make future poverty reduction interventions and initiatives effective by using VICOBA group?

1) Provide leadership skills 2) Provide individual awareness

3) Accountability []

32. What is the nature and level of the current poverty reduction intervention in use in the area of study?

1) Low

2) Optimum

3) Higher []

THANK YOU