

**EFFECTS OF VILLAGE SAVINGS AND LOAN ASSOCIATIONS ON  
HOUSEHOLDS' LIVELIHOOD IN ILALA DISTRICT, TANZANIA**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTER OF ARTS IN  
MONITORING AND EVALUATION (MAME)  
DEPARTMENT OF ECONOMICS AND COMMUNITY ECONOMIC  
DEVELOPMENT  
OF THE OPEN UNIVERSITY OF TANZANIA**

**2023**

**CERTIFICATION**

The undersigned certify that he has read and hereby recommends for acceptance by the Open University of Tanzania, a dissertation titled, “**Effects of Village Savings and Loan Associations on Households’ Livelihood in Ilala District, Tanzania.**” in partial fulfillment of the requirements for the Degree of Master of Arts in Monitoring and Evaluation of the Open University of Tanzania.

.....

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Supervisor

.....

Date

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Date

**DEDICATION**

This work is dedicated to my family; my beloved parents Mr. and Mrs. Msangya Zacharia, my lovely wife Happiness Prosper Mushi, my dearest daughters Malaika, Malkia and Loyal and to my brothers and sisters. I really admit that their support was indispensable and inspired for this undertaking. In particular, recognize their physical and psychological presence throughout this exercise as well as their financial support from the onset to the completion of this undertaking.

## **ACKNOWLEDGEMENT**

First and foremost, I would like to express my sincere gratitude to our Father in Heaven, the Almighty God for his abundant blessings of life, time, health, financial resources and momentum to undertake this study. Besides, I am indebted to my supervisor, Prof. Emmanuel Patroba Mhache for his endless supervision and tireless commitment on guiding this study.

Moreover, my sincere gratitude and appreciation goes to Monitoring and Evaluation lectures at the Open University of Tanzania for the academic guidance and support during class sessions. Similarly, I would like to appreciate all colleagues we studied together with in this Master degree program, their support in terms of study materials including books and notes were so valuable towards achieving this academic objective.

## ABSTRACT

Village Savings and Loan Associations (VSLAs) are community based financial institutions that allow easy access to loan to individuals who had no such opportunity because of a number of unmet requirements from the financial institutions. The specific objectives of this study are three; to assess the effects of VSLAs on households' livelihood, identify challenges facing VSLAs and to propose measures to address VSLAs' challenges in Ilala District in Tanzania. The social identity theory guided this study because it informs that not every member of VSLAs could attain improved livelihood unless they take the required initiatives. The study adopted descriptive research design involving both qualitative and quantitative approaches. The study revealed that, VSLAs have positive effects on households' savings, income, and access to loan. Despite the advantages of VSLAs, VSLAs encounter number of challenges such as dropouts, untimely disbursement of loans, defaults and delayed loan repayment. Some of the proposed measures to address VSLAs' challenges include eliminating non-committed members, enforcing compliance and capacity building of VSLAs members. The study concludes by highlighting areas for further studies particularly, the comparative analysis of the effects of VSLAs vis-à-vis other forms of savings on the livelihood of households. Eventually, the study recommends the recognition and inclusion of VSLAs in the microfinance Act, effective monitoring, digitalization of the operation processes of VSLAs and male involvement in VSLAs.

**Keywords:** *Defaults, Household, Loans, Village Savings And Loan Associations, Livelihood.*

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**ACRONYMS AND ABBREVIATIONS**

AIDS	Acquired Immunodeficiency Syndrome
BOT	Bank of Tanzania
CARE	Cooperative for Assistance and Relief Everywhere
EAT	East Africa Time Zone
FSDT	Financial Sector Deepening Trust
HIV	Human Immunodeficiency Virus
IFGs	Informal Financial Groups
IGAs	Income Generating Activities
JCBCP	JozaniChwaka Bay Conservation Project
MFI	Microfinance Institutions
MNCH	Maternal, New-born and Child Health
NBSSI	National Board for Small Scale Industries
NGOs	Non-Government Organizations
NSPR	National Strategy for Poverty Reduction
NY	New York
ROSCAs	Rotating Savings and Credit Associations
SACCOS	Savings Credit and Cooperative Societies
SPSS	Statistical package for social sciences
SSA	Sub-Saharan Africa
Tshs	Tanzania Shillings
UN	United Nations
UNDP	United Nations Development program
USAID	United States Agency for International Aids

USD United states dollar

VSLAs Village Savings and Loan Associations



## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Overview**

This chapter presents an overview, the background of the problem, statement of the problem and objectives of the study. The section also presents research questions, significance of the study, scope and organization of the study.

#### **1.2 Background to the Problem**

The world population is estimated to reach more than 8.0 billion people (UN Population, 2022). In addition, World Bank (2022) reported that in 2022 about 700 million people in the world lived below the international poverty line of United States Dollar (USD) 2.15 a day. Therefore, according to World Bank, the global extreme poverty rate rose to 9.3% in 2022 from 8.4% in 2019. The situation is more devastating in Africa where out of 1.4 billion people 460 million lived below the poverty line. This implies that a third of the population in Africa live below the poverty line. Moreover, Ksolla *et al.* (2016) and Theophilus and Paul (2019) proclaimed that the vast majority of the world's poor communities live in rural areas of developing countries with little access to financial services.

In 2020 the proportion of the population experiencing multidimensional poverty in Tanzania hit 57.1% (UNDP 2022). On the same note, 27% of the population in Tanzania experienced extreme poverty in 2021, a rise from 26.2% in 2019 (World Bank, 2022). Furthermore, it was indicated that those who live just above the poverty line were at risk of falling back into poverty due to risks presented by socioeconomic shocks. Studies have pointed out key factors that plague poor access

to financial resources. For example, Paul (2019), Habumuremyi, *et al.*, (2019) and Jackson (2016) revealed factors such as lack of information, high interest rates, lack of collateral to guarantee loans, and loan sharks affect household ability to access financial resources.

Globally, the introduction of microfinance institutions proved to contributing in improving access to financial services to the poor households (Johnson and Rogaly, 1997; Hulme and Paul, 1996; Daley-Harris, 2009; and Jackson, 2016). In most cases, following that progress, the lenders are no longer bottlenecked by collaterals and other impediments posed by financial institutions (Daley-Harris, 2009). Microfinances improved access to savings, loans, and other sources of credit that fostered households prosperous and resilient especially in poor communities (Habumuremyi, *et al.*, 2019; Jackson, 2016).

In most rural areas where formal financial institutions are inaccessible, households rely on informal financial mechanisms such as social networks and undocumented moneylenders (Collins *et al.*, 2009). For instance, for decades Rotating Savings and Credit Associations (ROSCAs) have been the most common form of informal financial mechanism (Besley *et al.*, 1993; Kimuyu, 1999). However, empirical studies by Rasmussen (2011) and Rooyen *et al.*, (2012) indicate that evolution and modernisation of ROSCAs is currently taking different forms including Village Savings and Loan Associations (VSLAs) and Savings Credit and Cooperative Societies (SACCOS). The Governments and their development partners in middle and low-income countries prioritize supporting informal savings-led microfinance groups (Karlan *et al.*, 2017; Theophilus and Paul, 2019). As such, over the years, the

practice has proved to increase financial access by the poor.

The Village Savings and Loan Associations (VSLAs) is a village banking methodology (CARE, 2018). Literature indicates that VSLA as a model was coined in 1991 by CARE International, Nigeria (Allen and Water field, 2005; Brannen, 2010; CARE Afghanistan, 2017). VSLAs are self-managed groups of 20-30 members usually unregistered. The members meet two to four times a month and pool funds from their contribution through buying shares which allow other members to borrow and obtain emergency insurance (Siliisyene, *et al.*, 2019). A member of VSLA is a productive person capable of purchasing shares, lend and repay. A member can lend up to three times the amount of their worth of shares. VSLAs are low-cost, simple to manage, and can be seen as a first step for people to reach a more formal and wider array of financial services (CARE, 2018).

VSLAs often raise the self-respect of individual members and help to build social capital within communities (CARE, 2018). Each VSLA agrees on the rate of lending interest (Ksolla, *et al.*, 2016). In Tanzania VSLAs model was practiced for the first time in August 1999 which came in the form of implementing the Jozani-Chwaka Bay Conservation Project (JCBCP) that aimed to improve community livelihood in Zanzibar (Hartley and Rijali, 2003).

Studies by Mwansakilwa, *et al.*, (2017); Habumuremyi, *et al.*, (2019); and Paul (2019) indicated that for the past two decades Village Savings and Loan Associations (VSLAs) have become a widespread intervention for improving financial access at local levels. In middle and low income countries VSLAs reported

a significantly increased saving rate among households particularly the most vulnerable households (Achandi, *et al.*, 2019; Legesse, 2018; Ksoll, 2015; IPA 2015; Plan International Tanzania, 2009). For instance, Achandi *et al.* (2019) and Guy (2010) linked VSLAs with improved livelihood and social economic wellbeing of the poor communities in Ethiopia and Kenya respectively.

The VSLAs proved to improve investment made by livelihoods in agriculture, education and health (Guy, 2010). Among the accredited impacts of VSLAs include but are not limited to increase in number households dwelling rooms, improved household expenditure, and number of meals consumed per day (Ksoll, 2015). In spite of the popularity and extensive practice of VSLAs across Tanzania, there is scant literature on the effect of Village Saving and Loan Associations on households' livelihood in Ilala District, Tanzania.

### **1.3 Statement of the Problem**

Globally, a multitude of empirical studies indicate that informal saving groups have managed to improve financial access to the most vulnerable (Achandi *et al.*, 2019; Legesse, 2018; Karlan *et al.*, 2017; Allen and Hobane, 2004). Further, literature show that most of the funds accessed in saving groups were invested in income generating activities (IGAs). However, the focus of most existing literature was on the success of VSLAs and determinants of financial access in the context of VSLAs. For instance, the study conducted by Seel (2018) in Bangladesh investigating dynamics in implementing VSLAs indicated that VSLAs structural factors impeded other members to join the groups.

In Tanzania, Studies by Jackson (2016); USAID (2014); Mkoma (2013) indicate that VSLAs lack formal regulation. Hence, they have internal and external flaws that negatively affect their sustainability. In Tanzania a number of studies available intensively enriched literature debate on VSLAs dynamics and operations. For instance, Jackson (2016) indicated that multiple memberships affected VSLAs operations in Same District, Tanzania. Individuals with multiple memberships ends up failing to buy shares and repay loans on time because of being overburdened by outstanding balances from more than one VSLA.

Moreover, in a similar context Mkoma (2013) reported that high dropout rate (24.6%) affected the operationalization of VSLA in Same District, Tanzania. The VSLA model tolerable maximum dropout rate was 5%. In addition to that USAID (2014) reported that, VSLAs sustainability is affected by internal and external interference that pose rapid changes in terms of their operations.

The above trend on VSLAs research elucidated saturation of information on VSLAs dynamics and operations. However, most of them focused in rural areas, it is evident that there is scant literature that studied VSLAs in urban and semi urban areas such as Chanika and Zingiziwa wards. Likewise, there is a huge gap on literature regarding what exactly are the challenges encountered by VSLAs. This gap is even more serious in most studies conducted in Tanzania. Worth noting, literatures are very silent on what exactly are the appropriate measures to address challenges facing VSLAs. This gap was observed in literature reviewed across Tanzania, Africa region and even at the global level. Therefore, this research focuses on studying the effect of VSLAs on households' livelihood in Ilala District, Tanzania. It further studies the

challenges encountered by VSLAs and the possible measures to address such challenges.

#### **1.4 Objective of the Study**

##### **1.4.1 General objective of the study**

The main objective of this research was to assess the effects of Village Saving and Loan Associations (VSLAs) on households' livelihood in Ilala District, Tanzania.

##### **1.4.2 Specific objectives of the study**

- i. To examine the effects of VSLAs on households' livelihood in Ilala District, Tanzania
- ii. To identify challenges facing VSLAs in Ilala District, Tanzania
- iii. To determine measures to address challenges facing VSLAs in Ilala District, Tanzania

#### **1.5 Research Questions**

- i. What are the effects of VSLAs on households' livelihood in Ilala District in Tanzania?
- ii. What are the challenges facing VSLAs in Ilala District in Tanzania?
- iii. What are the measures undertaken to address challenges facing VSLAs in Ilala District in Tanzania?

#### **1.6 Significance of the Study**

This study is important because it makes an immense contribution to knowledge regarding the effects of VSLAs on a household's livelihood. Furthermore, the study informs VSLAs practitioners and the Government on potentiality and areas for

policy action to improve outcome gained through VSLAs. Finally, the study contributes to literature on debate for the outcome of VSLAs practice in household's livelihood in low and middle-income countries.

### **1.7 Scope of the Study**

Ilala District has 26 wards. The study covers two wards that are Zingiziwa and Chanika. Chanika ward has a total of 60 VSLAs while Zingiziwa ward has 56 VSLAs (Ilala City Council, 2020). This study was limited to 11 VSLAs from Zingiziwa ward and 12 VSLAs from Chanika ward. The study was also limited to 138 members of VSLAs (66 from Zingiziwa ward and 72 from Chanika ward). Moreover, the study was limited to one cooperative officer from Ilala City Council, one Community Development Officer also from the City Council and two (2) Community Development Officers one from each ward.

### **1.8 Organization of the Study**

This research is organized into five chapters; Chapter one introduces the research problem and its context. It entails background information to the problem, statement of the problem, research objectives, and research questions, significance of the study and scope of the study. Chapter two presents the literature review entailing theoretical literature reviews, empirical literature reviews, conceptual framework, research gap and chapter summary. Chapter three involves research methodology covering research design, study area, population of the study, sample and sampling techniques. It also involves information about data collection methods and techniques, data analysis, interpretation and presentation, validity and reliability of the research instrument and ethical consideration. Chapter four focuses on presenting

findings of the study. Chapter five is the last chapter in this study. It gives a highlight of the summary, conclusion and recommendations of the study.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Overview**

This chapter presents literature reviews related to this study. The section presents definition of concepts, theoretical literature review, empirical literature review and conceptual framework. In addition, the chapter also presents a research gap and chapter summary.

#### **2.2 Definition of Concepts**

##### **2.2.1 Village Savings and Loan Association**

CARE Tanzania (2019) defined Village Savings and Loan Association (VSLA) as groups formed by the poor in target communities to provide sustainable and profitable microfinance services (micro savings, microcredit, micro-insurance, etc.), especially in remote places with no access to formal financial services. VSLA refers to a model designed and championed by CARE International to facilitate access to financial resources among the poor (CARE Afghanistan, 2017).

For more than two decades, VSLA has gained popularity in humanitarian and development endeavours to eradicate poverty and improve living standards in developing countries. The application of VSLAs Model goes beyond development initiatives by CARE International; globally VSLAs have been adopted and practiced as an approved model for livelihood improvement. As far as operational definition is concern, the stud regards VSALAs as the group of members in Chanika and Zingiziwa wards who are active in buying shares and proved loans to themselves in a weekly basis without a demand of collateral.

### **2.2.2 Household**

CARE International (2018) defined household as comprises either one person living alone or a group of people, who may or may not be related, living (or staying temporarily) at the same address, with common housekeeping, who either share at least one meal a day or share common living accommodation (i.e., a living room or sitting room).

### **2.2.3 Livelihood**

A livelihood refers to the capabilities, assets including both material and social resources and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stress and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base (Chambers and Conway, 1991). According to Ellis (2000), livelihood refers to both economic and non-economic attributes of survival. The non-economic includes, *inter alia*, the social relationships and institutions that mediate people's access to different assets and income streams. The economy includes farm and off-farm attributes. The farm attribute involves wage work in agriculture and others, and the non-farm attribute involves wage work in nonfarm activities, rural nonfarm self-employment (e.g., trading), and remittances from urban areas and from abroad.

Livelihood in this study involved measuring variables such as income gained by members of VSLAs and other income generating activities that emanates from VSALAs initiatives. It also involves measuring expenditure incurred by the member of VSLAs for themselves and for the members of their households. Besides, as part

of livelihood, the study involved measuring the social interaction and cohesion among members of VSLAs.

### **2.3 Theoretical Literature Review**

A theoretical framework is defined as a proven structure of vivid arguments that holds or supports the research claim (Creswell, 2013). Asher (2013) argued that theories play a constructive role towards understanding, explaining and predicting phenomena. Such processes are keys to challenge and extend the boundaries of existing knowledge. From a theoretical perspective, VSLAs could contribute to improving a household's livelihood. This study used social identity theory presented in the subsequent section.

#### **2.3.1 Social Identity Theory**

The father of social identity theory Tajfel (1974) presented the key theoretical argument on the relationship between human mind and body as well as how efficiency of the two could make achievements seem effortless. The frontier of social identity theory, Armstrong (1968) established a claim that mental states are identical with physical state (Prado1968). The implication of argument on development was to attain one. Thus, one must be in a company with identical physical (abilities) and mind state.

The theory suggests that only those with identical mind and physical abilities required reaping the certain benefits could end up getting. The assumption that intergroup conflict is not required for discrimination to occur leads to critics that the theory describes but does not accurately predict human behaviour.

The relevance of the social identity theory manifests itself in several aspects in today's life. In fact, the theory is relevant in underpin of this study. In particular, when assessing the contribution of VSLAs it is a reality that not every member of VSLA could attain improved livelihood unless they had abilities and willing to deliver what it takes. The theory emphasises on the power of intervening variables such as education and business environment as precursors for members to become successfully, the same applies to the members of VSLAs, it requires intervening factors such as training, smoothen business environment, education and other factors to ensure effective performance of VSLAs for the improved livelihood of households' members

One of the key strengths of Social Identity Theory is its ability to explain the psychological processes that underlie group formation and maintenance. Further, the theory is applauded on its strength to explain group philanthropy. That is, a core assumption of the social identity theory is that individuals identify with groups in order to maximize positive distinctiveness. Since the primary drive behind associating with groups' positive distinctiveness, it follows that individuals would want their own group to be perceived in a more positive light than others.

Lastly, the theory is good at explaining the biasness of in-group and out-group information. It gives explanation as to why people preference people who look or act like them. An in-group is a social grouping that an individual identifies with. An out-group is all those who are not part of the in-group. Therefore, In-group bias is the natural tendency of humans to favor those within the same in-group.

The argument of the theory are subjected into couple of weaknesses which are presented by the critics who argue that the theory fails to take into account the environment such as social constraints including poverty, cultural expectations etcetera. The theoretical arguments that suggest success is not guaranteed by being in a group rather by keeping up with what it takes to be among successful ones in the group pave application of this theory. Further, the theory is weak in predicting the future. Therefore, scholars such as (Brown, 2000) criticized the theory on the basis that while the theory can explain existing phenomena, it is poor in predicting future behavior.

The theory is weak on the ground of failing to explain affiliation between similar groups. That is to say, the theory argues that when groups have rigid boundaries and similar social status, they are likely to engage in conflict and competition. However, there is evidence on ground showing that groups with similar social status, and which have rigid boundaries, are engaged in cooperation and symbiotic behavior.

## **2.4 Empirical Literature Review**

### **2.4.1 The effects of VSLAs on households' livelihood**

Research evidence from the study by CARE Afghanistan (2017) on the role of VSLAs in Kabul, Afghanistan indicates that VSLAs facilitate access to finance as a result individuals were able to build houses, mitigate disaster risk and enhance financial reliance. Moreover, the study attests that VSLAs contribute to improvement in family nutrition status, access to quality health services and establishment of income generating activities. In similar perspectives, Kay *et al.* (2019) in their study titled delivering development? Evidence from self-help groups

as development intermediaries in south Asia found out that VSLAs have a wide range of impact of access to reproductive health particularly on Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Syndrome (AIDS), Maternal, New-born and Child Health (MNCH). Further, VSLAs help to enhance individuals' savings and financial outcome as well as improve members' performance in the agriculture sector.

In their study Breenan and Sheenah (2012) evaluating the impact of VSLAs using survey instruments reported that long term VSLAs engaging households had performed better in nutritional and health scores than their counterparts in the control group. The study by Orame, *et al.*, (2020) assessed the influence of VSLAs on poor household wellbeing in Ayamelum, Nigeria and found out that VSLAs promote financial access in the sense that, VSLAs participants were able to establish several income generating activities including retail business, rental business and agribusiness. Furthermore, the study revealed that VSLAs participants have improvement in social welfare indicators including recurring and non-recurring expenditures.

In another study, Kampemuka (2015) investigated the impact of VSLAs in poverty reduction in Kyabakara, Uganda and reported that VSLAs have positive contribution on individuals and households' welfare in term of increasing members' investment levels in assets, engagement on income generating activities, nutrition and diet, access to education and health services and quality of housing. On the same note, Chibamba, *et al.* (2017) reported that as a result of household participation in VSLAs, weekly total household expenditure and weekly household per capita

expenditure increased by 38% and 17% respectively. The study further argues that if well-maintained and encouraged VSLAs could have potential contribution in alleviating rural poverty in Zambia. In addition to that Ksoll, *et al.* (2016) studied the impact of VSLAs and found that VSLAs have positive impact on household consumptions and welfare.

Similarly, Annan, *et al.*, (2013) in their randomized impact evaluation study on VSLAs and family based interventions in Burundi found out that, VSLAs have positive impact on several welfare indicators including expenditure on food items, non-food items (batteries, candles etc.), household assets and non-recurrent expenditures (school fees, health, clothing and ceremonies). Further, the study reported VSLAs contributed to diminishing poverty rates. In another study, Chinwe *et al.* (2019) assessed the impact of VSLAs in Nigeria and found out that 70% of respondents that were engaging in VSLAs pioneered by SOS Children's Villages, Nigeria from 2010 to 2015 reported to have attained financial self-reliance.

In line with that Ninyirera and Mulyingi (2018) assessing the contribution of VSLAs on building sustainable rural livelihood in Rwanda using members of VSLAs from SOS Children's Villages, Rwanda. The findings revealed that VSLAs played a significant role in increasing household income, assets level as well as the capacity of VSLAs members to afford family expenditures in education. Similar results were observed by Kwarteng and Paul (2019) in their study assessing the impact of saving groups on female agencies in northern Ghana, in which the study found out that women who were VSLAs members were more economically and socially active and had self-reliance than women who did not participate in VSLAs. In addition to that,

the study by Bannor *et al.* (2020) assessing VSLAs participation and impact on off-farm income among rural women in Ghana showed that VSLAs can contribute to the improvement in off-farm income but not poverty reduction.

Similar results were observed by Anyango, *et al.*, (2017) who in their study titled “a follow-up research on performance of VSLAs in Zanzibar,” found out that there was 22% increase in the ability of VSLAs members to meet food and basic needs, and 21% increase in their ability to live in improved housing and 20% increase in their income levels. Besides, Siliisyene, *et al.*, (2019) explored the impact of VSLAs at micro level of Tanzania economy and found that no significant difference between the control and experimental groups on VSLAs contribution to large-scale economic growth. Moreover, the penetration of savings among control groups was low (below 30%) except for one group. However, at the household level the impact of VSLAs were significant; increased savings were used to overcome the impact of negative household shocks; households reported food security, achieved better business outcomes, enjoyed greater economic status and accumulated better human capital than before.

#### **2.4.2 Challenges facing VSALAs in Ilala District, Tanzania**

Self (2019) established that the inability to regularly save was one of the top reasons leading the VSLAs group to dissolve in Myanmar, Asia. VLSAs with higher savings are about three times more likely to sustain beyond the first cycle than the groups with smaller saving per member. Smaller groups with 16 or fewer members reported lower saving per member compared to big groups with 22 or more. A higher proportion of group members with loans is generally a positive indicator of group



financial health (assuming that loans are repaid in full and on time), given that the more loans, the higher interest income is accumulated. This also means that more group members are able to invest in their livelihoods, and are capable of affording household expenditures as well as remain resilient during the times of shocks.

CARE Afghanistan (2017) found out that illiteracy of members, poor leadership and untrusted members of VSLAs are the main challenges facing VSLAs in Kabul, Afghanistan. Kay *et al.* (2019) identified that repayment of loan was difficult, record keeping was poor and disputes resolution was difficult too. These were among the key challenges that VSLA groups in south Asia encounter. In their study, Alesane, *et al.* (2020) assessed the determinants of VSLAs membership and savings amount in Awetusenya west District of Ghana and reported that, one of the challenges facing VSLAs was limited capacity of rural economy to expand production, consumption and investment.

In addition, Mohamed (2019) assessed the contribution of VSLAs schemes to the livelihood empowerment of women in Nadowli-kaleo District in the upper west region of Ghana. It follows that poor attitude towards routine meetings, low repayment of loans taken from the VSLA, poor records keeping and non-compliance with the VSLAs rules were among the key challenges facing the VSLAs operations.

Moreover, another study by Bannor *et al.* (2020) assessing VSLA participation and impact on off-farm income among rural women in Ghana reported that marital status, urban location, home assets, land size and donations at social gatherings negatively affected women's capacity to buy shares in VSLAs.

In his study, Kapoka (2011) assessed challenges and opportunities VSLAs in Dodoma municipal and found out that members of VSLAs were more concerned with buying shares than repaying their loans and that there was no effective mechanism to deal with those who failed to repay their loans during a cycle.

#### **2.4.3 Measures to Address Challenges facing VSLAs in Ilala District in Tanzania**

Self (2019) attested that members' discipline was the most influential factor influencing group sustainability. In particular, agreement on a meeting time suitable for all members, and punctual and regular attendance by members appear to have enabled the VSLAs to continue. Statistically, these factors increase the survival rates of VSLAs by more than 4 times compared to the VSLAs whose members do not usually arrive on time or have low attendance rates. The findings of Self (2019) suggest that in a context of limited literacy, numeracy and experience with saving and financial services, the VSLAs model is sufficiently simple and the communities (mostly women in this case) sufficiently committed and capable to manage their own VSLAs.

Mohamed (2019) suggested that VSLAs members should be educated on alternative means of keeping accurate records in their administration of the VSLAs schemes; VSLAs model needs to undergo deep review in order to identify their gaps; there is a need to link VSLAs to Microfinance Institutions (MFIs) and the National Board for Small Scale Industries (NBSSI). Kapoka (2011) recommended the Non-Governmental Organization (NGO) to offer entrepreneurship skills to VSLAs members who did not have a stable source of income so they could engage in

profitable ventures and repay their loans.

## **2.5 Policy Review**

Village Savings and Loan Association is one of the informal financial groups (IFGs) recognised by the Ministry of finance and planning through the national Bank of Tanzania (FSDT and BOT, 2018). Being under IFGs category implies that there is no formal policy that either regulates or facilitates conduct of VSLAs model in Tanzania. However, activities associated with VSLAs have multiple impacts on financial access among the poor and consequently contributes to improvement in living standards of households involved in VSLAs. Despite being relevant to microfinance activities, VSLA model is not recognised by the National Microfinance Act.

Therefore, the relevance of VSLA model to Tanzania financial and social policy is one sided, meaning that the VSLA model contributes in realization of a number of sectoral and national strategies including National Strategy for Poverty Reduction (NSPR) and National Development vision 2025 by enhancing access to financial resources among the poor in informal sector. However, there is no such policy that recognises or facilitates the operations of VSLAs. This might have been contributed by the fact that the VSLA model was not government initiative rather an imported concept from the world of humanitarian and Aid practice developed by CARE International. Therefore, as the evidence from FSDT and BOT (2018) and CARE (2018) suggests, the Government of Tanzania took initiative to study and gain deep insight of IFGs that could facilitate VSLAs formalization including creating a facilitative environment to guide operations of VSLAs.

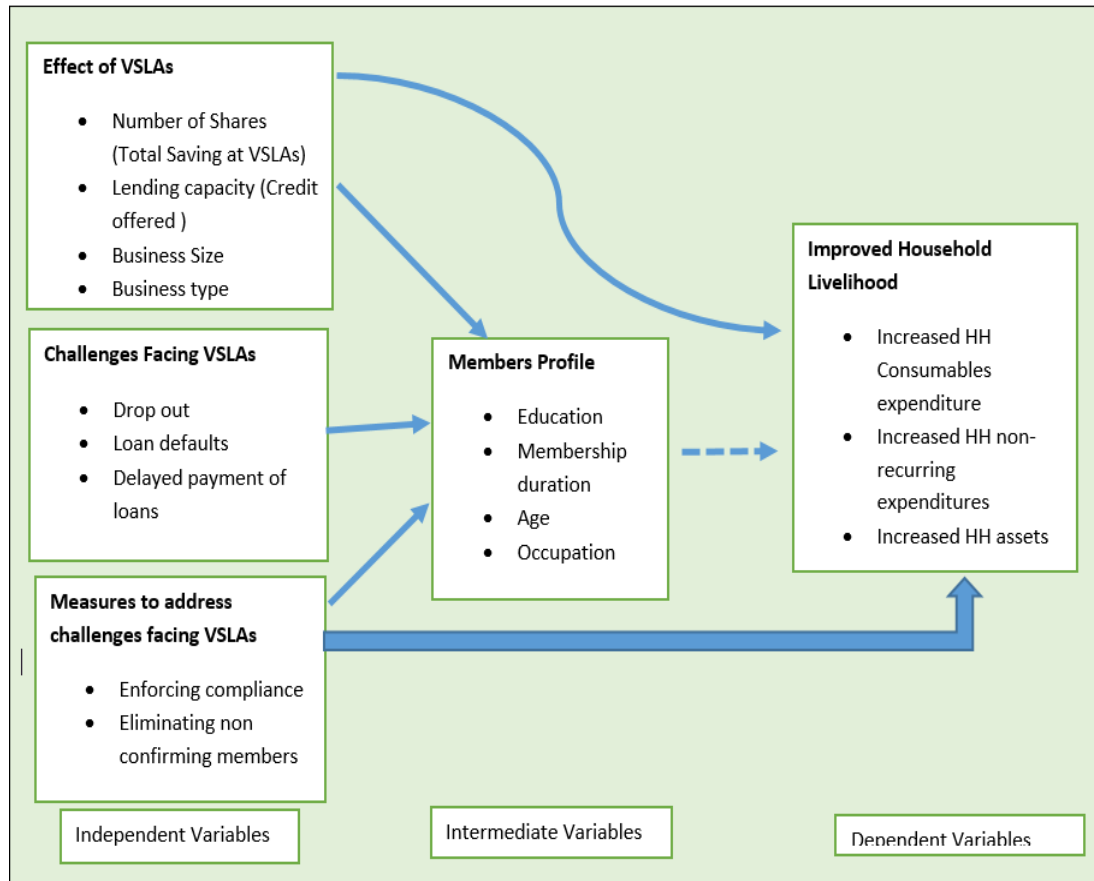
## **2.6 Conceptual Framework**

The conceptual framework depicts interconnectedness among study variables. In this study Figure 2.1 presents interconnections between dependent and independent variables. The independent variables (determinants of VSLAs impact on livelihood) include VSLAs activities, social demographic and financial characteristics of VSLAs members. Dependent variable includes improved household's livelihood which is measured on consumption expenditure and intervening variables (financial burden). Household members participate in VSLAs by making savings and taking loan from VSLAs at agreed rate of interest.

However, the member should have a source of income (business). Therefore, money borrowed from the VSLAs should be invested in business to that; produce profit to replicate financial benefits and allow the members investment to grow while at the same time repays the loan. The ability of the VSLAs members to efficiently operate business and create profit that facilitate business growth and loan repayment can be affected by their education level, financial burdens at family level (i.e., bills relative to income level), bylaws and business policies at local level. Therefore, the independent and intervening variables determine if and to what extent VSLAs activities contribute in improving household's livelihood. Generally, an improved household's livelihood is measured on consumption expenditure of VSLAs members.

The decision to use consumption expenditure proved the most reliable proxy to measure an improved household's livelihood. Moreover, self-reported income as a proxy is prone to respondents reporting bias in measuring household's welfare

(Chibamba *et al.*, 2017; Ksoll *et al.*, 2016; and Meyer and Sullivan, 2003).



**Figure 2.1: The role of VSLAs on Household's Livelihoods**

**Source:** Modification of framework developed by Thomas Surmont, 2017

## 2.7 Research Gap

A significant number of researchers have studied VSLAs across Africa including Tanzania. For instance, Kapoka (2011) assessed challenges and opportunities facing VSLAs in Dodoma, Tanzania and found that members of VSLAs were more concerned with buying shares than repaying their loans and that there was no effective mechanism to deal with those who failed to repay their loans during a cycle. Similarly, CARE Afghanistan (2017) identified illiteracy of members, lack of leadership skills, and lack of trust among members of VSLAs as the main challenges facing VSLA groups.

Thus, this study seeks to build on what was found by (Kapoka, 2011 and Care Afghanistan, 2017). In that regard, the study provides vivid evidence of challenges facing members of VSLAs in recent years relative to those found by (Kapoka, 2011 and CARE Afghanistan, 2017). Moreover, the study pinpoints mechanisms to address challenges facing VSLAs because this area is still unstudied. In addition to that, the study aimed at examining the effect of VSLAs on households' livelihood in Ilala District, Tanzania to build on the work of Annan *et al.* (2013); Anyango *et al.* (2017); Chibamba *et al.* (2017); Alesane *et al.* (2020) who found that VSLAs leads to improved income of poor households, increased ability to meet food and basic needs such as housing, increased household consumption and expenditures, and increased ability to mitigate disasters and risks as well as increased financial resilience.

## **2.8 Chapter Summary**

The chapter presents definitions of key terms of the study i.e., household, livelihood and VSLAs. Thereafter, it gives a highlight of theories that guide this study, that is, collective action, social identity and SLAT theories. Furthermore, the chapter presents empirical literature at the global, regional and local level where the VSLA model is exclusively practiced. Moreover, the chapter presents a conceptual framework and synthesis of the research gap. Finally, the chapter presents a chapter summary.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Overview**

This chapter presents research methodology and the study area. The chapter covers research design, study area and population. In addition, the chapter presents sampling techniques, sample size, and methods for data collection. On top of that the chapter highlights on reliability and validity of the research instruments as well as ethical issues. Finally, the chapter presents chapter summary.

#### **3.2 Study Area**

The study was conducted in Ilala District, Dar es Salaam Region in Tanzania. Data were collected from VSLAs members residing in Chanika and Zingiziwa wards. There were numerous reasons to select the wards. First, the majority of residents in the selected wards are working class in the informal sector. Moreover, access to formal financial services is still a challenge in the selected wards. Besides, individuals' financial status in the selected wards is of low class. Lastly, the selection of two wards was meant to facilitate comparison on the contribution of VSLAs in typical urban areas like Chanika ward and sub urban areas like Zingiziwa ward. Essentially, the two wards were randomly selected among many wards that have VSLAs.

#### **3.3 Research Design**

Research design implies systematic procedures applied to answer the research objective. It reflects the structure of the research problem and a plan to investigate and obtain empirical evidence regarding the research problem. The study adopted

descriptive research design. A couple of actors influenced the choice of this research design. The most appealing reason is that the method enables the researcher in understanding characteristics, frequencies, trends and categories of respondents in regards to their participation in VSLAs as well as the associated impact in their livelihood.

Moreover, the method gives a wider chance to the researcher to explore and familiarize with a problem. Similarly, the method is very helpful to lay the foundation of research facts, which can lead to further research. Furthermore, descriptive research design is useful in the sense that it allows researchers to apply quantitative approach to a larger extend and prove a room for deploying qualitative approaches to some extent (Marshall, 1996). It enables the researcher to understand at an early stage, if the topic is worth investing given the time and resources. Besides, the study chose descriptive research design to answer research questions that seek to understand the relationship between VSLAs and improvement on a household's livelihood. In similar pretense, the study adopted descriptive research design because it can answer the what, where, when and how question and it use a range of various research methods to investigate one or more variables. i.e., it can use survey questionnaire, focus group discussion, key informative interview, and case studies just to mention a few to collect data.

### **3.4 Study Population**

Frankfort and Nachmians (1996) defined population as the subject on which measurement is undertaken from which a sampling unity is obtained. According to Mugenda and Mugenda (2003) population can be defined as the entire group of



individuals, events, or objects having common observable characteristics. Kothari (2004) refers to the population as all items in any field of inquiry and is also known as the universe. The populations of interest for this study were members of VSLAs. The particular focus was those members with at least two years in VSLAs. The primary areas were Zingiziwa and Chanika wards; these were the study areas for this research. Generally, members of VSLAs in Zingiziwa ward were estimated to reach 660 and in Chanika ward were estimated to reach 722 (Ilala City Council, 2020). Therefore, the study drew an appropriate sample size from this estimated population.

### **3.5 Sampling Techniques**

Sampling is the process of selecting samples from the total population in such a way that the sample elements selected represent the total population (Kothari 2004). There are two major types of sampling techniques. They include, probability sampling technique (random sampling), and non-probability sampling technique which is also known as purposive sampling techniques (Robson, 2011).

#### **3.5.1 Simple random sampling**

Simple random sampling is one of probability sampling techniques whereby each member of the population has an equal chance to be selected to participate in the study (Robson, 2011; Vaske, 2008; Kothari, 2004). The study used a simple random sampling technique to select members of VSLAs to participate in survey questionnaires and focus group discussion (FGDs). Therefore all 1,382 members of VSLAs (722 in Chanika ward and 660 in Zingiziwa ward) had equal chance of being selected to represent others in the study.

The study conducted sampling in twofold. The first sampling process involved selecting samples of VSLAs from Chanika and Zingiziwa wards. In this case, the researcher wrote names of all 60 VSLAs groups found in Chanika ward in pieces of paper and thereafter randomly picked names of 12 VSLAs (20%) which were sampled for the study. The researcher adopted the same procedures to select samples of VSLAs in Zingiziwa ward. Whereby, out of all 56 VSLAs 11 groups (20%) were selected randomly.

The second sampling process involved selecting representative members from 12 sampled VSLAs groups in Chanika ward and 11 sampled VSLAs groups in Zingiziwa ward. In this case the researcher wrote on the pieces of paper names of 30 members of each sampled VSALs group and from each group the study randomly selected 6 members (20%). The researcher repeated this for all 12 sampled VSLAs in Chanika ward and 11 sampled VSLAs in Zingiziwa ward. In this regards, the study sampled a total of 72 members from 12 VSLAs in Chanika ward and a total of 66 members from 11 VSLAs in Zingiziwa ward.

The same was adopted for participants in FGDs whereby out of 12 VSLAs in Chanika ward, six VSLAs were randomly selected and from each VSLAs sampled, six members were randomly selected hence, a total of 36 members. Likewise, out of 11 VSLAs in Zingiziwa ward, five VSLAs were randomly selected and from each group six members were randomly selected which makes a total of 30 members from Zingiziwa ward. Generally, a total of 66 members (36 from Chanika ward, 30 from Zingiziwa ward) from 11 groups (six from Chanika ward and five from Zingiziwa

ward) participated in FGDs.

### **3.5.2 Purposive Sampling**

Purposive sampling is the sampling technique that a researcher uses to select some of the respondents deliberately (Vaske, 2008). These are respondents with certain traits or qualifications. They are believed to be knowledgeable enough to give sufficient information in response to research questions. Saunders *et al.* (2000) argues that purposive sampling enables the researcher to use judgment to select samples that best enable to answer questions and meet objectives. In purposeful sampling, the most important guiding principle is maximum variation; that is, researchers should seek to include people who represent the widest variety of perspectives possible within the range specified by their purpose (Higginbottom, 2004). The study used purposeful sampling techniques to select VSLAs leaders, and Government officers (Cooperative officer and Community Development officers). These were the key informants of the study. They had deeper knowledge that offered detailed information in response to research questions.

### **3.6 Sampling and Sample Size**

According to Cooper and Schindler (2003), sampling is the systematic procedure of forming the manageable sample size that is investigated to answer the research questions. Gay and Diehl (1992) postulate that the number of respondents acceptable for a study depends upon the type of research involved; descriptive, correlational or experimental. For descriptive research, the sample should be 10% of the population but 20% is more appropriate in a situation of small population. Roscoe (1975) and Abranovic (1997) have similar views. They recommend 10% sample size in a study

with a population ranging within 30 to 500 individuals. However, Alreck and Settle (1995) states that it is necessary to sample more than 10% of the total population.

The sample size for this study adhered to (Gay and Diehl, 1992). They postulate that the sample should be 10% of the population but 20% in a situation of small population. Since the study population for VSLAs members was large i.e., 1,382 (Table 3.1) therefore sample size was 10% of members of VSALs in Chanika and Zingiziwa wards. On the same note, the study used 20% for VSLAs members participating in VSLAs and for all key informants because their population was small i.e., 330 for VSLAs members participating in FGD, 116 for VSLAs leaders participating in Key informative interview (KII) and 20 for Government officers participating in KII.

**Table 3.1: Sample size of the Study**

<b>Population Category</b>	<b>Population size</b>	<b>Percentages</b>	<b>Simple size</b>
Members of VSLAs in Chanika and Zingiziwa wards	1,382	10	138
Members of VSLAs in Chanika and Zingiziwa wards participated in FGD	330	20	66
Leaders of VSLAs in Chanika and Zingiziwa wards	116	20	23
Corporates officers and Community Development officers in Ilala District	20	20	4

**Source:** Researcher's computation, 2021

### **3.7 Sources of Data**

This study explored both secondary and primary sources of data. Therefore, it entails raw data obtained from the field as well as available soft and hard documents that provide secondary information that respond to the key research questions.

### **3.7.1 Secondary Data**

According to Booth and colleagues (2008), secondary data refer to statistical materials, which did not originate from the investigator but were obtained from someone else's records. The study obtained secondary data from documentary evidence i.e., VSLAs constitutions and registries as well as from progressive reports produced by Ilala City Council. These documents were purposely selected for review to see the extent VSLAs have contributed to access to loans, increasing in savings, and growth of income among VSLAs members. In addition to that, articles from peer-reviewed publications in a similar angle to this study went through a thorough review to enrich the discussion of this study's finding.

### **3.7.2 Primary Data**

Kothari (2004) defines primary data as data collected afresh for the first time and thus, are original in character. Ember (2009) regards primary data as data collected by the investigator in various field sites explicitly for a comparative study. Whilst, Louis *et al.* (2007) describes primary data as those items that are original to the problem under study. The collection of primary data for this study involved field visits in selected VSLAs found in Chanika and Zingiziwa wards.

## **3.8 Data Collection Methods**

According to Burns and Grove (2003), data collection refers to the precise, systematic gathering of information relevant to the research sub-problems, using methods such as interviews, observations, focus group discussion, narratives and case histories. This study used the following data collection methods to collect data.

### **3.8.1 Survey Questionnaires**

The survey questionnaires in this study consisted of open-ended and closed-ended questions (Appendix 1). The study administered survey questionnaires by reading questions and recording respondents' answers. Questionnaires covered different aspects of the study such as respondents' background information, the effect of VSLAs on households' livelihood, challenges facing VSLAs, and measures to address challenges facing VSLAs in Ilala District.

### **3.8.2 Interviews**

Varkevisser *et al.* (2003) considered an interview as a data collection technique that involves oral questions directed to respondents, either individually or as a group. The method is useful especially when one needs to probe more and more to obtain detailed information from an interviewee. This study used an interview guide (Appendix 2) to obtain in-depth information from key informers. They include VSLAs leaders such as chairman, secretary, and treasurer. Likewise interview guide (Appendix 3) was administered to Government officers with particular focus on one District corporate officer and three community development officers (one at District level and two at ward level). These government officers were key in providing in-depth understanding of VSLAs registration, operations and performance.

### **3.8.3 Observation**

Observation refers to the most useful ways of exploring an unknown phenomenon by watching and describing it in real time in as many details as possible (Creswell, 2013). In this study, the researcher used an observation checklist (Appendix 4) that counterchecked significant issues and actions and reported them during fieldwork.

Thereafter, the study used details of observed issues and actions to supplement information obtained through questionnaires and interviews.

Generally, the study was geared to observe the following aspects: Assets ownership of VSLAs members; house, furniture, meals and food stocks. In addition, the study intended to observe status and type of income generating activities owned by individuals participating in VSLAs and those owned by the group members of VSLAs.

#### **3.8.4 Documentary Literature Review**

Kothari (2004) defined secondary data as data that is available in documents. This study embarked on documentary review for major two reasons; first it is both time and financial efficient. For instance, Polit and Beck (2003) contend that secondary data collection is efficient and economical because data collection is typically the most time consuming and expensive part of a research project. Secondly, the study used secondary data because information obtained from secondary sources were the benchmark to compare the results for this study in relation to what others have found in the area of VSLAs. In that regard, the study reviewed a variety of journals, articles, relevant websites, books, and presentations to obtain secondary data.

#### **3.8.5 Focus Group Discussion**

According to Dummett, *et al.* (2013) a focus group discussion (FGDs) is a qualitative data collection method that engages 6 to 12 people with shared characteristics pertinent to the specific discussion topic and is led by a trained facilitator. This research used FGDs with the intention of gathering information from the VSLAs members to obtain necessary information that responds to research

questions. Eventually, information from FGDs was triangulated with those from survey questionnaire, observation, and interview to ensure validity and reliability of findings of the study.

### **3.9 Data Analysis, Interpretation and Presentation**

The researcher engaged in both quantitative and qualitative analysis. The qualitative analysis involved data collected using key informative interviews and focus group discussions. Whereas, the quantitative data analysis involved data collected through survey questionnaires. The quantitative analysis was based on the use of SPSS Software. This happened soon after exporting into Microsoft Excel all the survey data collected using a digital application called “Kobo collect”. Kobo collect is mobile phone-based data collection application, it works as both online and offline, globally used by researchers and students to facilitate deficient primary data collection. Data was then cleaned, coded and imported to SPSS Software for statistical analysis.

Descriptive analysis of data was run to produce findings in frequency and percentage. Findings were illustrated by the aid of tables and figures. Moreover, the study established an association between VSLAs and livelihood improvement. This considered figuring out how VSLAs influenced changes in livelihood. Interpretation of findings was guided by the established prediction of casual relationships among variables in the conceptual model.

On the other hand the study used content analysis to analyze qualitative data. The researcher read and reread responses obtained from focus group discussions (FGDs)



and key informative interviews (KIIs) to identify themes and subthemes. Thematic analysis took a deductive approach whereby the depicted relationship among variables established in conceptual model guided relationship among themes under variables and interpretation of such relationship among themes in respective variables. Finally, the researcher presented findings of the study in text paraphrasing and direct quotations were considered.

### **3.10 Validity and Reliability of the Research Instruments**

This subsection describes the process through which the researcher took into account the issue of data quality. Therefore, the section provides a detailed description of both data validity and data reliability.

#### **3.10.1 Validity of the Research Instruments**

Validity refers to the degree to which a test measures what it is supposed to measure (Creswell, 2014). Validity starts with genuine data collection tools. Therefore, to establish the validity of data collection tools for this study the researcher opted to pilot questionnaires, key informative interview, focus group discussion, and observation checklist to one VSLA in Chanika ward and one VSLA in Zingiziwa ward. Thereafter, data from pilot study were analyzed to determine how well the collected information from questionnaires, Focus Group Discussion (FGDs), Key Informative Interview (KIIs) and observation checklist provide answers to research questions. Eventually, all these data collection tools were improved to ensure data collected are valid.

#### **3.10.2 Reliability of the Research Instruments**

Reliability refers to consistency of the tool to produce similar results when reapplied

in a similar context (Denscombe, 2014). All data collection tools which include questionnaires, key informative interview, Focus group Discussion, and observation checklist were pretested in two different locations prior to actual data collection. The tools were administered to members of VSLAs at Zingiziwa ward and Chanika ward in Ilala District, Tanzania. Results from pre-test were used to determine consistency of the tool in collecting intended data and ultimately improvements in the tools was done accordingly.

### **3.11 Ethical Consideration**

The researcher secured research clearance from the office of Postgraduate Studies of the Open University of Tanzania, and a permit from Ilala District to conduct study at Zingiziwa and Chanika wards. In this regards, the researcher made a photocopy of permit letters from District level and submitted them to the respective wards. The wards executive officer stamp and forward copy of letters to respective streets.

It follows that the street executive officers received copies of letters and introduced the researcher to respective VSLAs for data collection in the respective areas. Thereafter, every respondent got an information sheet from the researcher with sufficient information. The information sheet had an explanation of the purpose of the study. The researcher read loudly to clear doubt should anyone be unable to read. Thereafter, those consented to participate signed in the information sheet. The researcher labelled information sheets with unique respondent anonymous identity numbers. All activities of data collection adhered to respondent's privacy and confidentiality.

### **3.12 Chapter Summary**

The chapter presented methodology of the study, study area, techniques for data collection and sources of data. In fact, exploratory survey design was deployed in Chanika and Zingiziwa wards in Ilala District in Dar es Salaam, Tanzania. Random sampling and purposive sampling techniques were used to determine sample size of the study. Both primary and secondary data were collected accordingly. The main tools used to collect data were survey questionnaire, key informative interview, observation checklist, and focus group discussion. Furthermore, the chapter presented reliability and validity of the tools for data collection. Finally, the chapter presents research ethical issues and chapter summary.

## **CHAPTER FOUR**

### **FINDINGS AND DISCUSSIONS**

#### **4.1 Overview**

This chapter presents findings and discussion of the study based on the objectives presented in chapter one. Specifically, the findings emanate from data collected from respondents using questionnaires, key informative interviews, focus group discussions, direct observations and documentary literature review. The chapter begins with demographic characteristics of the respondents based on age, education level, marital status, occupation of the respondents and gender. The chapter goes further and presents the effect of VSLAs on households' livelihood, challenges facing VSLAs, and measures set to address challenges facing VSLAs in Ilala District, Tanzania.

#### **4.2 Demographic Characteristics of the Respondents**

This sub-section presents demographic characteristics of the study population. It presents the age of the respondents, gender, marital status, education level and occupation of the respondents.

##### **4.2.1 Age of the respondents**

Studying the age of the respondents was very crucial because it helped to comprehend how individuals of various age groups differ in prioritizing participation in VSLAs. Age of the respondents helped in understanding the effect of VSLAs on the livelihood of respondents of different age categories. In this study, 5% of the respondents were aged 18 -25 years, 30% were aged 26 - 35 years, 35% were aged 36 - 45 years, 23% were aged 46 - 60 years and 7% were above 60 years (Table

4.1). The finding implies that the majority of respondents engaging in VSLAs are those of age between 26 - 35 years. This is based on the fact that respondents of the age between 26 – 35 years prioritize VSLAs because it is a platform for their saving and earning to meet family obligations. This is contrary to respondents of the age between 18 -25 years and respondents of above 60 years who are less depended to support the provision of the family needs.

**Table 4.1: Age of the respondents**

Age group	Frequencies	Percentages
18 – 25	7	5
26 – 35	41	30
36 – 45	48	35
46 – 60	32	23
60+	10	7
<b>Total</b>	<b>138</b>	<b>100</b>

**Source:** Field survey, (2021)

#### 4.2.2 Gender of the respondents

Table 4.2 presents gender distribution of the respondents in which, 93% of the respondents were female and 7% were male. Female respondents were more than their male counterparts because VSLAs is perceived as a saving model developed to support and empower women only. In most cases this is the reason for limited male participation in VSLAs.

**Table 4.2: Gender of the respondents**

Sex	Frequencies	Percentages
Male	10	7
Female	128	93
<b>Total</b>	<b>138</b>	<b>100</b>

**Source:** Field survey, 2021

### 4.2.3 Marital status of the Respondents

Understanding the marital status of the respondents was important because it helped to inform whether marital status has influenced respondents' participation or non-participation in VSLAs. Table 4.3 shows the distribution of respondents by marital status. The findings revealed that most of participants of VSLAs are those who are divorced (49%) followed by widowed (20%), Married (19%) and single (12%). This implies that, unlike married women, divorced and widowed women have autonomy to make their own informed decision including decision to participate in VSLAs.

**Table 4.3: Marital status of the Respondents**

Marital Status	Frequencies	Percentages
Married	26	19
Single	17	12
Widowed	28	20
Divorced	68	49
<b>Total</b>	<b>138</b>	<b>100</b>

**Source:** Field survey, 2021

### 4.2.4 Education level of the respondents

Education plays a critical role in influencing individual decisions on several matters. Therefore, understanding respondents' level of education was very important. The results in Table 4.4 indicate that 13% of the respondents had never attended formal education, Almost two-third (64%) had attained primary level of education and 19% had attained secondary level of education while 4% were certificate, diploma, and degree holders.

**Table 4.4: Education Level of the Respondents**

Education level	Frequencies	Percentages
Primary	88	64
Secondary	26	19
College/University	6	4
No formal education	18	13
<b>Total</b>	<b>138</b>	<b>100</b>

**Source:** Field survey, 2021

#### 4.2.5 Occupation of the Respondents

Understanding occupation of respondents was necessary since occupation determines the livelihood conditions for the members of VSLAs. Table 4.5 presents occupation of the respondents whereby, the results revealed that 51% were engaging in petty trade, 37% were employed either in the public or private sector and 12% were involved in horticulture. The finding implies that petty trade is the predominant form of occupation among the respondents of the study.

**Table 4.5: Occupation of the Respondents**

<b>Occupation</b>	<b>Frequencies</b>	<b>Percentages</b>
Petty trade	70	51
Employment	51	37
Horticulture	17	12
<b>Total</b>	<b>138</b>	<b>100</b>

**Source:** Field survey, 2021

#### 4.3 Effect of VSLAs on Households' Livelihood in Ilala Districts

Result in Table 4.6 indicates that VSLAs affect households' livelihood in several ways. In particular, 92% of the respondents confirmed that VSLAs increase saving habits of the household members, 81% claimed that VSLAs increase the level of households' income, while 94% argued that access to loans have increased for household members after they joined VSLAs. About 56% contend that VSLAs helps them to build their capacity in starting and managing their business, 50% attested that VSLAs support members to afford household expenditures, 68% revealed that VSLAs is an avenue for social cohesion, and lastly, 57% confirmed that VSLAs increase chances for learning and experience sharing among members of different household.

**Table 4.6: Effect of VSLAs on Households' Livelihood**

Effect of VSLAs on households' livelihood	Frequencies	Percentages
Increase income	112	81
Increase savings	127	92
Broaden accessibility to loan	130	94
Build the capacity to manage business	77	56
Affordability of family expenditure	69	50
Social cohesion	94	68
Learning and experience sharing	79	57

**Source:** Field survey, 2021

#### 4.3.1 VSLAs helps to Increase Household Income

Household income refers to the amount of money earned by the member of the household in terms of wages, salaries, interest, or dividends (Brooks, 2018). Income comes as a return of exchanging goods or services. The study revealed that VSLAs help to increase household income through interest earned out of the loan disbursed to different members and through profit earned out of VSLAs group business. For instance, 81% of the respondents confirmed that their income has relatively increased after joining VSLAs (Table 4.6). The findings demonstrate that the average monthly income of households have increased from 70,000 Tshs in 2016 to 320,000 Tshs in 2021 after joining in VSLAs.

Figure 4.1 shows members of VSLAs engaging in horticulture and sewing which form a relatively large part of their income. The income helps them to purchase shares, pay loans, and meet household expenditures. The findings conform to Gifty *et al.* (2021); Alesane *et al.* (2020) and Bannor *et al.* (2020) who found that, VSLAs participation contributes enormously to the household income.





**Figure 4.1: Members of Households from Vslas at Chanika Ward in Income Generation Activities**

**Source:** Field Survey 2021

The chairperson of one of VSLAs at Zingiziwa Ward was interviewed and said this:

*“My income has relatively increased after joining VSLAs. For instance, in 2017 I could afford a share of 500 Tshs but now I have an ability to buy a share of 2,000 Tshs each week. In fact, after joining VSLAs I was triggered to engage in income generating activities which increased my level of income and hence enabled me to buy shares, pay loans, and even meet my family expenditures”*

The treasurer of one of the VSLAs at Zingiziwa Ward was interviewed and said:

*“In every December we come together to distribute among ourselves the dividends earned throughout the years from interest charged to VSLAs loans that we disburse to members of the group. It follows that each VSLAs member receives a certain proportion depending on the number of her/his shares. Those with more shares earn relatively more income in form of dividends compared to others.”*

#### **4.3.2 VSLAs help to Increase Households’ Savings**

Saving refers to the excess of income over what is spent on consumption (Keynes 2018). It is an unspent amount of current income left aside for future consumption. It is the proportional of income not spent on current expenditure to meet future spending. Household savings have considerably increased after joining VSLAs as it

was confirmed by 92% of respondents (Table 4.6). VSLAs are becoming increasingly important in household savings because one of the conditions to be a VSLAs member is to afford weekly saving which is done through buying shares. More importantly, the pace of saving is relatively increasing because the amount of loan is completely determined by the amount of savings one has in the VSLA. That is, the higher the savings the larger the amount of loan.

Figure 4.2 shows members of households participating in saving their income in the form of VSLAs. The results conform to Christopher *et al.* (2013) who attest that there is an increase in savings in the form of VSLAs while savings for non-VSLAs members continue to decline.



**Figure 4.2: Members of Households Participating in Saving their Money in a VSLA at Zingiziwa Ward**

**Source:** Field survey, 2021

During FGD in Chanika Ward one member of VSLAs said this:

*‘I began saving after joining VSLAs. Now I have some money saved in a group account. In our VSLA we are about 17 members with savings of about 10,608,000 Tshs. However, before joining VSLAs I had no savings because of wrong belief that saving is for those who earn a lot and those with surplus.’*

### 4.3.3 VSLAs Broaden Accessibility to Loans

Neil, Jacoby, Raymond and Saulnier, (1942) defined loan as credit extended to a business concern showing direct relationship between borrower and lender where the principal is repayable after the passage of one year or above. In Ilala District, access to loan is mainly from five sources; banks, SACCOSS, VSLAs, individuals and LGAs funds allocated for special groups (Women, Youth and Persons with Disability).

The study found that access to loans has considerably increased after the establishment of VSLAs. Members of households who could not access loans from banks and other sources due to the lack of collateral were confirmed to access loans from VSLAs because VSLAs do not require collaterals (Figure 4.3). Specifically, 94% of respondents confirmed that their chance to access loan has increased after they joined VSLAs irrespective of their age, sex, marital status, education and occupation (Table 4.6). Similar result was established by Christopher *et al.* (2013) who contend that VSLAs in Malawi successfully increased credit which was zero at the time of baseline.



**Figure 4.3: Members Of Households Accessing Loan From Vslas at Chanika Ward**  
Source: Field Survey 2021

#### **4.3.4 VSLAs Build Capacity of Household Members on Starting and Managing Business**

Business management refers to a steering influence on market, production and resource operations in an organization and its units that may address both people and non-people issues with the aim of achieving the unit's objectives (Boris and Jens, 2019). The study revealed that VSLAs is an avenue for the households' members to start and manage their business. This was confirmed by 56% of the respondents (Table 4.6). Members of VSLAs are equipped with skills and knowledge to start and manage their business.

The skill set on developing business ideas, conducting market research, record keeping and financial management were acquired from training and capacity building programs organized within VSLAs (Figure 4.4). The findings conform to the study by Gifty *et al.* (2021) who found that VSLAs has built capacity of members on buying shares, understanding dividends and other financial issues.



**Figure 4.4: VSLAs' Members at Zingiziwa Ward Trained on Soap Making Business**

**Source:** Field survey 2021

During FGD in Chanika Ward, one of the VSLAs members said:

*“Our capacity on record keeping, marketing and business management have relatively improved because of attending training provided by a certified VSLAs trainer.”*

When interviewing a member of one VSLA in Zingiziwa Ward she said this:

*“I joined VSLA with little knowledge about business. I was engaging in buying and selling tomatoes and that is all I could do. Now I am capable of making soap, batiki, candles among other things. This is the knowledge and skill that I acquired after attending several training sessions that were organized in our VSLA.”*

In an interview with another member of VSLA in Chanika Ward she said this:

*“The training on market and sales was so helpful in expanding my profit margin beyond expectations. In fact, I have applied sales and marketing skills acquired from the training and I am now receiving a couple of new clients on a regular basis.”*

#### **4.3.5 VSLAs Improve Its Members’ Capacity on Household Expenditures**

Household expenditure refers to both monetary and in-kind payment on all goods and services, and the money value of the consumption of home-made products (World Health Organization, 2005). Household expenditure includes expenditure on rent, water bills, electricity bills, food, clothes, education, health and transport. As indicated in Table 4.6, about 50% of the respondents confirmed that VSLAs play a great role in strengthening the capacity of households to afford their expenditures and in most cases, members of the households spend income gained from VSLAs in buying food, clothes, health and education services (Figure 4.5).

The finding of the study coincides with Annan, *et al.*, (2013), Anyango *et al.* (2017), Chibamba, *et al.*, (2017), Alesane, *et al.*, (2020) Feed the Future (2020) and Agaba (2019) who argue that VSLAs help to increase the ability of household members to

meet food, housing and other basic needs. Besides, Mwansakilwa *et al.* (2017) found out that participation in VSLAs interventions raises weekly total household expenditure by 19.8% and weekly per capita household expenditure by 17.8%.



**Figure 4.5: VSLAs Members at Chanika Ward Providing Scholastic Materials To Their Children**

Source: Field survey, 2021

#### **4.3.6 VSLAs is an Avenue For Social Cohesion**

Social cohesion is defined as the belief held by citizens of a given nation-state that they share a moral community, which enables them to trust each other (Larsen, 2013). It is a degree of connectedness, relationship and solidarity among members of the community. Social cohesion brings the sense of belonging, togetherness, freedom, justices, efficiency, equality and equity in resources. Further, it addresses conflicts and brings consensus in the society. About 68% of the respondents confirm that VSLAs strengthen the socio-economic connection of households' members despite their age, gender, education, occupation, and marital status (Table 4.6).

Therefore, as part of social cohesion, members of VSLAs normally visit each other while carrying with them some money to share happy or sad moments (Figure 4.6). Principally, they visit someone who has lost his/her family members or someone who was admitted to the hospital. Likewise, they join wedding ceremonies for their fellow members. Similar result was found by Oxfam (2021) who argues that VSLAs bring kinship and unity where members support each other in celebrations and difficult moments.



**Figure 4.6: VSLAs Members in Social Event to One of Their fellow at Zingiziwa Ward**  
**Source:** Field survey, 2021

An interview conducted in Chanika Ward quoted treasury of one of the VSLAs saying

*“My fellow VSLAs members have turned out to be brother and sisters whom we share together our life concerns. Always I celebrate and moan with them and I have really benefited a lot to meet such an awesome”*

#### **4.3.7 Platform for Learning and Experience Sharing**

De Houwer *et al.* (2013) defined learning as changes in behavior that result from experience or mechanistically as changes in the organism that result experience. The study revealed that VSLAs provide equal opportunity and experience sharing among household members. This was asserted by 57% of the respondents (Table 4.6).

Members of VSLAs from different households learn from each other within their VSLAs. Sometimes they visit other VSLAs to exchange their experiences particularly on soap making, sewing, fishing, poultry, and horticulture just to mention a few. Figure 4.7 shows some members of households sharing experience and learning about fish farming in one of the fish ponds owned by VSLAs in Chanika Ward. The findings relate to those of Oxfam (2021) who found that Ryankasuwa VSLAs in Nigeria form a platform for VSLAs members to learn from each other on making air fresheners, hair oils, soaps and liquid car wash.

During an interview with the secretary of one VSLA in Zingiziwa Ward she said this

*“My income has been considerably low because of depending on selling vegetables as the only source of income but, when I joined VSLAs I learned from group members on how to make soap and batiki which I eventually sell and they have real increased my income.”*



**Figure 4.7: VSLAs members at Chanika Ward sharing Experience about fishing pond**

**Source:** Field survey 2021

#### **4.4 Challenges facing VSLAs in Ilala District, Tanzania**

Table 4.7 indicates five challenges affecting VSLAs in Ilala District. Skill gap appeared to be the most appealing challenge and it was confirmed by 94% of the



respondents. About 71% of the respondents claimed that VSLAs are challenged by dropout of members. Similarly, 47% highlighted default on paying VSLAs loans as one of the common challenges. Further, 62% pointed out that members of VSLAs suffer from untimely disbursement of loans. Lastly, 83% argued that VSLAs are affected by the challenge of depending on a single source of funds.

**Table 4.7: Challenges facing VSLAs in Ilala District, Tanzania**

Challenges	Frequencies	Percentages
Untimely disbursement of loans	86	62
Dropouts	98	71
Defaults and delayed loan repayment	65	47
Skill gap	130	94
Dependency on a single source of funds	115	83

**Source:** Field survey, 2021

#### 4.4.1 Untimely Disbursement of Loans

The European Bank for Reconstruction and Development (2013) defined loan disbursement as the process of paying out money from the lender(s) to the borrower(s). VSLAs are principally supposed to disburse loans to the households every week depending on the applications submitted by the members of VSLAs. However, as attested by 62% of respondents, VSLAs experience deficiency of funds, as a result they don't disburse loan on time (Table 4.7).

Fund deficiency compels loan applicants to take loans in two to three installments. Among other reasons this challenge is caused by deficiency in savings, loan defaulters and delayed repayment of loans by former loan beneficiaries. VSLAs with less than two years are affected relatively more than those with many years. As indicated in Table 4.8, about 82% of respondents confirmed that members from

VSLAs which have more than two-year lifetime have access to the full amount of loan applied just in a single instalment. On the contrary, it was only 43% of the respondents who argued the same for the VSLAs with less than two-year lifetime. This implies that, unlike newly established VSLAs, older VSLAs have enough savings to meet loan demand of their members. The findings conform to the Feed the Future (2020) who found that VSLAs with long lifetime are strong enough to meet loan requirements for their members.

**Table 4.8: Status of loan Disbursement from VSLAs**

Status of loan Disbursement	VSLAs with less than 2 years		VSLAs with 2 years and above	
	Frequencies	Percentages	Frequencies	Percentages
Loan disbursed in one installment	59	43	113	82
Loan disbursed in two installment	58	42	25	18
Loan disbursed in more than two installment	21	15	0	0

**Source:** Field survey, 2021

During FGD in Zingiziwa Ward one of the VSLAs members said this:

*“I really appreciate the benefit that I have accrued from being a member of VSLA. However, I get bored when they delay giving me a loan after submitting my application. For instance, last time I had to wait for three weeks since the day I submitted my loan application.”*

The chairperson of one of VSLAs from Zingiziwa ward during interview she said this

*“Our VSLA is still new therefore, we have little savings which in turn have affected the capacity of our VSLA to provide loans on time to the members.”*

#### **4.4.2 Dependency on Single Source of Financial Capital**

Capital is an element of wealth, bringing its owner a regular income for a long time Cavalieri (1992). VSLAs in Ilala District mainly depend on shares as their main

source of financial capital. This was confirmed by 83% of the respondents (Table 4.7). The challenge of overdependence on a single source of financial capital is associated with lack of resources-mobilization skills, lack of plans, and low level of commitment among members of VSLAs. It is also caused by lack of creativity and innovation among leaders and members of VSLAs. The finding aligns with Alesane *et al.* (2020) who stressed that limited capacity to expand investment is among the challenges facing VSLAs in Awetusenya West District of Ghana.

During FGD one of the member of VSLAs in Chanika ward said this:

*“Since the inception of our VSLAs we have been relying on our own savings to disburse loans to the group members.”*

During the interview with treasurer of one of VSLAs in Zingiziwa ward she said this:

*“The main source of our loan is our own savings. We don’t know other sources of capital therefore, we end up disbursing what we have collected from our weekly savings.”*

#### **4.4.3 Dropout of Members from VSLAs**

Dropout refers to a person who leaves a group within the few sessions of joining it (Lieberman, Yalom and Miles 1973). Dropout is a common challenge facing VSLAs in Ilala District as indicated by 71% of the respondents (Table 4.7). In some cases, dropout began with stopping repaying loan on time, followed by stopping buying shares and eventually stopping attending meetings completely. However, some dropouts follow proper procedures i.e., an individual intending to drop from VSLAs attempt to inform group members through writing a notification letter. While the former is the common thing among VSLAs in Ilala District, the latter occurs rarely.

Dropout in Ilala District is associated with VSLAs members shifting from one location to another, failure to repay the loan given to them, and time constraints that limit them to meet for buying shares on a weekly basis. The finding coincides with Ezra *et al.* (2006) who contend that dropout is about 10% per year and the replacement is about 8%. Further, Ezra *et al.* (2006) pinpointed that lack of time to attend weekly meetings, moving away due to marriage, going to school or family obligations are among the reasons for members to dropout from VSLAs.

During focus group discussion in Zingiziwa Ward one of VSLAs member said this:

*“Since we established this VSLA in 2017 we have witnessed the dropout of two members. One member informed us that the reason for her dropout is a caused by the decision to move to Morogoro region for permanent settlement. The other person (who was debited) disappeared without any notification.”*

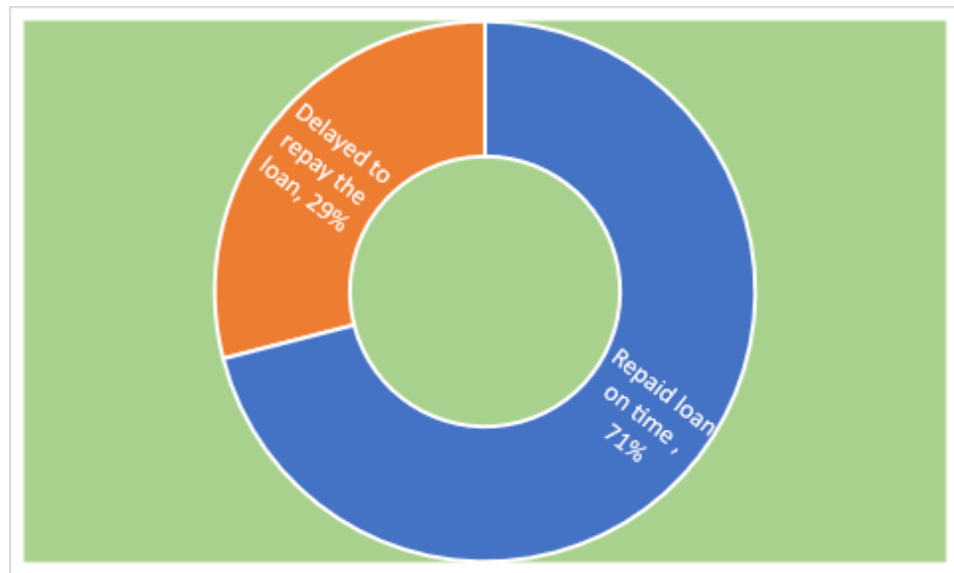
The treasurer of one of the VSLAs in Chanika Ward during an interview said this.

*Dropout happens to VSLAs whose members are not faithful in repaying loans. They eventually dropout because the loan turns out to be a burden to them. For instance, in our VSLA we have one dropout which was caused by failure to repay a loan.*

#### **4.4.4 Defaults and Delayed Loan Repayment**

Default refers to the failure to meet the legal obligation of paying loan (O’Sullivan and Sheffrin, 2003). About 47% of respondents assert that VSLAs in Ilala District encounter a challenge of default and delayed loan repayment (Table 4.7). Poor enforcement of bylaws, low returns of group businesses and allocation of loans to non-income generating activities are among the factors contributing to default and delayed loan repayment. In particular, in every three loan beneficiaries one delays repaying the loan (Figure 4.9). The findings conform to Navvumba (2019), Kay *et*

al. (2019), Mohamed (2019) and Kapoka (2011) who found that VSLAs are encountered with a challenge of loans' defaulters since members were more concerned with buying shares than repaying their loans.



**Figure 4.8: Status of loan Repayment by VSLAs Members**

**Source:** Field survey, 2021

During interview with a secretary of one VSLA in Chanika Ward she said this:

*“In our VSLA, one member defaulted on her loan after moving away from where she used to live. We have not found her despite our constant searching and other efforts.”*

During focus group discussion in Chanika Ward one of VSLAs members said this:

*“I delay paying loans because my business do not yield good returns as I expected.”*

#### **4.4.5 Lack of Skills on VSLAs**

Lack of skills refers to the skills in demand that are not available (World Bank, 2015). It may also be regarded as the difference between the skills required and the actual skills possessed. Lack of skills to manage VSLAs is a major concern in Ilala

District. As such, about 94% of respondents claimed that their leaders and even members of VSLAs have a considerable gap in leadership, documentation, fundraising and digital skills (Table 4.7). The skill gap is associated with illiteracy, lack of exposure, and lack of training programs on the aforementioned skill sets. The same findings were attested by Self (2019) who identified that literacy of members, leadership and trust among members are the main challenges facing VSLAs.

The Community Development officer from Chanika Ward during an interview said this:

*“There is a big gap among VSLAs members in terms of financial skills, record keeping and business skill. Since their inception, most of VSLAs in Zingiziwa Ward have been operating without obtained any training regarding the above skill set.”*

An interview with one of the VSLAs members from Chanika Ward she said this:

*I don't have knowledge on record keeping therefore, I don't have a tendency of keeping my own records regarding my shares and amount of loan that I am indebted by VSLAs.*

An interview with treasurer of one of the VSLAs in Chanika Ward she said this:

*Every year we pay someone to prepare an annual financial statement for our VSLA. We are deemed to do so because none of the members has sufficient financial skill set to help the VSLA in preparing financial accounts.*

#### **4.5 Measures to Address Challenges facing VSLAs in Ilala District, Tanzania**

The study proposed measures to address challenges facing members of VSLAs. As indicated in Table 4.8, these measures include but are not limited to discarding non-conformity, enforcing payment of fines, capacity building and digitizing VSLAs.

**Table 4.9: Measures to Address Challenges facing VSLAs**

Measures	Frequencies	Percentages
Discard non-conformity	99	72
Enforcing payment of penalties	106	77
Capacity building	127	92
Digitizing VSLAs	121	88

**N = 138,**

**Source:** Field survey, 2021

#### 4.5.1 Discard Non-conformity

Non-conformity refers to any deviation from rules and expectations of a group which is influenced by age, education, culture and the size of the group (Silke, 2003). About 72% of respondents regard discarding non-conformity as an essential measure to address VSLAs challenges including the challenge of default and delayed loan repayment (Table 4.9). Discard non-conformity would be easily implemented through eliminating non-committed members, especially those who fail to buy shares, pay loans, pay fines and those who fail to attend meetings on time and on a regular basis.

VSLAs members from Zingiziwa Ward during FGD said this:

*I see the reasons for encouraging members to conform to our bylaws. This is specifically important for those who proved to be uncommitted. For instance, they seldom attend, they delay meetings. Moreover, they don't pay loans and penalties on time. I came to learn that, the best way to get rid of them is to reform our group by dropping them and admit new members who will be confirmed committed.*

#### 4.5.2 Capacity Building

According to Connolly and York (2002), capacity-building is defined as the process of developing and strengthening the skills, instincts, abilities, processes and resources that organizations and communities need to survive, adapt, and thrive in a fast-changing world. Capacity building is becoming increasingly important in addressing VSLAs

challenges. Essentially, 92% of respondents regard training, mentorship, experience sharing among other capacity building programs as indispensable measures to address the challenge associated with lack of skills on leadership, documentation, fundraising and digitalization (Table 4.9).

During interview with District Community Development officer from Ilala District she said this:

*“I still see the importance of building the capacity of VSLAs. This needs to be prioritized because of the capacity gap among members of VSLAs. The most challenging area is on record keeping where financial records, penalties and other information are not appropriately documented. Members of VSLAs also need capacity building on managing individual and group business as well as on networking and linkages with other development partners.”*

During an interview with Chairperson in one of VSLAs in Zingiziwa Ward she said this:

*I believe training will be helpful to address our challenges in several aspects. For instance, if we receive training on finance we will be able to keep our record properly and eventually avoid financial loss. Likewise, training on resource mobilization will help us secure more capital and avoid the challenge of untimely disbursement of loans.*

#### **4.5.3 Enforcing Payment of Penalties**

Penalties refer to mechanisms imposed to enforce compliance with regulatory legislation and dissuade financial institutions and individuals from breaching required obligations (Compliance Commission of the Bahamas, 2018). The VSLAs in Ilala District introduced penalties against the breach of their bylaws. This is particularly for those who fail to abide by the requirement of showing up in the constitutional meetings. Also, penalties were for those delayed to attend the meetings and those who fail to pay loan within the due dates.



The breach of the bylaws continued to recur despite the introduction of penalties among VSLAs in Ilala District. No serious measures against those seem to ignore paying the stipulated amount of penalties. In that regards, enforcing payment of penalties was overemphasized by 77% of the respondents believing that it will troubleshoot the challenge of breaching the procedures, regulations and bylaws agreed under the VSLAs constitution (Table 4.9).

A woman from one VSLA in Chanika Ward during an interview said this.

*I have never seen anyone including myself paying a penalty despite our repeated actions of breaching the VSLAs regulations and bylaws. I still see a room for improvement especially by enforcing the payment of penalties.*

During an interview the Cooperative officer from Ilala District said this

*There is still a considerable potential for growth and sustainability VSLAs in Ilala District. However, this will depend on the extent to which VSLAs enforce the payment of penalties because penalty is the necessary condition for members to abide and comply with their bylaws.*

#### **4.5.4 Digitalizing VSLAs**

Digitalization is defined as the use of digital technologies and of data in order to create revenue, improves business, transform business processes and create an environment for digital business (Clerck, 2017). It involves on-going transformation of contemporary society and encompasses many elements of business in everyday life (Hagberg, *et al.*, 2016). Therefore, digitalization is a transformation from “analogue” to “digital” i.e., a shift from cash to electronic payments and to the facilitation of new forms of value creation such as accessibility, availability, and transparency (Amit, 2001).

As indicated in Table 4.9, about 88% of respondents proposed switching from traditional to M-Pawa among other digital platforms. Digitizing VSLAs is increasingly critical in addressing delays in repaying loans, inconsistent attendance, poor record keeping, and lack of transparency among other challenges. The adoption of M-Pawa and other Electronic money (E- Money) is fundamental in simplifying the process of buying shares, paying loans, paying fines and other transactions.

In an interview with one of the VSLAs member in Chanika Ward she said this:

*“It is high time we digitized our VSLA because of the number of potentials in the digital platform. For instance, if we switch to a digital solution we will be able to save our time. We will no longer need to move from one point to another for physical meetings. Moreover, our savings will be safe and our record keeping will be genuine and reliable.”*

Community Development Officer from Zingiziwa Ward during interview said this:

*“Digitizing VSLAs is a must do because it is relatively more viable than the traditional VSLAs. With digitized VSLAs, members of VSLAs will not suffer from time constraints, improper record keeping and other challenges that they have been encountered from time to time.”*

#### **4.6 Discussion of the Findings**

This subsection gives a short discussion on the findings of the study which are clustered in three categories; First, discussion of the findings related to the effect of VSLAs. Second, discussion of the findings related to the challenges facing VSLAs. Third, the discussion of the findings related to the measures to address challenges facing VSLAs.

#### **4.6.1 Effect of VSLAs on Households' Livelihood in Ilala District, Tanzania**

The study identified about seven effects that VSLAs bring in the livelihoods of their members. That is, VSLAs help to increase households' income, saving, social cohesion, access to loans, capacity to manage business and opportunity for learning and experience sharing. As indicated in Table 4.6, about 81% of the respondents confirmed that their income increased after joining VSLAs. The sources of their income mainly being interest earned from VSLAs loans as well as profit from VSLAs group business and VSLAs dividends. The findings conform to Gifty *et al.* (2021); Alesane *et al.* (2020) and Bannor, *et al.*, (2020) who found that VSLAs participation contributes enormously to the household income.

On the same note, 92% of members of VSLAs confirmed that their savings have increased after joining VSLAs. The results conform to Christopher *et al.* (2013) who found an increase in savings in the form of VSLAs while the non-VSLA savings continues to decline. Further, the study found that, access to loan among members of households has increased after joining VSLAs. For instance, 94% of respondents confirmed that they access loan from VSLAs. Similar result was attested by Christopher, *et al.*, (2013) who argue that VSLAs successfully increased access to credit compared to the zero loan values at the time of baseline.

Likewise, 56% of the respondents attested that VSLAs have benefited them with opportunities such as training that empowered them on establishing, operating and managing their own business. This conforms to Gifty, *et al.*, (2021) who establish that VSLAs build capacity of members on buying shares, understanding dividends and other financial capabilities.

In line with that 50% of VSLAs members indicate that their capacity to buy food, clothes, health and education services among other expenditures have relatively increased. The findings coincides with Annan *et al.* (2013), Anyango, *et al.*, (2017), Chibamba, *et al.* (2017), Alesane, *et al.*, (2020) Feed the Future (2020), Agaba (2019) and Mwansakilwa, *et al.* (2017) who proclaim that VSLAs proved to be a panacea for household members to afford their expenditures.

Notwithstanding, VSLAs forms a center for learning and experience sharing. This was confirmed by 57% of the respondents who highlighted that when they meet on a weekly basis they get a chance to exchange information related to the name of best and affordable schools, hospitals and business ventures. They also learn from each other on how to make soup, *batiki*, among other things. The findings conform to Oxfam (2021) who revealed that members of VSLAs learn from each other on making air fresheners, hair oils, soaps and liquid car wash.

More important, 68% of the respondents confirmed that, VSLAs strengthen social cohesion in the sense that members of VSLAs normally visit each other while carrying with them some money to share happy and sad moments such as wedding and funeral ceremonies respectively. Similar results were found by Oxfam (2021) who argues that VSLAs create an avenue for members of households to support each other in celebrations and difficult times.

#### **4.6.2 Challenges facing VSLAs in Ilala District, Tanzania**

The study came up with about five challenges that VSLAs in Ilala District encounter. They include challenge on skill gap among members of VSLAs, untimely

disbursement of loans, dropouts, defaults and delayed loan repayment as well as dependency on a single source of funds.

As indicated in Table 4.7, about 94% of the respondents confirmed to experience a challenge of lacking skills and knowledge on leadership, documentation, fundraising and application of digital solutions in VSLAs. Similar findings were confirmed by Self (2019) who attests that VSLAs members lack leadership skills. Likewise, the study found that a loan default is a recurring challenge that affects VSLAs. Specifically, 47% of respondents asserted that VSLAs in Ilala District encounter a challenge of defaults and delayed loan repayment (Table 4.7). The findings conform to Navvumba (2019), Kay *et al.* (2019), Mohamed (2019) and Kapoka (2011) who found that loan default is common among VSLAs because members were more concerned with buying shares than repaying their loans.

On the same ground, about 62% of the respondents confirmed that untimely disbursement of loan is equally a major challenge that affects VSLAs in Ilala District (Table 4.7). The challenge is relatively high to the newly established VSLAs compared to the old VSLAs. In fact, it takes two to three installments to receive the full amount of loan applied for the newly established VSLAs. The findings conform to the Feed the Future (2020) who found out that disbursement of loans in Ghana is determined by the strength of the VSLAs groups.

Further, 83% of the respondents confirmed that VSLAs encounter a challenge of over relying on a single source of fund (Table 4.7). In fact, the external source of fund for VSLAs is not yet fully exhausted, VSLAs access fund mostly from internal

sources i.e., buying shares and interest they make from VSLAs loans. Similar findings were confirmed by Alesane, *et al.*, (2020) who stressed that VSLAs have limited capacity to expand investment and accrue capital from other sources.

In addition, VSLAs suffer from a challenge of dropout. As depicted in Table 4.7, about 71% of the respondents confirmed that they encounter a challenge of dropout of members of VSLAs. The challenge is associated with failure to repay loans and relocation of members of VSLAs. The finding coincides with Ezra *et al.* (2006) who contend that drop out is about 10% per year and the replacement is about 8%.

#### **4.6.3 Measures to Address Challenges facing VSLAs in Ilala District, Tanzania**

The study proposed four key measures to address challenges facing VSLAs in Ilala, Tanzania. Specifically, the proposed measures include; discarding non-confirming members, enforcing payment of penalties, capacity building of VSLAs members and Digitizing VSLAs. Bridging the knowledge and skill gap among VSLAs members is considered by 92% of the respondents as the primary measure to address challenges facing VSLAs (Table 4.9).

Likewise, 88% of the respondents contend that transition to M-Pawa, Tigo Pesa, and Airtel money among other digital solutions is key to address the challenge associated with time constraints that causes failure to attend VSLAs meeting for buying shares. Further, 72% of respondents uphold discarding non-confirming members as the best solution to address dropout and defaults among other challenges. Lastly, 77% of the respondents confirmed that enforcing paying penalties is critical in addressing challenges facing VSLAs in Ilala District.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS OF THE STUDY**

#### **5.1 Introduction**

This makes the very final chapter of this research. The chapter details the summary of the study, conclusion and recommendations.

#### **5.2 Summary of the Study**

The study assessed the effect of VSLAs on households' livelihood in Ilala District, Tanzania. The specific objectives were in threefold category; to examine the effect of VSLAs on households' livelihood, to identify challenges facing VSLAs and to determine measures to address challenges facing VSLAs. The research was conducted in Ilala District because no similar study has ever been conducted in that area despite existence of many VSLAs. The study adopted exploratory survey design and ultimately deployed a mixed research approach which accounted both for qualitative and quantitative data. In that regard, qualitative data were harnessed through FGDs, interview and observation while questionnaires were used to collect quantitative data.

Moreover, the study collected some of the quantitative data from documentary review. The review was used because it gave a realistic and accurate data related to the amount of savings in VSLAs, number of members in VSLAs, proportion of members who have dropped out, number of loan defaulters and the amount defaulted. In response to specific objectives, data were collected from VSLAs members, leaders of VSLAs, and government officials responsible for VSLAs. Findings of this study revealed that, VSLAs affected households' lives in seven key

aspects. That is, VSLAs help to increase households' income, saving and access to loans. Besides, VSLAs help to build capacity of households to start and manage their business, to afford family expenditures, to share learnings and experience and to improve households' social cohesion.

However, VSLAs suffer from untimely disbursement of loans, dropout of some members, inadequate skills and knowledge on VSLAs, Overdependence on a single source of fund, defaults and delayed loan repayment. Following that, the study investigated measures to overcome the above mentioned challenges. The following measures were considered; eliminating non-conforming members, enforcing payment of penalties, capacity building and digitizing VSLAs.

### **5.3 Conclusion**

The study affirmed that VSLAs have a positive effect on the lives of households' members in Chanika and Zingiziwa wards in Ilala District. The VSLAs have been noted to be an avenue for their members to save their income earned from various sources. Also, VSLAs create an opportunity for household members to access loans; they create chances for VSLAs' members to learn from each other, and to improve social cohesion. Further, the incomes gained from members' participation in VSLAs enable them to afford school fees, health services, and other family expenditures.

Despite such an achievement, VSLAs operate in a challenging environment with the following challenges; the dropout of some members, untimely disbursement of loans, loan defaults, overdependence on a single source of fund and lack of skill on managing VSLAs among the members. The study asserts that there are several ways



to address the aforementioned challenges. They include but are not limited to eliminating non-conforming members, enforcing payment of penalties, capacity building to VSLAs members and adopting digital solutions in VSLAs.

The study provides recommendations to the government, members of VSLAs and development actors such as NGOs and the Private sector. The recommendations include legal and policy review to cover and include VSLAs in the microfinance Act, effective monitoring of VSLAs, increase linkages between VSLAs and Development partners, reforming VSLAs structure, system and procedures. Furthermore, the study presents areas for further studies. Such areas include; comparative analysis on the performance of members of VSLAs against non VSLAs participants as well as against those participating in SACCOSS, ROSCAs, and traditional saving. Also, a comprehensive VSLAs study with a large sample size covering both rural and urban parts of Tanzania will be a key undertaking.

## **5.4 Recommendations**

The study clustered recommendations in three categories; for the government, for the VSLAs groups and for the development partners such as NGOs and private actor.

### **5.4.1 Recommendations to the Government**

#### **i. Policy Review To Recognize VSLAs in a Microfinance Act**

First and foremost, the study realized that there is no formal policy that regulates VSLAs' operations in Tanzania. The VSLA model is not covered under the National Microfinance Act. Moreover, BOT positions VSLAs in the informal financial groups (IFGs). Therefore, the Microfinance Act needs to be reviewed to cover the VSLAs

model. The regulations to guide the VSLAs' operationalization should also be in place.

**ii. Changing the status of VSLAs from informal to formal financial groups**

The study further recommends the Government, particularly BOT, to change the status of VSLAs from informal to the formal financial groups. This is worth doing because activities associated with VSLAs have multiple impacts on financial accessibility among the poor and consequently contributes to improvement in living standard of those involved in VSLAs yet VSLAs are in the IFGs.

**iii. Effective monitoring of VSLAs groups**

The third most important recommendation to the Government is on monitoring of VSLAs groups. Thus, the study argues for the Government to intensify monitoring of VSLAs because such an initiative will improve effectiveness and efficiency of VSLAs. It will also help to increase collaboration between VSLAs and the Government which is very fruitful for the prosperity of VSLAs. Moreover, it will widen a chance for VSLAs to tap Government non-interest loans allocated for special groups i.e., Women, youth, and persons with disabilities.

**5.4.2 Recommendations to VSLAs**

**i Reforming VSLAs structure, system, and procedures**

The study recommends reformation of structure, system, and procedures of VSLAs. This is important because it will help to increase the impact of VSLAs on the livelihood of households. Reforming the VSLAs will further help to improve efficiency, effectiveness, as well as ensure sustainability of VSLAs. The study recommends reforms in three areas: Digital application in all transactions, flexibility

on the days of transacting shares or paying loans and other transactions, and changes in the form of saving VSLAs funds.

In the case of digital applications it is worth adopting a digital solution in operating VSLAs. Therefore, transactions such as buying shares, paying loans, paying penalties and other payments should transform from traditional ways to digital applications i.e., E – Money such as M-Pawa, Tigo-PESA, Airtel money and the like. Besides, there should be no limitations on a day of transaction i.e., buying of shares should be reformed from only one day to any day in a week. Further, VSLAs should reform the way they keep funds i.e., from VSLAs boxes to bank accounts or any other microfinance account, likewise, disbursement of loan should be done digitally at any point in time after all requirement being fulfilled.

#### ii **Male involvement**

The study recommends engagement of men in VSLAs groups. This should come out clear in the constitution of each and every VSLAs group. It should also be well stated in guidelines for the establishment of VSLAs. The fact that men are less represented in VSLAs, majority of them remain unaware of VSLAs model. Hence, they end up restricting the efforts of their spouses to participate in saving and in income generating activities (IGA).

This study encourages male involvement in VSLAs to raise their awareness and motivate them to take a leading role in saving through VSLAs. Since men are the household leaders for most families. Thus, they have strong power in influencing decisions affecting family affairs including decisions on where to allocate family

income. Hence, the study recommends for composition shift on membership in VSLAs group. That is, unlike the current situation where VSLAs are predominated by women, there should be a shift of composition of membership to allow gender balance.

#### **5.4.3 Recommendations to Development Partners**

The study recommends NGOs, private sector and other development partners to support VSLAs. Thus, they need to plan and budget for VSLAs development. This is essential for the growth and sustainability of VSLAs. In particular, development partners such as NGOs, private sector and others are so essential because they will provide VSLAs with technical and financial a support that is needed for growth and sustainability of VSLAs.

#### **5.5 Areas for Further Studies**

The researcher acknowledges that the study did not exhaust everything on understanding the effect of VSLAs on household's livelihood. There are still some researchable issues that were not explored. Hence, it is worth undertaking further studies in all uncovered areas. The study recommends further studies to include both VSLAs and non VSLAs members to make a comparative analysis between treated groups i.e., those in VSLAs and control group i.e., those not in VSLAs. This will help to justify the contribution of VSLAs in households' livelihood.

Second, this study was limited to VSLAs only, therefore, further researches should focus on comparative study between VSLAs and other form of savings i.e., SACCOSS, ROSCAs, and traditional savings to establish evidence based facts about

the most appropriate saving model i.e., the model which is more effective relative to the counterparts.

The study was confined to 23 VSLAs from Zingiziwa and Chanika wards in Ilala, Tanzania. Therefore, the findings give a picture of VSLAs within such a scope. In that regard, further studies should be conducted to include a large sample size covering both rural and urban Tanzania to provide a wider picture of the effect of VSLAs on households' livelihood.

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## APPENDICES

### Appendix 1: Questionnaire for VSLAs members

This questionnaire is part of my research that is partial fulfilment of the requirement for a Master's degree in Monitoring and Evaluation of Open university of Tanzania. My research titled is "the effect of Village Savings and Loan Associations (VSLAs) on households' livelihood, a case of Chanika and Zingiziwa wards of Ilala District in Dar es Salaam Region." The purpose of this questionnaire is to harness information about your experience with VSLA, changes and challenges towards livelihood improvements. The information provided will be used purely for academic purpose; your name will not be mentioned or exposed in the report alongside your shared information. Your response will be treated with high confidence. So, I modestly request you to provide the information truthfully as possible.

#### A: General Information

Date and time of Survey	
Anonymous respondent Identity number (option	
Ward	
Street	

**B: Demographic Information** (Kindly circle the number against the option of your choice)

6	Age	1= 18- 25	2= 26 = 35	3= 36-45	4= 46 – 60	5 =60+
7	Marital status	1=Single	2=Married	2=Widowed	3=divorced	
8	Education Level	1=No formal Education	2= Primary	3= Secondary	4= College/University	
9	Gender	1= Female	2= Male			
10	Duration of membership in VSLAs	1= < 1 year	2= 1- 2Years	3=2- 5 years	4= 5+	

**C: Income Information**

1: What is the main occupation of a household's head? (1) Petty trade (2) Employment (3) Horticulture 4) Other, Specify \_\_\_\_\_

2: Approximately how much does a household earn from all sources in a month?

a) From Salary.....

b) From Agriculture Activities.....

c) From Non-Agriculture Activities.....

d) From VSLAs.....

e) Other (Specify the source and amount).....

3: Has your household income increased since you joined VSLA? 1=Yes, 2=No

4: If yes explain how .....

5: Has household saving increased since you joined VSLA? 1=Yes, 2= No

6: If Yes explain how .....

7: Does any of the household member has enough ability to manage business?

1=Yes, 2=No

8: If yes, what type of business?

(1) Retail shop (2) food vending (3) Tailoring shop (4) Vegetable Selling (5)

Charcoal selling (6) Other (Specify).....

9: Approximate how much you do save per month.....

10: Approximate how much your household spends per month.....

11. Before joining VSLAs, did you have access to loan? (1)Yes (2) No

12: Where do you currently access your loan?

(1) Banks, (2) SACCOSS (3) Family (4) VSLAs (5) Other (Specify)

13. What are the benefit that you enjoy from being a member of VSLAs?

(1) Experience sharing opportunities (2) Trainings on establishing and managing business (3) Social network (4) Access to loans (5) Other (Specify)

#### **D: VSLA Information**

14: How useful is the fund from VSLA in fulfilling household financial obligation?

(1=Very useful; 2= Useful; 3=Not applicable)

	Uses of Financial Services Offered	1	2	3
1	Pay children for education			
2	Solve household expenses			
3	Pay back loan borrowed from VSLAs			
4	Capital to my business to get more income			
5	For building/repair house			
6	For health expenses			

#### **E: Challenges Facing VSLAs**

15: Kindly explain to what extent the following issues affect VSLA? (1=very minor challenge; 2=minor challenge; 3=moderate challenge; 4= major challenge, 5=very major challenge).

	Constraints of VSLA	1	2	3	4	5
1	Untimely disbursement of loans					
2	Overdependence on buying share as the only source of fund for VSLA group					
4	Loan default or delayed repayment of loan to VSLAs					
5	Low involvement of men in VSLAs					
6	Drop out of members of VSLAs group					
7	Loss of group funds/ money due to theft and unfaithfully members of the groups					

16: What measures have been taken so far to combat above identified challenges?

.....

End of Survey

Thank you for taking time to participate in the study

## **Appendix 2: Interview guide for VSLAs group leaders**

### **(Chairperson, Treasury, Secretary)**

This interview is part of my research that is partial fulfilment of the requirement for a master degree in Monitoring and Evaluation of Open university of Tanzania. My research title is the effect of Village Savings and Loan Associations (VSLAs) on households' livelihood, a case of Chanika and Zingiziwa wards of Ilala District in Dar es Salaam Region. The purpose of this interview is to harness information about your experience with VSLA, changes and challenges towards livelihood improvements. The information provided will be used purely for academic purpose; your name will not be mentioned or exposed in the report alongside your shared information. Your response will be treated with high confidence. So, I modestly request you to provide the information truthfully as possible.

#### **A: General Information**

Date and time of Survey	
Anonymous respondent Identity number (option)	
Ward	
Street	

#### **B: Group Information**

<b>Group name</b>	<b>Responses</b>
Date of group formation	
Respondent duration in leadership position	
Total number of members	
Total savings	

**C: Income information**

1. What is the main stream of income for this VSALs Group?
2. What are the main occupations of group members?
3. How have the VSLAs group been excelling?
4. Does this VSLA have a group source of income if yes when did you establish that source of income and how does it help realize objectives of the group?
5. If not, do you have a plan to start it when and what do you do to achieve that plan?

**D: Livelihood information**

6. Do you think the VSLA that you formed is of any benefit to the group members and other members of the households?
7. How useful is the fund from VSLA in fulfilling individual group members' financial obligation?

**E: Challenges facing VSLAs**

8. Does your VSLAs group encounter any challenges? If yes, what are they?
9. What specific challenges are encountered by the leaders of the VSLAs group?
10. What measures have been taken so far to combat above identified challenges?

### **Appendix 3: Interview guide for Cooperative officers**

This interview is part of my research that is partial fulfilment of the requirement for a master degree in Monitoring and Evaluation of Open university of Tanzania. My research title is the effect of Village Savings and Loan Associations (VSLAs) on households' livelihood, a case of Chanika and Zingiziwa wards of Ilala District in Dar es Salaam Region. The purpose of this interview is to harness information about your experience with VSLA, changes and challenges towards livelihood improvements. The information provided will be used purely for academic purpose; your name will not be mentioned or exposed in the report alongside your shared information. Your response will be treated with high confidence. So, I modestly request you to provide the information truthfully as possible.

#### **A: General Information**

Date and time of Survey	
Anonymous respondent Identity number (option)	
Number of VSLAs group in Chanika ward	
Number of VSLAs group in Zingiziwa ward	
Total number of members	
Total savings	

#### **B: Income information**

1. What are the main streams of income for the VSALs Group in Zingiziwa and Chanika wards?
2. What are the main occupations of group members?
3. How have the VSLAs group been excelling in Zingiziwa and Chanika?
4. What role have you been playing to facilitate prosperity of VSLAs in Ilala?
5. What challenges have you encountered in supporting these VSLAs?

**C: Livelihood information**

6. Do you think the VSLAs group in Chanika and Zingiziwa are of any benefit to the group members and other members of the households? If yes, how? And if not why not?
7. How useful is the fund from VSLA in fulfilling individual group members' financial obligation?
8. Does your office offer any financial support to VSLAs? If yes, how many VSLAs in Chanika and Zingiziwa have benefited from that support? How much did you fund them in the past three years?
9. What kind of non-financial support does your office provide to the VSLAs groups that improve their livelihoods?

**D: Challenges facing VSLAs**

10. What are the challenges encountered by VSLAs groups in Chanika and Zingiziwa wards in Ilala District?
11. What measures are very appropriate to combat above identified challenges?



#### **Appendix 4: Focus Group Discussion guide for VSLAs group members**

This FGD guide is part of my research that is partial fulfilment of the requirement for a master degree in Monitoring and Evaluation of Open university of Tanzania. My research title is the effect of Village Savings and Loan Associations (VSLAs) on households' livelihood, a case of Chanika and Zingiziwa wards of Ilala District in Dar es Salaam Region. The purpose of this FGD is to harness information about your experience with VSLA, changes and challenges towards livelihood improvements. The information provided will be used purely for academic purpose; your name will not be mentioned or exposed in the report alongside your shared information. Your response will be treated with high confidence. So, I modestly request you to provide the information truthfully as possible.

##### **A: General Information**

Date and time of FGD	
Anonymous group Identity number (option)	
Ward	
Street	

##### **B: Group Information**

<b>Group name</b>	<b>Responses</b>
Date of group formation	
Total number of members	
Members who participated in FGD	
Total savings	

##### **C: Income information**

1. What are the main sources of income for the members of this VSALs Group?
2. How have the VSLAs group been excelling?
3. Does this VSLA have a group source of income? If yes, when did you establish

that source of income and how does it help realize objectives of the group?

4. If not, do you have a plan to start it? When and what do you do to achieve that plan?

**D: Livelihood information**

5. Do you think the VSLAs group that you formed is of any benefit to the group members and other members of the households?

6. How useful is the fund from VSLA in fulfilling individual group members' financial obligation?

**E: Challenges facing VSLAs**

7. Does your VSLAs group encounter any challenges? If yes, what are they?

8. What measures have been taken so far to combat above identified challenges?

9. In the past two years what challenges have you completed already?

**Appendix 5: Observation checklist**

This guide is for researcher to observe how VSLAs operate and their effect on livelihood while visiting members of VSLAs groups in Chanika and Zingiziwa, in Ilala District, Dar es Salaam. The researcher will therefore, observe the following things;

1. Members attendance rate in the group meetings
2. How members buy share
3. Repayment of loans
4. Adherence to groups protocol and procedures (e.g., time to attend and leave meetings, obeying penalties etc.)
5. How leaders play their leadership role
6. Safety and security of groups savings
7. Members' sources of income
8. Groups tend to keep records.
9. Individual members practice keeping records.
10. Time taken to start and finish a VSLAs group meeting.

### Appendix 6: VSLAs leaders reached through KII

S/N	Name of the VSLAs	Group leader	Wards	Street	Mobile number	Date of interview
1	Winner Yongwe	Secretary	Chanika	Yongwe	0620596886	3/3/2022
2	Malaika	Secretary	Chanika	Vikongoro	0672803225	26/02/2022
3	Tuamke	Chairperson	Zingiziwa	Mvuleni	-	27/02/2022
4	Imarika	Chairperson	Chanika	Ngware	0656006590	17/02/2022
5	Tupendane	Treasurer	Zingiziwa	Lubakaya	-	28/02/2022
6	Matayarisho	Secretary	Zingiziwa	Nzasa	-	28/02/2022
7	Muomba Mungu Achoki	Treasurer	Chanika	Nguvumpya	0719596109	18/02/2022
8	Akiba kwanza	Treasurer	Zingiziwa	Yongwe	-	27/02/2021
9	Nguvu Moja 'A'	Treasurer	Chanika	Tungini	0715644510	18/02/2021
10	Human fighter	Secretary	Chanika	Ngware	0654396129	26/02/2021
11	Mwendopkasi A	Chairperson	Zingiziwa	Gogo	0652679279	23/02/2021
12	Nguzo yetu	Chairperson	Zingiziwa	Gogo	-	23/02/2021
13	Kuimarisha Familia	Treasury	Chanika	Nguvumpya	0712535256	19/02/2021
14	Imarika B	Chairperson	Chanika	Ngware	0714640667	23/02/2021
15	Tuwezeshane	Treasury	Chanika	Ngware	-	23/02/2021
16	Changamkeni	Treasury	Zingiziwa	kimwani	-	24/02/2021
17	Maendeleo	Chairperson	Chanika	Tungini	0714290387	25/02/2021
18	Tuibuke twende Pamoja	Secretary	Chanika	Tungini	-	18/02/2021
19	Upendo	Chairperson	Chanika	Tungini	0657371269	26/02/2021
20	Kichungu Uonjwa	Treasury	Zingiziwa	Gogo	-	23/02/2021
21	Nguvu Moja B	Chairperson	Chanika	Tungini	0715644510	18/02/2021
22	Tuamke	Secretary	Chanika	Lupooni	0782704763	23/02/2021
23	Nyota Njema	Chairperson	Zingiziwa	Gogo	0712222177	23/02/2021


**Appendix 7: VSLAs selected for FGD**

<b>S/N</b>	<b>Wards</b>	<b>Street</b>	<b>VSLAs</b>	<b>Respondents</b>
1	Chanika	Lupooni	Tuamke	6
2	Chanika	Ngware	Imarika	6
3	Chanika	Tunguni	Nguvu moja B	6
4	Chanika	Ngware	Imarika A	6
5	Chanika	Tunguni	Upendo	6
6	Chanika	Nguvu Mpya	Imarisha Familia	6
7	Zingiziwa	Gogo	Nyota Njema	6
8	Zingiziwa	Kimwani	Changamkeni	6
9	Zingiziwa	Yongwe	Akiba Kwanza	6
10	Zingiziwa	Mvuleni	Tuamke	6
11	Zingiziwa	Lubakaya	Tupendane	6
	<b>Total</b>			<b>66</b>

## Appendix 8: Research Clearance

**THE OPEN UNIVERSITY OF TANZANIA**  
*DIRECTORATE OF POSTGRADUATE STUDIES*

P.O. Box 23409  
Dar es Salaam, Tanzania  
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Our Ref: PG201801644

2<sup>nd</sup> February 2021

Municipal Director,  
Ilala Municipal Council,  
P.O.Box 20950,  
DAR ES SALAAM.

**RE: RESEARCH CLEARANCE**

The Open University of Tanzania was established by an Act of Parliament No. 17 of 1992, which became operational on the 1<sup>st</sup> March 1993 by public notice No.55 in the official Gazette. The Act was however replaced by the Open University of Tanzania Charter of 2005, which became operational on 1<sup>st</sup> January 2007. In line with the Charter, the Open University of Tanzania mission is to generate and apply knowledge through research.

To facilitate and to simplify research process therefore, the act empowers the Vice Chancellor of the Open University of Tanzania to issue research clearance, on behalf of the Government of Tanzania and Tanzania Commission for Science and Technology, to both its staff and students who are doing research in Tanzania. With this brief background, the purpose of this letter is to introduce to you **Mr. ZACHARIA, Mgendi Msangya** Reg No: PG201801644 pursuing **Master of Arts in Monitoring and Evaluation (MAME)**. We here by grant this clearance to conduct a research titled **"The effect of Village Savings and Loan Associations (VSLAs) on households' livelihood in Ilala District, Tanzania"**. He will collect his data at your office from 5<sup>th</sup> February 2021 to 4<sup>th</sup> March 2021.

In case you need any further information, kindly do not hesitate to contact the Deputy Vice Chancellor (Academic) of the Open University of Tanzania, P.O.Box 23409, Dar es Salaam. Tel: 022-2-2668820. We lastly thank you in advance for your assumed cooperation and facilitation of this research academic activity.

Yours,  
**THE OPEN UNIVERSITY OF TANZANIA**



*Magreth Bushesha*  
Prof. Magreth Bushesha  
DIRECTOR OF POSTGRADUATE STUDIES.

RECEIVED  
DATE

RECEIVED  
DATE 4/2/2021

## Appendix 9: Research Permit

JAMHURI YA MUUNGANO WA TANZANIA  
OFISI YA RAIS  
TAWALA ZA MIKOA NA SERIKALI ZA MITAA  
JIJI LA DAR ES SALAAM

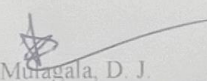
Kumb. Na. DCC/GR.6/1/ Tarehe: 5/2/2021

Maafisa Watendaji Kata  
Kata za Chanika na Zingiziwa  
Halmashauri ya Jiji la Dra Es Salaam

**YAH: KUMTAMBULISHA NDUGU ZACHARIA, MGENDI MSANGYA**

Husika na mada tajwa hapo juu.

2. Mtajwa hapo juu ni mwanachuo kutoka Chuo Kikuu Huria Tanzania ambaye amekubaliwa kufanya utafiti kuhusu *"The Effect of Village Savings and Loan Associations (VSLAs) on Households' livelihood"* ikiwa ni sehemu ya kukamilisha mafunzo yake.
3. Muda wa kufanya utafiti alioruhusiwa ni kuanzia mwezi **Februari, 2021** mpaka Mwezi **Machi, 2021**
4. Kwa barua hii, Ofisi ya Mkurugenzi imetoa ruhusa kwa ndugu Zacharia, Mgendi Msangya kufanya utafiti huo.
5. Hivyo, mpokee na kumpa ushirikiano kulingana na mahitaji yake.
6. Nakutakieni kazi njema

  
 Muragala, D. J.  
**K.N.Y: MKURUGENZI WA JIJI LA DAR ES SALAAM**  
**HALMASHAURI YA JIJI LA DAR ES SALAAM**

Nakala:

Maafisa Maendeleo ya Jamii	Mpatieni Ushirikiano chanya
Kata za Chanika na Zingiziwa	
<b>HALMASHAURI YA JIJI LA DAR ES SALAAM</b>	

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