

**ESTABLISHMENT OF COMMUNITY BASED MICROFINANCE CED
GROUP MICROFINANCE MODEL: A CASE OF MSHIKAMANO CED
GROUP AT MAGINDU AND KWALA WARDS, KIBAHA DISTRICT,
PWANI REGION**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER IN COMMUNITY
ECONOMIC DEVELOPMENT OF THE OPEN UNIVERSITY OF
TANZANIA**

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CERTIFICATION

The undersigned certifies that he has read and hereby recommends for acceptance by the senate of the Open University of Tanzania a dissertation titled: “*Establishment of Community Based Microfinance CED Group Microfinance Model: A Case of Mshikamano CED Group at Magindu and Kwala Wards, Kibaha District, Pwani Region*” in partial fulfillment of the requirements for the degree of masters in Community Economic Development (MCED) of the Open University of Tanzania.

.....

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.....

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DECLARATION

I, Dauda, Salmin Ibrahim, declare that this dissertation report is the result of my original work and that it has not been submitted for the similar degree award in any other higher learning institution.

.....

Signature

.....

Date

DEDICATION

This work is dedicated to my wife Naima Sadick Ngonge, my daughter Salama Salmin, my sons Ibrahim Salmin and Dauda Salmin who really missed for long my assistance during all time of my studies.

ACKNOWLEDGEMENTS

It is advent that this work would not have completed without support from other people. My sincere gratitude is extended to all those who offered their assistance to facilitate the production of this dissertation report. However, it will not be possible to mention every one by name they all owe my heartily gratitude

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ABSTRACT

Microfinance has spread rapidly since the 1970s and gained a lot of international attention. Advocates mean it is a good way to reduce poverty, but still there is no consensus within the research about the impacts of microfinance and its contribution to poverty reduction. The aim of this study is to assess the members' perceptions about the impacts of the rural member-based microfinance institutions (MFIs), Savings and Credit Cooperative Societies (SACCOS) and Village Community Bank (VICOBA), on members' socio-economic situation as well as their perceptions about the contribution to poverty reduction and to identify potential obstacles. There is a general agreement among the members interviewed that these MFIs have positive impacts on their socio-economic situation. The results show that it helps to meet consumption needs, pay school fees, run small businesses, increase and diversify the income and the majority also believes that it can be a useful tool for poverty reduction. However, it doesn't lead to poverty reduction automatically, it depends on how the loans are used and this study identifies several obstacles for SACCOS and VICOBA to be more effective and contribute more to poverty reduction. The main obstacles found are low repayment status, lack of capital and lack of education in both entrepreneurship and how these MFIs operate.

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LIST OF ABBREVIATIONS ACRONYMS

CED – GM-	-	Community Economic Development- Group Microfinance
YML	-	Youth Microfinance Limited
COASCO	-	Cooperative Audit and Supervision Corporation
CSA	-	Cooperatives Societies Act
DCCO	-	District Council Cooperative Officer
GDP	-	Gross Domestic Product
MFI	-	Microfinance Institution
MSC	-	Microcredit Summit Campaign
NGO	-	Non-Governmental Organization
NMB	-	National Microfinance Bank
NMP	-	National Microfinance Policy
NSGRP	-	National Strategy for Growth and Reduction of Poverty
ROSCAS	-	Rotating Savings and Credit Associations
RRA	-	Rapid Rural Appraisal
SACAs	-	Savings and Credit Associations
SACCOS	-	Savings and Credit Cooperative Societies
Sida	-	Swedish International Development Cooperation Agency
TCCO	-	Town Council Cooperative Officer
TZS	-	Tanzanian shillings
VICOBA	-	Village Community Bank
UN	-	United Nations
UNDP	-	United Nations Development Programme
URT	-	The United Republic of Tanzania

CHAPTER ONE

1.0 PARTICIPATORY NEEDS ASSESSMENT

1.1 Introduction

Successful community intervention needs adequate community participation in the whole course of that particular intervention. Community needs assessment has potential components that allow community members to set priority for their own fate, strategise and set goals towards addressing the set priority. Community Needs Assessment conducted in Magindu and Kwala Village, Kibaha district was conducted to determine community needs in the village, by using questionnaires, Focus Group Discussion and Community forums were used to guide community members to set their priorities. The findings obtained show a dire need for the community to address lack of financial services problem that exist in the village. Lack of financial services has turned out to be highly ranked in all the methods use.

1.2 Community Profile

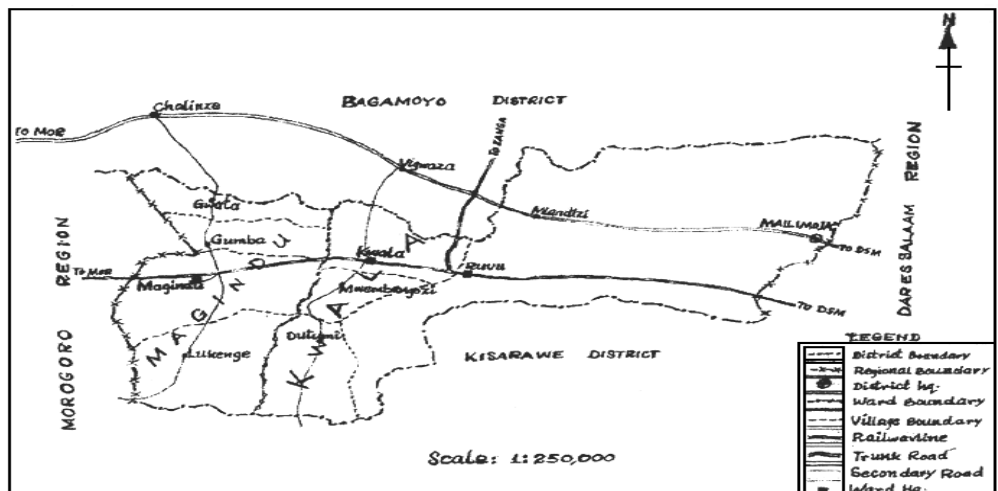


Figure 1. Map of Kibaha District showing Magindu and Kwala Wards

Source: Kibaha District Council, (2012)

1.2.1 Geographical Location

The study was carried out in the administrative wards of Magindu and Kwala. The two wards lie between latitudes 6.42° and 7.03° in the South and longitudes 38.17° and 38.38° in the East. They occupy the southern part of the Kibaha District bordering Morogoro in the West and Ruvu River in the East (Map 1).

1.2.2 Climatic Features

Two key features show the climate of Magindu and Kwala Wards. These include temperature and rainfall. According to meteorological statistics the average temperature for the region is about 28.0 C. The region experiences average annual rainfall of 800 mm as minimum and 1000 mm as maximum per year. The heavy rainfall covers 120 days between March and Jan every year and spreads throughout the region. The light rainfall is received for 60 days and common from October to September each year. However, the light rainfall does not cover the whole region and is very unreliable. According to agronomic factors, the heavy rainfalls are used for cultivating crops that require more moisture such as paddy, maize and cotton. On the other hand, short rainfalls are used by smallholder-farmers to cultivate crops that require less moisture. These crops include pulses and vegetables. Apart from that, the interpretation appeals that smallholder-farmers would be practicing intensive farming in areas with large coverage of rainfall in terms of days.

1.2.3 Topography, Soils and Drainage

(i) Topography and Soils

The first observation is Indian Ocean coastal belt, which dominates the region. The coastal belt extends from Bagamoyo district (North) to Rufiji district (South). The

feature of the coastal belt rises from 0 to 100 meters above sea level. These areas are covered by sandy loam soils and heavy clay waterlogged soils, which are suitable for paddy production. The second observation is the highland plateau. Such area rises from 100 to 480 metres above sea level. The area is dominated by sandy loam and sandy clay and is suitable for vegetables and pulses cultivation. The third portion is lowland areas. Most of these are rivers that discharge water into the Indian Ocean.

1.2.4 Drainage

As stated in section above, most of the rivers are correlated to drainage. The drainage system is based on rivers. Among them are Rufiji river, Wami river and Ruvu river. According to drainage system in Tanzania, these three rivers in Coastal region are among the largest rivers in the country. Location wise, Rufiji River is largely in Rufiji district, Wami river in Bagamoyo district while Ruvu River is in Kibaha and Bagamoyo districts. In addition, these rivers contribute significantly to the economic values of people in the region. They are used either as agricultural potential zones or as source of fishing industry, transportation and water for domestic uses. Approximately, over 90 percent of water consumed in Dar es Salaam city is obtained from Ruvu and Wami rivers. With such features, it is evident that availability of drainage system in Coast region could be a basic instrument in reducing rural poverty through utilization of rivers for irrigation and other necessary construction.

Population distribution census, 2002 shows that in Kibaha District, Magindu Ward is the one having the highest Household average size of 4.8 and Kwala Wards is the least having Household average size of 3.7.

Table 1: Population Distribution as shows Censur 2002 in Kibaha District

Population by Sex, Number of Households and Average Household Size							
			Population (Number)			Household	
Ward/Shehia	Type	Male	Female	Total	Number	Average Size	
District Total		66,291	65,754	132,045	30,477	4.3	
1 Tumbi	Mixed	15,631	15,525	31,156	6,985	4.5	
2 Kibaha	Mixed	11,518	11,532	23,050	5,282	4.4	
3 Magindu	Rural	4,247	4,332	8,579	1,792	4.8	
4 Soga	Rural	3,480	3,224	6,704	1,757	3.8	
5 Visiga	Rural	5,792	5,822	11,614	2,642	4.4	
6 Ruvu	Rural	3,296	3,401	6,697	1,769	3.8	
7 Mlandizi	Mixed	13,787	14,049	27,836	6,310	4.4	
8 Kwala	Rural	2,033	1,902	3,935	1,061	3.7	
9 Maili Moja	Mixed	6,507	5,967	12,474	2,879	4.3	

Source: National Censur Report Kibaha District, (2002)

The population results also lead to conclude that a lot of economic activities are more viable in Tumbi, Mlandizi and Kibaha Wards than in Magindu and Kwala which are in rural areas. Therefore, sufficient efforts are required to improve the current situation in rural wards.

1.2.5 Health

The health status of Magindu and Kwala is among the worst in the world. Health outcomes showed little or no progress in the 1990s with infant and under-five mortality rates worsening between 1995 and 2000. The average life expectancy at birth is 45.7 years (UNDP, 2005) while over 75% of premature deaths are due to 10

preventable diseases. Participatory poverty assessments have identified poor health as a significant cause and effect of poverty in Magindu and Kwala. Women and children bear a disproportionate burden of ill health and premature death. Perinatal and maternal conditions, malaria, acute respiratory infections, HIV/AIDS and diarrhoea account for 60% of the total disease burden.

1.2.6 Education

There are 14 primary schools and 1 secondary school in Magindu and Kwala. Of the 14 primary schools, 4 are community schools, 4 while the remainder are government aided. In Soroti district, 87.6% of those aged 6-12 years are enrolled in school, but the district experiences a pronounced drop out rate with 1 in 3 children registered in P2 completing P7. 18.4% of the total district population that is 10+ years of age has never been to school. In Magindu and Kwala specifically, drop-out rates are high, averaging 19% for boys and 22% for girls. The primary cause has been identified as familial obligation to assist with income generation.

The current school environment poses serious challenges to effective learning. The average of 91 pupils per classroom is significantly higher than both the district and national averages. Concurrently, 80.2% of schools do not have adequate classrooms to accommodate these numbers.

1.2.7 Water & Sanitation

According to the UNDP, only 21% of the Magindu and Kwala population had access to safe water as of August 2005. However, increased coverage has only just kept ahead of population growth. Significant differences also exist between districts, with

rural access to safe water ranging from 20% to 80%. There are 30 boreholes in Magindu and Kwala, of which 8 need rehabilitation. We have not been able to confirm exact numbers of shallow wells and protected springs, due to conflicting information from community sources, but we believe that there are approximately 20, of which the majority need to be rehabilitated. These water sources serve more than 24,000 people and eighteen villages were identified as having no water sources at all. Ten out of fourteen primary schools in Magindu and Kwala do not have easy access to safe water and two have been identified as experiencing an acute water shortage.

1.2.8 Livelihoods

Most people in Magindu and Kwala are cattle breeders and subsistence farmers. Livestock production has been more severely affected by upheaval than crop production. Cattle, traditionally the most important asset, have declined in both numbers and as marketable assets as access to trained vets or animal health workers has ceased. The most common diseases are foot-and-mouth, nagana⁵, tick-borne diseases and intestinal worms in cattle, sheep and goats; swine fever in pigs; and coccidiosis and Newcastle's disease in poultry. Other challenges highlighted were low Market prices and lack of feed in the dry season.

The main crops include cassava, groundnuts, millet, sorghum and sweet potatoes. Oilseeds (groundnuts, sesame) have increased in recent years. A second tier of up-and-coming crops in terms of Market importance include sesame, soya and green grams. The major current challenges related by farmers include pest and diseases,

changing weather and rainfall patterns (often combined with damaging hail storms), access to inputs, including agri-chemicals, hoes, oxplough services and declining soil fertility. Few farmers accessed pesticides due to their high cost and lack of knowledge as to their correct usage.

1.2.9 Community Needs Assessment

Community needs assessment 'is a way of gauging opinions, assumptions, needs, key issues, and/or assets within a defined community'. (Charlie French). Any given intervention, targets at solving a pressing community problem in a given locality. Effective intervention is largely dependent on the extent to which the community living with the problem was involved in the setting of priorities to be addressed. Community Needs Assessment paves way for relevant stakeholders and decision makers to devices means to address the priorities, determine appropriate and adequate resources that gears at solving a particular identified problem.

The course of needs assessment has a significant stance whereby the respective community is enabled to adopt proper approaches as per their ethics, cultures, customs and practices. Community Needs Assessment approach back an easy entry to the community, enhance acceptability of the project and guarantee participation and ownership of the intervention by the community members. Community Needs assessment also is a sure way of getting into acquaints to the dire need of the community members, setting realistic target basing on the capacity, experience, timeframe, resources available for solving the problems, feasibility of the intervention and as well determine the extent to which implementing agency and the

community can be effective in implementing the program. This section provide the methodological approach used in conducting the study.

1.2.10 Objectives CAN (half page)

The purpose of this Community Needs Assessment is to delineate a clear understanding of the problems faced by community members' in Magindu and Kwala Village, Kibaha district and come up with possible community intervention that will help to address community identified needs.

(i) Overall objective

- To establish community pressing needs, concerns and issues in Kibaha district

(ii) Specific Objectives

- To establish development opportunity found in the area.
- To establish challenges faced by community members that hinders their efforts towards achieving development.
- To set community need priority

1.2.11 Community Needs Assessment Questions

- What are the communities most needs priorities in the area?
- What are the potential opportunities that community members can harness for their own development?
- What are the major challenges faced by community members in utilizing the opportunities available?

1.2.12 Community Needs Assessment Research Methodology

This section presents the approaches and techniques used to conduct the study, data collection, processing and presenting. The study has used descriptive study which had to respond to the asked questions which helped to get a clear picture of a situation in the study area. The Community needs were identified by establishing profiles of problems that exist in the community. From that departure, the research helped to establish community priority needs that need taking proactive action towards changing the situation.

1.2.13 Research Design

Research design is an instrumental tool that carries the whole work of the research study. It is an over-whole roadmap through which research work is tailored. According to Aaker *et al*, (2002) Research design is a blue print that guides a research towards realizing the research objectives. For Kothari, research design is conceptual framework in which data are gathered, measured and analysed.

Community Needs Assessment was conducted in Magindu and Kwala village which is located in Mzenga ward, Kibaha district, a distance of about 95 Kilometers from Dar es Salaam through Pugu-Kibaha route. The village constitutes one of the 72 villages found in Kibaha district. The village is surrounded by other villages which include: Mzenga A, Vilabwa, Zegero, Mafizi and Chakungu village. The village has four hamlets which include: Magindu and Kwala East, Magindu and Kwala West, Videte and Mtukula. The village has a total population of about 4000 people.

Community Needs Assessment used descriptive study. The study targeted at collecting data from the community to get their opinions, feelings and desires of

things that needs urgent change in the community. In order that adequate data are gathered, the study has used both qualitative and quantitative techniques in collecting data. Techniques used include Focus Group Discussion (FGD) this was used to ensure that the underneath opinions, feelings perspectives and attitudes of community members on their needs are taped during the study. Key- Informant was used primary to exploit their experience of being in the area, getting deep and rich information on the community life experiences, problems and desired change. Community score cards were also used to rank community needs in order that community most pressing needs that needs change is obtained.

For the sake quantitative data, questionnaires were used to gather quantitative data from the community members. Closed ended questions were used to guide participants to provide relevant and focused and needed information as per the study.

1.2.14 Sampling Techniques

Sampling is procedure when segment of a population is sought to represent a large population in the study. According to Cooper, D.R and Schindler, P.S. (2013:727) defined Sampling as the process of selecting some elements from a population to represent that population. Sampling is a process of selecting members to be involved in the study. Purposive sampling was used specifically to determine a place for study. Community Needs Assessment was used. Selection of the village was purposively used in regard to the village convenience location, easily reached by the researcher, activeness of the people on development issues but also the potential of the area for undertaking development project that enhances both the social and economic components of the community members.

Participants were both randomly and none randomly selected. Community members participated in the community forum for community needs ranking were randomly selected, for the leaders were purposively selected on the virtue of their position in the village. Questionnaires were randomly distributed to community members' in order to ensure that every community member has equal opportunity to participate in the exercise.

1.2.15 Data Collection Methods

Data collection is process whereby a researcher goes into actual work gathering information that will save the need to answer the research objectives. To meet the need, Community scored cards, questionnaire, focus group discussion, key informant and community forums were used to gather data the community needs assessment conducted in Magindu and Kwala Village.

1.2.16 Data Analysis Methods

Community Needs Assessment data analysis has employed both the qualitative and quantitative approaches of data analysis. Data gathered were entered, coded processed and analysed used Statistical Package for Social Science (SPSS). Frequencies chi-square analysis was used in the data analysis. Tables and graphs used to do presentation of the facts obtained from the respondents.

From the qualitative data themes were identified, analysed in order that the people's priority is obtained. Pictures in this section are used to further testify the results from respondents during Focus group discussions and Community forums conducted.

1.2.17 Community Needs Assessment Findings

This section presents findings from the Community Needs Assessment conducted in Magindu and Kwala Village; the goal for conducting Community Needs Assessment was to establish the most pressing community needs in Magindu and Kwala village, Kibaha district. The Community Needs Assessment was conducted by administering questionnaires, where 100 questionnaires were distributed to community members. All of the distributed questionnaires were filled and collected, data analysed using SPSS to determine community priority. Information was gathered from varied range of community members ranging from peasant, government employs, business persons, and students. Results were presented in narration after analysis, tabulated and presented in graphs and charts. Pictures from community members during community forums also used to further demonstrate the situation in the ground. From the study and data analyses, community members could rank their needs as follows:

1.2.18 Results from Questionnaires

Respondents profile from the 100 questionnaires distributed, 64% of the respondents were males and 36% were females. Of all these were at the average age of 40% were at the age between 15 and 35, 47% were between 36 & 64 of age and only 13% were at the age from 65 and above. These findings shows that, most of the respondents are at the energetic age, productive stage, they are at the time when if well utilised, this labour force can produce magnificently to bring change in the respective community.

About 53% of the respondents have lived in Magindu and Kwala village for more than 25 years. This has an interpretation, that they have a good experience of village;

they are well aware of problems lived with and the opportunities available for development. In terms of expenditure, 29% of the total respondents used more than 5000 per day for their basic needs, the rest of the respondent marked to use less than 5000 per day for their family basic needs. This signifies that, the community encompasses people who are low earning from their daily income generating activities.

Table 2: Age of Respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 15-35	40	40.0	40.0	40.0
36-64	47	47.0	47.0	87.0
65-94	13	13.0	13.0	100.0
Total	100	100.0	100.0	

Source: Field Data

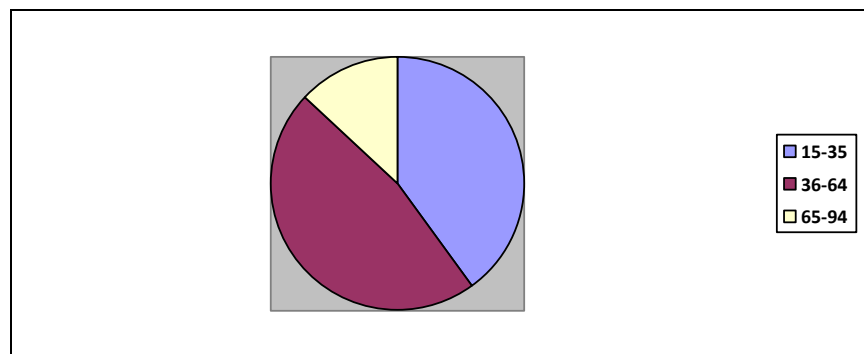


Figure 1: Age of Respondent

Source: Field Data

The study area is typically a rural village, that most of its occupants education level is literary low. From respondents, 72% completed standard seven or less standard seven. 24% reported to have ordinary secondary education and 4% of the total respondents have technical education. None of the respondents reported to have tertiary education. The results Dec indicate low consciousness on the importance of

education to this community; and for that case they don't see the compelling reasons for them to do further schooling after having finished standard seven, low accessibility to education services especially secondary education or rather peoples culture and behaviour that puts less emphasis on formal education development. The table below gives further details on the education level of the respondents.

Table 3: Level of Education of Respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Primary Education	72	72.0	72.0	72.0
Secondary Education	24	24.0	24.0	96.0
Technical Education	4	4.0	4.0	100.0
Total	100	100.0	100.0	

Source: Field Data

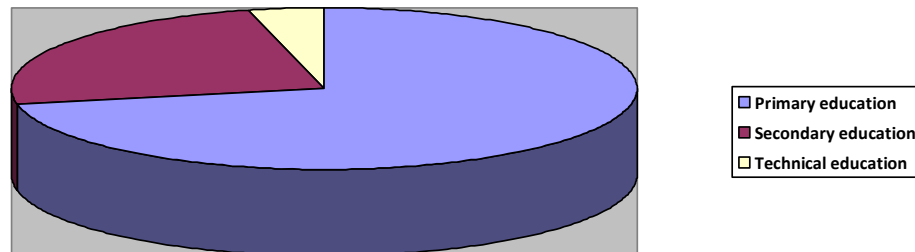


Figure 2: Level of Education of Respondent

Source: Field Data

Agriculture activities are the main stay of economic development in Magindu and Kwala Village. Data from the field indicates that most of the community members in the village are involved in agricultural activities. 58% of the entire respondents from the questionnaires mentioned agriculture as their main economic activity that they are engaged with. 24% business people, 16% student and only 2% respondents are

employed in industry sector. The table below for details on the main economic activities of the community.

Table 4: Main Economic Activity you are Involved in

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Business	24	24.0	24.0	24.0
Agriculture	58	58.0	58.0	82.0
Industry	2	2.0	2.0	84.0
Student	16	16.0	16.0	100.0
Total	100	100.0	100.0	

Source: Field Data

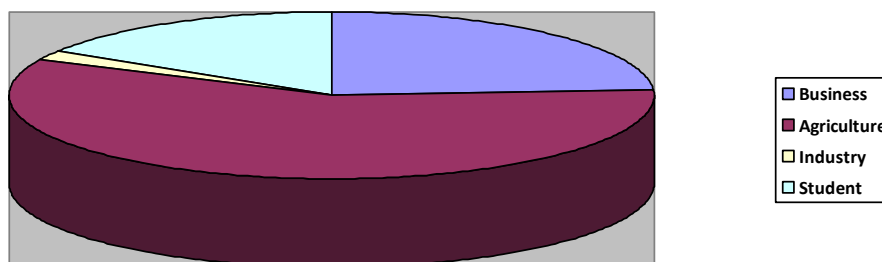


Figure 3: Main Economic Activity you are Involved in

1.2.19 Investments Opportunities Available

Community Needs Assessment exercise wanted to appreciate the various investment available in the village. From the questionnaire results, most of the respondents which counts 58% of the total respondents noted that, agriculture is the best area where investment can be done out of business, fishing, and forest. The investment comes out to have a direct relation with the economic challenges that hinders

community economic development in the village, where most of the respondents said Unemployment when they were asked the question of “What are the challenges encountered in the processes of development?”

What are the challenges encountered in the processes of development

Table 5: Challenges in Developmental Processes

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Lack of financial Services	52	52.0	52.0	52.0
Poor Education	22	22.0	22.0	74.0
Electricity	2	2.0	2.0	76.0
Dispensary	4	4.0	4.0	80.0
Agricultural Inputs	6	6.0	6.0	86.0
Labour Force	6	6.0	6.0	92.0
Laziness	4	4.0	4.0	96.0
Bad leadership	4	4.0	4.0	100.0
Total	100	100.0	100.0	

Source: Field Data

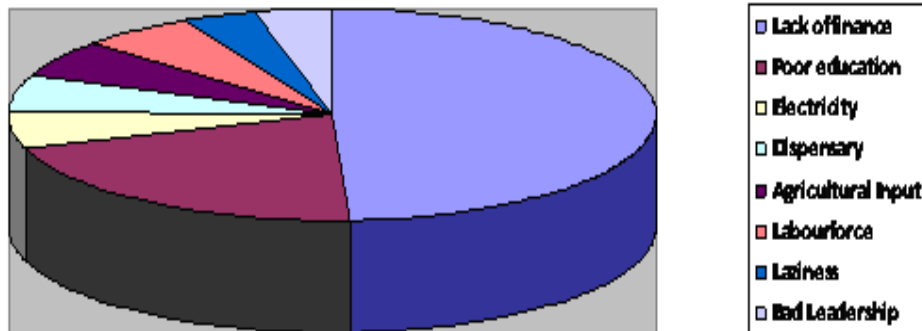


Figure 4: Challenges in Developmental Processes

Source: Field Data

The above table suggest critical problem of accessing financial services for the community members. The absences of adequate Unemployment means they cannot even run irrigation agriculture that would mean products that captures Market attention.

1.2.20 Access to Financial Services

The Community Needs Assessment assessed the community access to financial services. It wanted to know the good sources of financial services, the most appropriate financial institutions that would effectively save them if established, sources of capital for their developmental activities, and challenges encountered in the course of accessing financial services in the area. Responding to these questions, most of the respondents said Community Based Microfinance is a good source of financial services in Magindu and Kwala village, 35% mentioned bank and only 12% access their financial services from SACCOSS. 59% of the respondents mentioned Community Based Microfinance as a good source of capital for their economic activities.

What are the challenges that prevent easy access of financial services in your area?

Table 6: Challenges of Easy Access to Financial Services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lack of Collateral and Security	60	60.0	60.0	60.0
	Distance	21	21.0	21.0	81.0
	Bureaucracy	19	19.0	19.0	100.0
Total		100	100.0	100.0	

Source: Filed Data

When asked challenges encountered in the access of financial services, about 60% of the total respondents mentioned terms and conditions attached to financial services is most challenged faced.

What are the priority economic problems that need solution in your area?

Table 7: Priority Economic Problems

	Frequency	Percent	Valid Percent	Cumulative Percent
	1	1.0	1.0	1.0
Agriculture Inputs	29	29.0	29.0	30.0
Capital	54	54.0	54.0	84.0
warehouse	4	4.0	4.0	88.0
Market availability	12	12.0	12.0	100.0
Total	100	100.0	100.0	

Source: Field Data

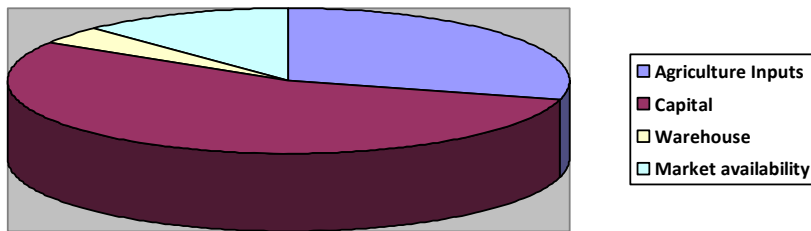


Figure 5: Priority Economic Problems

Source: Field Data

The findings above suggests the facts that most of the community members lacks collateral and securities that would protect them towards accessing financial services like loans from banks. This would also have a significant impact for them mentioning Community Based Microfinance as the best sources of financial services compared to Formal Banks. In spite of having good access to financial services,

community members have mentioned capital as one of the major economic problem that hinders them towards development.

From the field data, most of the respondents mentioned access to capital as the major social problem they are facing. It is the problem that the community has given priority to be solved.

1.2.21 Findings from Focus Group Discussion

Community Focus Group discussion was used to explore community perspective and unveils the underneath feelings on the most pressing need that would desire to be solved for their self-development. The common answers given by participants during the discussion were as follows: what are the most social economic problem that the community is facing and it needs to be solved, this question attracted several different answers, community members responded to this question by mentioning Lack of financial services, Unemployment, health, and electricity are their problems that needs to be solved. Focus Group Discussion revealed the extent that difficult access to reliable sources of financial services is pressing problem to the community.

1.2.22 Findings from Community Open Forum

Community forums were also used to determine their priority, participants in the community forms were again had the opinion that lack of financial services and Unemployment was their main concern. Lack of financial services has come over and over again, due to the facts that the availability of financial services will make people to borrow money and increase self-employment and entrepreneurship activities as a result unemployment problem will be solved. Score cards were

distributed to participants in the community forum where every participants was required to mention one problem that she/he ideal to be solved.



Figure 6: Cross Section of the Participants During Community Forum on Setting Community Needs

Source: Field Data

The results were as follows, out of 24 participants in the community forums. 18 participants mentioned Lack of financial services as a problem that needs solution, electricity had 4 scores and only 2 scores went to dispensary.

1.2.23 Community Needs Prioritization/Levelling of Needs

From the field findings, the ranked high community need is to solve the problem of Lack of financial services, this is self evident from the questionnaire results analysed using the Statistical Package for Social Science (SPSS), as the table below suggest when they were community members were asked to set priority of the need to be solved.

What are the challenges encountered in the processes of development

Table 8: Challenges in Process of Development

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lack of financial Services	52	52.0	52.0	52.0
	Poor Education	22	22.0	22.0	74.0
	Electricity	2	2.0	2.0	76.0
	Dispensary	4	4.0	4.0	80.0
	Agricultural Inputs	6	6.0	6.0	86.0
	Labour Force	6	6.0	6.0	92.0
	Laziness	4	4.0	4.0	96.0
	Bad leadership	4	4.0	4.0	100.0
	Total	100	100.0	100.0	

Source: Filed Data

The bar below also shows community needs to be addresses by gender, from this yet lack of financial services has assumed a high ranking compared to other problems existing in the village.

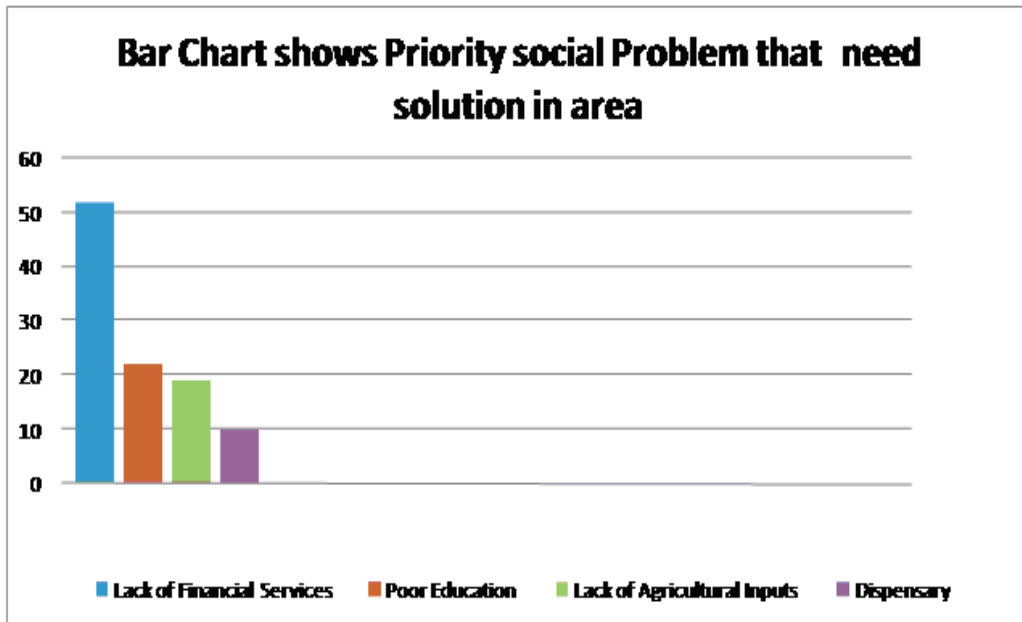


Figure 7: Challenges in Process of Development

Source: Field Data

1.3 Conclusion

Community Needs assessment has provided community set of priorities. Appropriate intervention has to be designed bearing in mind participation of community. Community members have potential resources to contribute to any development intervention taken in the area. Establishment of Community Based Microfinance **Scheme** will help to provide loans and finance community based projects which will increase employments in most of community members.

CHAPTER TWO

2.0 PROBLEM IDENTIFICATION

2.1 Background to Research Problem

This chapter examines in depth the various problems which were identified in the previous chapter as being the most pressing community needs and were later prioritized to come up with one major need and taken as a community problem which had to be addressed by a development project jointly and unanimously designed by all major stakeholders.

Magindu and Kwala wards are facing a number of problems which were identified when conducting Community Need Assessment. The priority needs were observed through participatory assessment and the adoption of pair wise ranking (side to side problem comparison) was used to prioritize the needs which negatively affect the community. The exercise was conducted using Focus Group Discussion which started by a brainstorming session to elicit major community economic social problems that community members were facing and which needed to be addressed.

The preferences were placed on a piece of paper and the Group ranked the items. Pair wise ranking allowed the researcher to determine quickly the main problems or issues of the community and enabled the priorities of different individuals to be easily compared. Focus Group Discussion conducted came up with high ranked problems. Among the priorities mentioned included; Lack of financial services, Unemployment and lack of reliable health services.

Table 9: Community Problem, Sources of Problem and Assets

No.	Problem	Sources of problem	Assets
1.	Lack of financial Services	In Magindu and Kwala Wards there is no any financial institution. Community members don't meet criteria from the financial Institution available in nearby town due to lack of collateral and credibility	Attractive area for investors: banks and business people are attracted to do business in Magindu and Kwala wards.
2.	Unemployment	Due to lack of financial institutions and inadequate community empowerment in income generating activities results on the problem of unemployment.	Availability of CED Microfinance Model to improve household income will stimulate economy and increase self employment
3.	Lack of Reliable Community Health services	Due to absence of reliable hospitals and due to low household income, community members are facing hardship in medical treatments	Availability of CED Microfinance Model to improve household income which will enable them to get proper medicine and other medical services.

Source: Research Findings, (2013)

2.2 Problem Statement

The Economic Policy and Research Centre Bulletin (1996), revealed that the poor households in Tanzania have little or no shelter, inadequate food supply, their health

is poor, they are unemployed and a few of their children go to school due lack of school fees. According to the World Bank (1996), there is need to diversify household income sources especially from non farm activities and expand employment opportunities especially for the youth to ensure increased incomes which will later translate into welfare improvements for the poor households. However, the poor cannot access financial services from the formal financial institutions because the transaction costs of small scale deposit taking and lending makes it uneconomic to the formal financial institutions to respond to the financial needs of poor people (Sandra et al, 2004).

To meet the unsatisfied financial demands, the poor people have designed informal micro finance services such as community based micro finance to eradicate poverty (Mutesasira et al, 1999). Although more is known about the formal financial institutions in regard to their principles and practices in lending, factors to their success, their impact on development and challenges they face; apparently, little documentation has been made about the informal micro finance initiatives and their contribution to eradicating household income poverty. This study therefore, intended to establish the contribution of Community Based Savings Micro Finance to eradication of household income poverty in Kibaha district.

2.3 Project Description

Establishment of CED Microfinance Model: The Case of Youth Microfinance Limited, in Magindu and Kwala Wards, Kibaha district, Pwani Region, Tanzania; is a participatory local project aimed at improving households' income at Magindu and

Kwala wards by generating income through Community Based Microfinance – CED Microfinance Model. The group members were facilitated to adopt CED Microfinance Model to have access to loan and savings in order to improve their households 'income.

CED Microfinance Model is a time-bound accumulating savings and credit model; in it 31 people called “CED Group” save regularly and borrow from the group fund. Conventionally, a CED microfinance model provides a broad range of financial services such as deposits (savings), loans, payment services, money transfers and insurance to poor households and their micro-enterprises. These schemes provide money, and advice on investment and how savings are made. These non-financial services define the specific character of microfinance and make them valuable and sustainable.

2.3.1 Target Community

The project target are all community members living at Magindu and Kwala wards in which 10 CED Groups formed in Magindu ward and 10 CED Groups formed in Kwala wards. The CED Microfinance Model was introduced to community members who later agreed to adopt it. The CED Groups was established and formed with 31 members each. Likewise is the host organization which would implement the project later on the project would be scaled up to other people who are residents of the wards and district at large. The knowledge will be transmitted to other districts all over the country. However the criteria are to be adhered to and the project will involve:

- (i) People with an interest in loan and savings knowledge

- (ii) People with commitment to work in the group according to pre arranged agreement as stipulated in their group constitution stabiling it.
- (iii) People with willingness to promote long term sustainability, accountability and transparency during project implementation, monitoring, review evaluation and reporting

The 31 CED Group members be sensitized and trained how utilize local resources to achieve their intended objectives. The direct beneficieries would benefit from access loans through CED Group where the interest is cheaper, having saving through their own contribution and be able to improve their household economy.

2.3.2 Stakeholders

Stakeholders are those partners or duty bearers in development who are influenced by and exert an influence on those things that take in the project – directly or indirectly. They can be individuals or organizations and they can be both for and against a change.

Different stakeholders have different opportunities to exert an influence on a project. A survey of the project's stakeholders and their relationship to the project is an important part of the project planning process. Stakeholder Analysis is a vital tool for identifying those people, groups and organizations that have significant and legitimate interests in specific project issues. However, stakeholder analysis by itself only identifies potentially relevant stakeholders – it does not ensure that they will become active and meaningful participants; other measures to generate interest and sustain commitment will be therefore necessary as well.

2.3.3 Project Goals in CED terms

- (i) To have community participatory plan in establishment, implementation, management, monitoring and evaluation of CED Microfinance project.
- (ii) To provide appropriate financial services to the micro and small and medium sized enterprises in the most efficient and sustainable manner always embracing social and environmental interests of all its stakeholders.

2.3.4 Project Objectives

- (i) To mobilize community unemployed and self-entrepreneurs groups in the street and villages at Magindu and Kwala wards.
- (ii) To have specific data bank of different unemployed groups available in villages.
- (iii) To have open and participatory discussion specifically on the project planning, implementation, monitoring and evaluation.
- (iv) To have a registered members of CED Microfinance model.
- (v) To provide structured training programs for its microfinance customers covering basic record keeping, entrepreneurship, business management, leadership, marketing and networking.
- (vi) To provide soft loans for CED Microfinance group members.

2.4 Host organization – Youth Microfinance Limited

2.4.1 The Organization

The name of organization managing the project in Youth Microfinance. This is Not Profit Making Company (NGO). The organization was registered as company limited by guarantee not having share (Not Profit making company –Registration No.55388).

2.4.2 Vision

The Youth Microfinance's vision is "To become the Tanzania financial institution of choice in the provision of financial services to the micro, small and medium sized enterprises.

2.4.3 Mission

To provide appropriate financial services to the micro and small and medium sized enterprises in the most efficient and sustainable manner always embracing social and environmental interests of all its stakeholders.

2.4.4 Coverage

Youth Microfinance Limited headquarters are in Dar es Salaam – Msimbazi Street, Plot 5/6L. It will establish branches and marketing offices all over the regions in Tanzania depending on market survey reports.

2.4.5 Objectives

- (i) To provide appropriate financial services to micro, small and medium enterprises (MSMEs) in the most efficient and sustainable manner, always embracing environmental and social interest of all stakeholders.
- (ii) To provide structured training programs for its microfinance customers covering basic record keeping, entrepreneurship, business management, leadership, marketing, networking with non-financial services providers and other relevant areas.

- (iii) To create a permanent and self- replicating system of savings and credit associations in Urban and Rural areas.

2.4.6 Organization Core Values

- (i) Strive for excellence and work as a team
- (ii) Represent many disciplines and work hard in interdisciplinary mode.

CHAPTER THREE

3.0 LITERATURE REVIEW

3.1 Introduction

This chapter reviews other authors who devoted their time to write on issues related to Community based microfinance issues which is typically one of microfinance institution. It concentrates on theoretical, empirical, policy related to microfinance as well as the contribution of microfinance on improving the income.

3.2 Theoretical literature Review

3.2.1 Historical Perspective of CED –GM

The acronymy, CED –GM stands for Community Economic Development Group Microfinance which in part view its rural origin and in another part its financial nature activity.

The model is designed in a way that members of CED-GM take loans on rotation bases under conditions that repayments is done in three to six months bases, the reason of not providing long term credit is to give members hands on experience with business planning. Unlike formal financial institutional which requires collateral, there is no loan guarantees but the collateral that CED-GM lending has is it require five people within the same group to act as guarantee in case the borrower fails to pay back the loan. Interest rates are around five to ten percent. This is seen as affordable rate that brings a balance between affordable credit and the need for the fund to grow .Members are encouraged to come up with small, investment ideas that need s modest start up loan (op.cit).

3.2.2 Theoretical Concepts of CED - GM

Microfinance is the provision of financial services to poor and low income clients including self employed people (Yunus, 2009). Microfinance consist of loans usually small to economically productive people usually women to establish or expand small self sustaining businesses. While rural saving scheme is the same as microfinance, the only difference is that rural saving scheme is more over non-formal microfinance. The basic problem that poor people face is to save money. They often don't have enough money to save so that when they need they can borrow. Poor family may borrow from relatives, money lenders or microfinance institutions.

CED-GM is a saving model that uses the opportunity to save and obtain credit and it gets started when a small group of individuals takes the initiative to organize themselves. The rules are very clear, a group of 11 -31 people meet for a training and saving session once a week for a 36 -48 weeks. The first three to four months of training are intensive and then when they have learnt about business planning, they can get their first loan from the collective savings (LAMP, 2007).

Small groups of five people, who have been involved in the development of each other's business plans, guarantee the loan amount for each other. The confidence for the system are built upon openness and transparency, the transactions are handled in such a way that all members can record each transaction (op.cit).

CED-GM is a community based microfinance model, which focusses on fostering participant's ability to innovate and manage viable income generating activities.

Central to it is a “bank” where participants save and get loans. Participants are both owners and customers of the bank. They manage themselves all bank operations down there at the village/street level. Model experts capacitate them with group leadership, bank operation and entrepreneurship skills (URT,2009) Yunus,M (2010) who is the Founder of Village bank for the poor,states that village bank (Grameen Bank in Bangal language) is in the business of encouraging entrepreneurs and self-reliance among the members. It is financially self-reliant such that all of its funds come from deposits. More than half of the deposits come from the borrowers themselves who are required to save a little bit every week.

This evidence that CED- GM is more member based as compared to other microfinance institutions like SACCOS though there similarities such as savings is required before a member can access soft loan to be taken should be three times the shares loan applicant possesses.

3.3 Empirical Literature

Moving from the global arena about the overall impacts of microfinance to the situation in Tanzania, what have earlier studies and assessments about microfinance and its impacts in Tanzania found? To my knowledge, the studies about semi-formal and informal microfinance in Tanzania are not numerous, especially not specifically about SACCOS and VICOBA. But some studies have been found which argue that microfinance doesn't reach out to the poorest of the poor and that it can help the rural poor in some ways but does not lift people out of poverty. One study assessing how well the MFIs work in Tanzania regarding its contributions to poverty reduction, as

well as a study from Ethiopia, found that microfinance reach the relatively poor but is less successful in reaching the poorest, the Otaginalized and vulnerable poor (Josefsson & Åberg 2004, Andersson & Wikstrand 2009). Furthermore Josefsson & Åberg (2004:28) conclude microfinance to be a good instrument for poverty reduction even though they don't reach the poorest which are in most need and Andersson & Wikstrand (2009:34) present that the clients believe that their economic situation has improved after receiving a loan.

Another study focusing on the VICOBA model and its contribution to poverty reduction found that VICOBA does not take the members out of poverty but it can “act as a buffer to protect rural poor not to fall under the established poverty line” (Begasha 2013:abstract). The author concludes that the VICOBA model does not result in all the members leaving poverty, but by letting members save and take loans on a regular basis it protects them against deeper poverty and it helps to smooth consumption. Furthermore the author also states that VICOBA has a positive impact on the members' social situation and that this might be important in providing an increased “sense of security” (Begasha 2013:46).

In another impact assessment of VICOBA in Tanzania Kihongo (2005) argues that the VICOBA model is an important tool towards poverty reduction since the study found positive impacts for the members in several ways, for example in increase of income and capital, capacity building and women empowerment. But the author also points out, in spite of positive impacts, the fact that VICOBA is informal and therefore not registered or part of a legal framework, arguing that due to this

“VICOBA project is not a viable microfinance scheme and is limited to operate big volume of money and hence not sustainable” (Kihongo 2005:76).

3.4 Policy Review

Microfinance in Tanzania

The microfinance sector in Tanzania is still young, small and, in rural parts of the country very limited. A national survey found that 56% of the population is lacking access to financial services (Octr & Tubaro 2013:1). According to Bee (2007:153-154) the NMP divide the country’s microfinance providers into four groups; banks, which include commercial, community and cooperative banks, and non-bank financial institutions; MFIs which specialize in providing microfinance; member-based MFIs and finally; NGOs. Further Bee presents that the cooperative financial services are also called member-based services and can be divided into three different groups, namely cooperative banks; SACCOS; as well as VICOBAs and SACAs (Savings and Credit Associations), which he calls pre-cooperative groups (Bee 2007:154).

According to the microfinance institution PRIDE (Promotion of Rural Initiative and Development Enterprises Limited) the MFIs in Tanzania are all together estimated to provide financial services to about 400 000 so called small and micro enterprises, which is estimated to cover about 5% of the countries demand. Most of the institutions are in urban areas. Due to high risks, high cost of operation and bad infrastructure most microfinance institutions are not willing to expand their services to rural areas (PRIDE TZ 2005). According to Bee (2007:195).

There are also a few studies and reports saying that the microfinance services in Tanzania are not very successful in reaching the rural parts and the vulnerable poor. Randhawa & Gallardo (2003) state that a majority of the branches among the licensed banks and non-bank financial institutions are situated in Dar es Salaam and their services available for the rural population are limited. Therefore the most important microfinance institutions in the rural parts of Tanzania are SACCOS and foreign NGOs, even though there has been a diversification within the financial sector since the 1990s financial sector reforms (Randhawa & Gallardo 2003). Bee (2007) writes that the liberalization and following privatization of the financial sector in Tanzania has diversified the financial service providers in the country, but this did not improve the rural households' access to formal financial services. In spite of diversification in the financial sector banks are still dominating the sector and most of them are in urban areas.

According to Bee "banks perform a limited role in economic growth in rural areas despite the extensive policy and institutional reforms" (Bee 2007:188) and that this has led to informal arrangements by the households and semi-formal member-based financial institutions and NGOs. In a microfinance country scan made by Triodos-Facet (2007) it is also argued that mainly SACCOS have an outreach to the rural parts of the country and in 2006 over 3500 SACCOS were registered in the Ministry of Cooperatives and Marketing, with a total number of members of about 420 000 and about 60% of these classified as rural.

Most of the rural SACCOS are very small in size and they tend to face capacity problems such as lack of staff and appropriate technology (Triodos-Facet 2007:12).

The history of SACCOS in Tanzania can be argued to have its origin in thrift and credit societies which started as early as 1938 in several areas in the country, but it was in the 1960s that the number of SACCOS started to grow (Bee 2009:75). As mentioned in the introduction they have a history of mismanagement which led to a bad reputation, but the government has promoted SACCOS and in 2006 the government said that 21 billion TZS, which is 1 billion per region and also known as the “JK Billions”, should be given in loans to SACCOS, through CRDB bank and NMB (National Microfinance Bank). This can partly explain why there has been an increase of SACCOS (Triodos-Facet 2007:6, 12).

Although SACCOS are argued to be the most important MFIs in rural areas of Tanzania, there are other informal MFIs which have been established more recently and that are also of importance in these areas. One is Village Savings and Loan Associations (CED GROUP MICROFINANCE), first introduced by CARE Tanzania in 2001 on Zanzibar, but later spread to the Tanzanian mainland. VICOBA, subject of this field study, is also an informal savings and credit group that has been established in several areas of the country by several promoters (Triodos-Facet 2007). Both CED GROUP MICROFINANCE and VICOBA are member-based MFIs and according to Kihongo (2005) as well as the District Council Cooperative Officer (DCCO) in Babati⁷ the VICOBA model is based on a model introduced by CARE in Niger.

National Microfinance Policy and Cooperative Societies Act

The government of Tanzania believes in microfinance as a meaningful tool for poverty reduction and has established the National Microfinance Policy (NMP) to

facilitate the development of a sustainable microfinance industry. The NMP states the need of microfinance and that those financial services can contribute to poverty reduction as well as improve income distribution. It is presented in the NMP that financial services can help households and enterprises to manage resources more effectively and protect against risks.

Especially savings services are pointed out as important to be able to handle emergencies, periods with low income and large expenditure such as school fees. Credits are also presented as useful for households, especially in periods of low income such as before harvest, to meet consumption needs and to make investments earlier. It presents that even though 31 financial institutions had been established within the country by Octch 1999, the development of the microfinance services had been slow and weak and some of the economic reforms had actually had impacts leading to a reduction in low income people's availability to financial services. The fact that the interest rates were not Julyided by the microfinance organizations or projects themselves, which often resulted in interest rates not covering operational costs, as well as the lack of a common law making it difficult to organize institutions and set standards, are some of the explanations mentioned that contributed to the slow development of microfinance services (URT 2000:1-6). This indicated a need to formulate a national policy to be able to develop a sustainable microfinance industry within the country and the overall objective of the NMP is:

To establish a basis for the evolution of an efficient and effective micro financial system in the country that serves the low-income segment of the society, and thereby contribute to economic growth and reduction of poverty (URT 2000:7).

The policy includes a vision for a sustainable development of the microfinance industry and states for example that MFIs should Julyide all the pricing themselves, be based on best practices, use appropriate techniques and products suited for low-income earners, have a sound governance structure, be available for women and men and that the Bank of Tanzania should be responsible for the implementation of the NMP (URT 2000).

Regarding the regulation and supervision by the Bank of Tanzania, all the institutions providing microfinance services are not fully included. As mentioned before the formal institutions are included, while informal MFIs are not, and semi-formal MFIs like SACCOS are registered but not supervised by the Bank of Tanzania (Ledgerwood 1999, Randhawa & Gallardo 2003). Even though SACCOS and NGOs are usually not subject to regulation and supervision by the Bank of Tanzania, large member-based cooperative institutions can be identified and incorporated. A new regulation within this area was established in 2005, called the Financial Cooperative Societies Regulations. According to this regulation SACCOS that accepts savings and deposits above 800 million TZS from their members in total will be supervised by the Bank of Tanzania and licensed as a financial cooperative (Triodos-Facet 2007:8).

SACCOS are regulated in the Cooperatives Societies Act (CSA) from 2003. SACCOS have to follow the legislation and regulations from the NMP and the CSA. These regulations only give the general conditions about for example how to start a SACCOS, conditions for formation, structure and registration such as the minimum

amount of members, but the CSA also states that the cooperatives should form their own by-laws. Each SACCOS Julyide themselves, in their by-laws, the costs for entrance fees, shares and savings needed to become a member and take loans, how big amount of loans one can take, the interest rate, within what time the loans should be repaid, consequences if someone is not paying back or using the money for what was said as well as how to use the profit in the end of the year (URT 2003).

CHAPTER FOUR

4.0 PROJECT IMPLEMENTATION

4.1 Introduction

This chapter presents the overall achievement of the project by highlighting what has been done and final report the achievement of the project implemented, it further described the project product and output, activities conducted and input/resource deployed in an attempt to archive specific objective and overall goal, time frame and responsible person/instruction for the project intervention. It itemized the expectant and actual predicting, stuffing and budget detail s; presentation is by both narrative and tabulation forms i.e. planning schedule and impletion time table.

4.1.1 Products and Output

During the project implementation period it was anticipated to achieve the following product and outputs out of the planned activities.

4.1.2 The Project Product

It was planned that by March 2013 the project would accomplish its first end of the cycle where all savings and dividend will be divided to the group members based on their contribution. The planned project product is improvement in household economy where poor household will be provided with a secure place to save, the opportunity to borrow in small amounts and on flexible terms, and affordable basic insurance, hence household would have access to saving and loans for business and entrepreneurship meet household social obligations such as paying school fees, medication rehabilitation of their shelters ,have access to balance diet,

and increase opportunities to small business and self employment. It is also anticipated by the end of the project CRPs and community members will be trained on CED GROUP MICROFINANCE model and business skills and working tools will be supported to the group members. As a result household economy will be improved through accessibility of loans and savings by using CED GROUP MICROFINANCE model. The CED GROUP MICROFINANCE simple, efficiency, costs effectiveness, user friendly and easier to be managed by the community members the aspect which ensures the sustainability development.

4.1.3 Project output

- (i) Community members mobilized and adopt CED GROUP MICROFINANCE model
- (ii) One CED group members trained on savings and loan association models by end of March 2013.
- (iii) CED GROUP MICROFINANCE group members improve their household income through access to loan and savings from July 2012 to February 2013.
- (iv) CED GROUP MICROFINANCE group members equipped with tool kit (cash box, ledger book, social fund bag loan fun bag, passbook, fine bowl , money counting bowl savings stamps, ink stamp).

4.1.4 Implementation Plan

Table 10: Project Logical Framework

	Measurable Indicators	Means of Verifications	Important Assumptions
<p>Goal</p> <p>To have Community Based Microfinance-CED Group and have CED MICROFINANCE Company memart.</p>	<p>CED Group Microfinance and Prepared Memorandum and Articles of Association of CED MICROFINANCE LIMITED</p>	<p>Established CED Groups Microfinance and a Prepared Memorandum and Articles of Association of CED MICROFINANCE LIMITED</p>	<p>Availability of Community based groups to establish CED Groups</p>
<p>Purpose</p> <p>(i) To make communities have their own model of microfinance</p> <p>(ii) To have CED Groups in each village.</p> <p>(iii) To have trained community members on savings and credit</p> <p>(iv) To provide loans for CED Groups</p> <p>(v) To make communities be aware on financing of projects.</p> <p>(vi) To have community participatory monitoring and evaluation system</p>	<p>(i) Number of CED Groups mobilized and formed in the communities</p> <p>(ii) CED Groups being trained on savings and credit processes and management</p> <p>(iii) Number of loans disbursed for CED Groups</p> <p>(iv) Identified CED Groups' Projects to be financed.</p> <p>(v) Available systems on CED Groups participatory Monitoring and Evaluation</p>	<p>(i) CED Groups general report in each village and ward.</p> <p>(ii) CED Groups training reports.</p> <p>(iii) CED Groups Saving Reports.</p> <p>(iv) CED Groups Accounts and Financial Reports.</p> <p>(v) CED Groups Project Reports.</p> <p>(vi) CED Groups Monitoring and Evaluation Reports</p>	<p>(i) Village Government Leaders support the project in project areas.</p> <p>(ii) Village Government Leaders to participate fully in community mobilization, awareness, providing introduction letter for every CED Group member as identity.</p>

<p>Outputs</p> <ul style="list-style-type: none"> (i) Memorandum and articles of association Cap. 212 are written for registration. (ii) CED Groups formed. (iii) CED Groups are trained. (iv) CED Groups meetings done (v) Loans are disbursed for CED Groups (vi) Projects are identifies and <i>request loans</i> (vii) <i>Monitoring and Evaluation system developed</i> 	<ul style="list-style-type: none"> (i) Number of CED Groups mobilized and formed in the communities (ii) CED Groups being trained on savings and credit processes and management. (iii) Number of loans disbursed for CED Groups. (iv) Identified CED Groups' Projects to be financed. (v) Available systems on CED Groups participatory Monitoring and Evaluation 	<ul style="list-style-type: none"> (i) CED Groups general report in each village and ward. (ii) CED Groups training reports. (iii) CED Groups Saving Reports. (iv) CED Groups Accounts and Financial Reports. (v) CED Groups Project Reports. (vi) CED Groups Monitoring and Evaluation Reports 	<ul style="list-style-type: none"> (i) Village Government Leaders support the project in project areas. (ii) Village Government Leaders to participate fully in community mobilization, awareness, providing introduction letter for every CED Group member as identity.
<p><u>ACTIVITIES</u></p> <ul style="list-style-type: none"> (i) Writing of "Memart" Registration of CED MICROFINANCE LIMITED (ii) Mobilization of Communities to form CED Groups. (iii) Conducting CED Groups Training in each village. (iv) Conducting CED Groups meetings. 	<p><u>INPUTS</u></p> <ul style="list-style-type: none"> (i) Stationery for printing of Memart (ii) Payments for Lawyer and Consultant. (iii) Payments for FOUR Project Staffs as Field Officers(FO) to be hired by the project (iv) Stationeries and Printed materials for Seminars and 	<p><u>BUDGET</u></p> <ul style="list-style-type: none"> (i) Stationery for printing of Memart: 5 documents @ 10,000 = Tsh.50,000.00 (ii) BRELLA Registration fee = Tsh.500,000.00 (iii) Payments for Lawyer and Consultant = Tsh. 250,000.00 (iv) 4 Staffs @ 100,000 per month for 12 months = 4 x 100,000 x 12 = 4,800,000.00 (v) Stationeries for Seminars and Meetings costs Tsh.100,000 per month for 12 moths costs = 100,000 	<ul style="list-style-type: none"> (i) Donor agreed to finance the project as planned. (ii) Host Organization agreed to contribute for project management

(v) Collecting Savings from CED Groups.	Meetings	x 12 =1,200,000.00	
(vi) Disburse loans for CED Groups.	(v) Purchases of TEN CED Group Kit	(vi) 10 Kits @Tsh.300,000 =10 x 300,000 =3,000,000.00	
(vii) Identification of CED Groups Projects for financing	(vi) Management costs for project monitoring and evaluation	(vii) Management Costs =1,000,000.00	
(viii) CED Groups participatory Monitoring and Evaluation System		GRAND TOTAL <u>Tsh.10,800,000.00</u>	

Source: Field Data

4.1.5 Project Implementation Report

CED GROUPS MOBILIZATION AND MEETINGS

CED Groups are mobilized and trained by Field Officers (FOs) over 36 weeks according to the schedule given below.

Preparatory phase: This provides general information to prospective CED GROUP members. They will decide if they want to be trained

Intensive phase: 12 weeks. It starts off with 4 visits in the first week, and then continues with 6 visits over the next 10 weeks.

Development phase: 12 weeks. 3 visits during loan/repayment meetings only.

Maturity phase: 12 weeks. 2 visits; one for light supervision and one to help the CED GROUP prepare for share out and graduation.

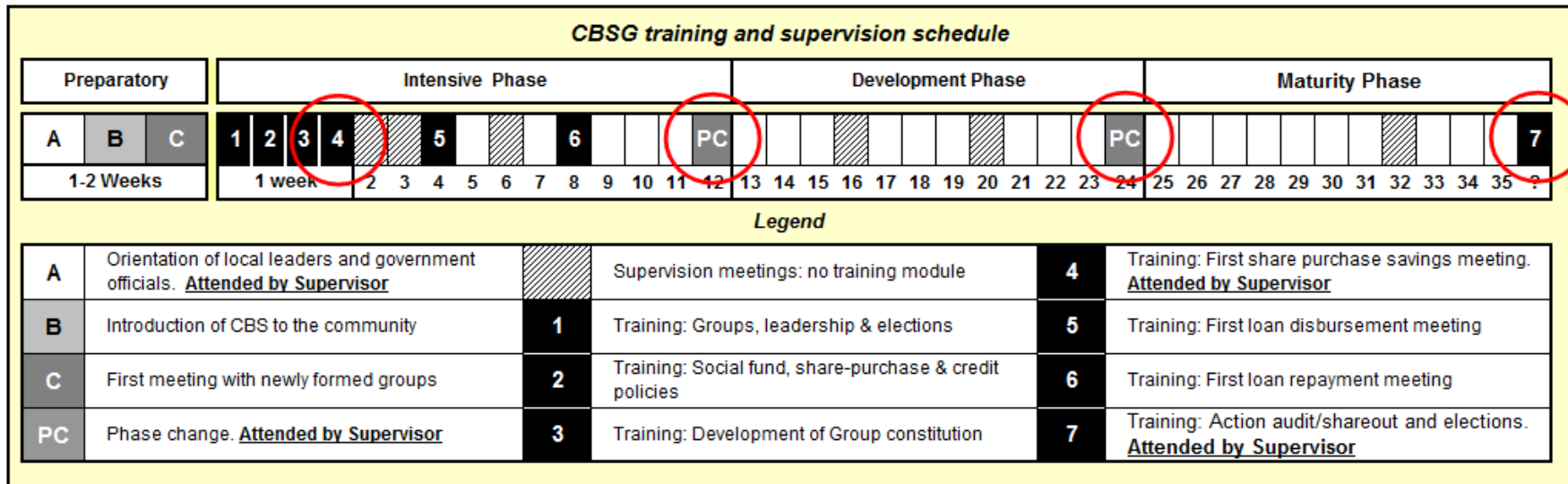


Figure 8: CED GROUP Training and Supervision Schedule

Source: Field Data

4.1.6 Preparatory meetings

The Preparatory Phase has three purposes:

- To obtain permission by local authorities and leaders to work in a particular are and to enlist their support in organizing a public meeting to outline how the programme works.
- To describe to a public gathering how the programme works and how people Dec get more information
- To provide a detailed description of how a CED GROUP works; what people have to do to participate and what the FO promises to do

Table 11: Preparatory Meetings

<i>Type of meeting</i>	<u><i>Meeting A</i></u> • <i>Supervisor and FO orient local leaders and How the methodology works.</i>	<u><i>Meeting B</i></u> <i>FO introduces CED Group Microfinance to the community</i>	<u><i>Meeting C</i></u> <i>First meeting of FO with newly formed groups</i>
<i>Content</i>	<ul style="list-style-type: none"> • Introduction of the Implementing Organization. • Target group to be served • Services offered. • Role of local leaders and administrators. 	<ul style="list-style-type: none"> • How the methodology works. • How interested individuals can form new CED GROUPs 	<ul style="list-style-type: none"> • Step-by-step description of how VSL works • Qualities of good members • CED GROUP and FO obligations • Training schedule • Date and place for first Training
<i>Comments</i>	This Dec take more than one meeting and Dec involve Regional, District and Location/Ward officials before reaching communities	Open meeting. Anyone can attend. Usually at a public place like a Market, school, church, mosque etc.	Attended only by people who are committed to joining a CED GROUP and who show this by having formed themselves into a group

Source: Field Data

4.1.7 Implementation Plan by Gantt Chart

S/N	Activity	2012	2012						2013		Resources/input	Responsible people
		July	Aug	Sept	Oct	Nov	Dec	Jan	Feb			
1	Community mobilization to introduce CED GROUP MICROFINANCE model										Personal fund and stationeries	YML Field staff, plan staff., local community leader CED student
2	Establishment of One CED GROUP MICROFINANCE										Personal fund and stationeries	YML Field staff, plan staff., local community leader CED student
3	Training of 31 st HISA group members on CED GROUP MICROFINANCE model										Personal fund and stationeries	YML Field staff, plan staff, CED student
4	Electronic of										Personal fund and	YML field staff, plan staff CED Student

	HISA group leaders								stationeries	
5	Training and formation of constitution								Personal and stationeries	YML field staff, Mshikamano group leaders CDE student
6	Mobilization of savings and provision of loan								Savings from CED GROUP MICROFINANCE Group members	YML Field staff, Mshikamano group leaders CDE student
7	Procurement of one CED GROUP MICROFINANCE kit and to Mshikamano group members								Fund transport	YML field staff, plan staff

S/N	Activity	2012	2012				2013		Resources/input	Responsible people
		July	Aug	Sept	Oct	Nov	Dec	Jan		
8	General meeting for project start up								Personnel, fund	YML field staff, Mshikamano group members CED student
9	Record keeping for project progress								Personnel, fund and stationeries	YML field staff, MSHIKAMAO Group leaders CED student
10	Project Monitoring								Personnel, fund and stationeries	YML field staff, Mshikamano group leaders CED student
11	Project evaluation								Personnel, fund, stationeries	YML Field staff, Mshikamano group leader, MEO, CED student
12	Project reporting								Personnel, stationery and fund	CED student
13	Follow up on the progress of Mshikamano CED GROUP								Personnel, fund and stationery	YML field staff, plan staff, mshikamano group leaders CED student

Source: Field Data

MSHIKAMANO CED GROUP MICROFINANCE

Name Of The Group	Mshikamano
Date when the group established:	30/10/2012
Number of group members	THIRTY ONE (31)
Time	10.00 A.M
Commencing date of buying first share	05/02/2013

Source: Research Findings, (2012)

PEOPLE OF MSHIKAMANO GROUP MEMBERS**Table 12: Gender of Respondents**

	Frequency	Percent	Valid percent	Cumulative percent
Valid Male	4	12.9	12.9	12.9
Female	27	87.1	87.1	
Total	31	100.0	100.0	100.0

Source: Research finding, (2012)

Mshikamano CED GROUP MICROFINANCE group is composed of 12.9% men and 87.1% female.

Table 13: Education level of Mshikamano members

	Frequency	Percent	Valid percent	Cumulative percent
Valid Primary	25	80.6	80.6	80.6
Secondary	4	12.9	12.9	93.5
Other	1	3.2	3.2	96.8
Non	1	3.2	3.2	
Total	31	100.0	100.0	100.0

Source: Research finding, (2012)

Only 12.4% are secondary school while 80.6% are primary school levels. CED GROUP MICROFINANCE is the best methodology to provide self employment to those who lack professional skills for employment. It is great opportunity to youth who fail to joining secondary and high school as well as vocational training.

Table 14: Skills on Village Saving and Loans

	Frequency	Percent	Valid percent	Cumulative percent
Valid YES	29	93.5	93.5	93.5
NO	2	6.5	6.5	
Total	31	100.0	100.0	100.0

Source: Research finding, (2012)

During the reporting period 93.3% of the **CED GROUP MICROFINANCE** A members were trained on CED GROUP MICROFINANCE a model, based on the focused group discussion done by group members, they mentioned that they were trained on how to save, share, loan application and disbursement, how to calculate interest and the way to divided dividend at the end of the circle

Table 15: Trainings on CED GROUP MICROFINANCE

	Frequency	Percent	Valid percent	Cumulative percent
Valid YES	29	93.5	93.5	93.5
NO	2	6.5	6.5	
Total	31	100.0	100.0	100.0

Source: Research finding, (2012)

The CED GROUP MICROFINANCE training enable **93.5% (29)** of group members to improve the household income. Based on the above **93.5%(29)** out of **31** members were trained on **CED GROUP MICROFINANCE** and they have been able to improve their household income and be able to meet household obligations such as paying school fees, buy school uniforms, improve nutrition, medication and keep children out of labor, the group members were trained on how to manage the group, the way to decide the value of share loan disbursement, saving and credit acquisition, the way to calculate interest, constitution formation and how to run small business. The group is managed by group leaders who are full responsible to empower and manage the group based on the principles and guideline for **CED GROUP MICROFINANCE** model, every group member is responsible to perform some duties during weekly meeting such as counting of share. Stamping the share books, checking the amount of loan repayment and prepare attendants list.

Plate 2: Mshikamano **CED GROUP MICROFINANCE** group members on their weekly meeting

The group committed to meet once per week for saving, loan application and disbursement and collection of community emergency fund. One of the mechanisms established is to hold week meeting for buying shares and savings together with payment for community emergence fund. Every member needs to contribute it is own resource which in turn it will be returned with profit at the end of the cycle.

Output: improving household income of 31 HISA group members though access loan and savings.

Table 16: Loan Accessibility

	Frequency	Percent	Valid percent	Cumulative percent
Valid YES	22	71.0	71.0	71.0
NO	9	29.0	29.0	
Total	31	100.0	100.0	100.0

Source: Research finding, (2012)

During the review done on the month of Jan, 2013, the group records show that 71.0% (22) members have access to loan.

Table 17: Area to Access Loan

	Frequency	Percent	Valid percent	Cumulative percent
Valid Microfinance	2	6.5	6.5	6.5
instruction CED	19	61.3	61.3	67.7
GROUP/ HISA	1	3.2	3.2	71.0
None	9	29.0	29.0	100.0
Total	31	100.0	100.0	

Source: Research finding, (2012)

The above table show that 61.3% have access loan through CED GROUP MICROFINANCE group while only 1% borrowed from bank

Table 18: Amount of Loan Disbursed to Group Members

	Frequency	Percent	Valid percent	Cumulative percent
Valid 5,000 - 100,000	14	45.2	45.2	45.2
110,000 – 500,000	5	16.1	16.1	61.
510,000 – 1,000,000	2	6.5	6.5	67.7
2,100,000 – 3,000,000	1	3.2	3.2	71.0
None	9	29.0	29.0	100.0
Total	31	100.0	100.0	

Source: Research finding, (2012)

The Above table shows that 45.2% of the Mshikamano group members have been able to access loan from Tshs 5,000 to 100,000/- while 16.1% (5) accessed 110,000/- to 5,000/-only 3.5% (1) have accessed 2,100,000/- to 3,000, 000/- this implies the most of group member are at initiation stage of the project implementation. The business is growing daily as group members continue to borrow loans from their group.

Table 19: Income Generating Activities

	Frequency	Percent	Valid percent	Cumulative percent
Valid Small business	28	90.3	90.3	90.3
Handcraft	2	6.5	6.5	96.8
None	1	3.2	3.2	
Total	31	100.0	100.0	100.0

Source: Research finding, (2013)

From the above table 90.3% 28 of Mshikamano group member were able to engage in small business such as food vending, retail shops/kiosk, vegetable and fruit selling and street vending 2%are engaging in hand craft and tailoring.

Table 20: Profit Earned the Last 6 Month

	Frequency	Percent	Valid Percent	Cumulative percent
Valid YES	22	87.1	87.1	87.1
NO	4	12.9	12.0	
Total	31	100.0	100.0	100.0

Source: Research finding, (2013)

The above table shows that 87.1% of the group member earned profit from their business while only 12.9% didnt earn profit. It implies that the group members as started improving their income and meet their household obligation through knowledge skills and access to loans obtained from CED GROUP MICROFINANCE model, this was also reveled through focus group discussion were majority of them a knowledge to benefit from this model as one of them was noted saying “am able now to send my children from school using education loan which I took from the group with no interest” Amida is also revealed during the weekly meeting were most of group members seems to fill the loan application forms. Most of them we asking loans for schools fees and rehabilitation.

Table 21: Training on Small Business Skills

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	19	61.3	61.3	61.3
NO	12	38.7	38.7	
Total	31	100.0	100.0	100.0

Source: Research finding, (2012)

Although the training on small business and entrepreneurship is shielded on October, some of **NGO** have taken their initiative to support Mshikamano CED GROUP MICROFINANCE group 61.3% of the group members were trained on small business skills and entrepreneurship. However the training was not sufficient since it just took 3 days. Hence during the month of September the group members will be trained deeply.

OUTPUT: training and capacity building to 20 CRPs in community managed saving and credit association model. The training will be conducted on October 2012 as planned. The project is ongoing and the CRPs were already selection and some of them have formed 16 CED GROUP MICROFINANCE groups of which 13 are for community members and 3 for children.

CHAPTER FIVE

5.0 PROJECT PARTICIPATORY MONITORING, EVALUATION AND SUSTAINABILITY

5.1 Introduction

Monitoring and evaluation (M & E) are essential elements of project implementation. They are tools for tracking results and making necessary adjustments throughout the duration of the project. In essence, performance monitoring helps follow intervention process while evaluation focuses on measuring achievement against set objectives and milestone standards. However, in order for monitoring and evaluation to be meaningful, they should involve major stakeholders of the beginning to the end.

This means that, monitoring and evaluation methods should be participatory in nature. Hence they serve to create sense of ownership of the project on the party of the beneficiaries' as well as in the implementation process of the project. Monitoring of this project adhere o specified activities implementation schedules and report done during the review period in the month of Jan. 2013.

5.2 Participatory Monitoring

Participatory monitoring is the systematic recording and periodic analysis of information that has been chosen and recorded by insiders with the help of outsiders. Participatory monitoring used various participatory methods and included various stakeholders. In this context the stakeholders involved were Municipal staff from various departments including community Development Officer, Municipal Planning and economy officer, Municipal cooperative officer, Municipal Education officers, Ward Leaders, Sub ward leaders, CBOs, Plan and YML personnel.

5.3 Purpose of Participatory Monitoring Participatory

Monitoring method will be the major tool and approach in all level of monitoring. Monitoring will be done throughout the activities. It will be done using the set indicators in the logical framework matrix. Monitoring helps the project executants to identify failure and success during project implementation and it ensures that project activities are undertaken according to implementation plan.

In view of that monitoring should make it possible to assess.

- (i) Relevance; does the project/activities attend to its broader development objectives?
- (ii) Effectiveness; have the impacts, objectives, outputs and activities of the project been achieved.
- (iii) Efficiency: did the process that was followed by make optimum use of the resources and time available to archive the desired output?
- (iv) Impact to what extent has the project contributed towards longer term goal such as job creation, poverty reduction
- (v) Sustainability, what is the likelihood that efforts will be continued at the end of the project?
- (vi) Hence a monitoring system should be in place before project start up and activities to be monitored should be scheduled on the project implementation schedule/work plan. The project performance areas they are usually would be monitored are:
 - (a) Time schedule performance
 - (b) Cost/budget (cost performance/finance) monitoring
 - (c) Work quantity (input-output) performance

- (d) Works quantity (technical performance)
- (e) Activity monitoring
- (f) Planned activities versus actual delivered plan

5.4 Monitoring Information System

This section elaborates system which was designed to collect and resort information on project activities to enable the researcher plan, monitor, evaluate and report the operation and performance of the project for this project the motoring information system was prepared through a consultative process that involved among other people: he Mshikamano group leaders. Ward community development officer, YML personal and CED student. The group leaders were involved during the initial stages of motoring information development where they facilities carrying out disruptions with members of the group and the community in general.

5.5 Monitoring Research Question

Several question were developed to capture information of the project progress monitoring question were framed in line with set project performance indication at goal, purpose and output levels.

- (i) During last 6 months did you contracted any loan
- (ii) With who did you contracted the loan during the last 6 months?
- (iii) What amount of loan disbursed to you in Tshs?
- (iv) What did you mainly use the loan for?
- (v) What kind of income generating activities do you engage with
- (vi) Do you earn any profit in the last 6 months

- (vii) Did you managed increase your capital
- (viii) In what way do you save your money
- (ix) Have you ever acquired any village saving and loan skills
- (x) If yes the training acquired help to improve life in your household
- (xi) Did your house hold income improved?

5.5.1 Community Managed Saving and Credit Group Month Monitoring Information

The community managed saving and credit groups will be monitored weekly and monthly and monitoring form prepared will be filled in by the facilitators when they do month monitoring visit the information to be collected includes: the name of the group visited, number of active members, amount of money collected, amount loans issues amount of loan principle and interest collected, amount of social fund collected and the collected and the current total group capital for that month. All the information will be shared to the partner NGOs and District officers 'on quarterly bases.

- (i) Number of CED GROUP MICROFINANCE formed
- (ii) Number of CED GROUP MICROFINANCE tool kit provided
- (iii) Number of CED GROUP MICROFINANCE training sessions conducted to CED GROUP MICROFINANCE group members
- (iv) Number of CED GROUP MICROFINANCE member improved their household' economy through CED GROUP MICROFINANCE model business skills and entrepreneurship

5.5.2 Participatory Monitoring Methods used to Engage Community in the Monitoring of Project Implementation

(i) Participatory monitoring methods

Qualitative and quantitative research methods were applied for project monitoring. Some of desired changes required qualitative measurements since the anticipated changes are more of behavior and attitude. Quantitative analysis was used to conclusion on the number of loan contracted amount of capital increased, profit measurement and income of household after be trained and use CED GROUP MICROFINANCE model.

Three participatory methods were applied in monitoring the project implementation these were semi-structured interviews, direct observation, focus group discussion these were treated as the primary source of data which were collected directly. Semi-structured interviews were used to collect information and formal and non-informal questioners were used to collect information related to project refinance. Observation was used to observe new established business by the group members and meeting held weekly to buy HISA or share.

Focus group discussion was applied by involving a small group 31 people in discussing issues related to project performance in detail and were allowed to talk freely and spontaneously about project issues. The CED student acted as a facilitator to keep the discussion on and to stop on a individual dominating the discussion. Report review was done where several documents including training report, passbooks weekly reports, ledger book for recording share and loan disbursed,

collection sheets and attendance lists were used to establish the level of project achievements, challenges and lesson learnt. Data was processed to produce a report for presentation to stakeholders who participated in the monitoring process.

5.5.3 Sampling and Sample Size

Due to the nature of the project, non probability (deliberate/purposive) sampling was applied whereby Mshikamano CED GROUP MICROFINANCE group members, Executive Committee members were the major players while other players were the Ward Community Development officer, YML field staffs, Plan staff and CED student for that matter a total of nine participants were involved in the monitoring exercise.

5.5.4 Monitoring Findings and Results

Information gathered during the monitoring process was raw hence had to be analyzed. All data and information on all project activities conducted as compared to what was planned was recording notebooks. Later the researcher used laptop to keep all the data and information collected during the monitoring process and compared different responses ad information gathered from different sources/methods mentioned above. In fact the data was used to see whether the planned activities of the project were going well and to check any challenges encountered during implementation and what action should be taken to overcome those challenges.

5.5.5 Validity and Reliability

Validity: To ensure that the information collected is valid research methods ad tools used were accurately reflected the phenomenon being studied ad that the questions asked during the interview were appropriate to the project objectives ad activities.

Reliability: Information collected during the participator monitoring is considered reliable view of the fact that the researcher used a combination of methods with which increased reliability. Reports review was used to get an impression of how the project operates without interrupting the project functions; FGD was used to collect information about the behavior and attitudes of the beneficiaries after being impaired with knowledge through training on CED GROUP MICROFINANCE model.

5.5.6 Participatory Monitoring Plan

The objective of participatory monitoring was to monitor project objectives, activities implemented and the outcomes of the project. Also to monitor project, assess if the action plan was implemented accordingly, adjustment when necessary and whether the project stakeholders were kept informed of the progress, challenges and lessons learn during the project implementation.

During implementation of the project of the project activities monitoring was conducted. It is a scrutiny system used by those responsible for a project to see that everything goes as nearly as possible to plan, and that resources are not wasted.

5.6 Participatory Evaluations

Evaluation is a systematic process of collecting and analyzing information to assess the effectiveness of the project or programs in achieving its goals. The evaluation provides regular feedback that helps project implementers to analyze the consequences, outcomes and results from the action. It also helps to assess the relevance, scope and sustainability of the project.

A Participatory Evaluation is an opportunity for stakeholders both outsiders and insiders to stop and reflect on the past in order to make decisions about the future. Insiders are encouraged and supported by outsiders to take responsibility and control of: planning what is to be evaluated; how the evaluation will be done; carrying out the evaluation and analyzing information and presenting evaluation results. Simply evaluation focuses at assessing the effectiveness, efficiency, relevance, appropriateness and sustainability of project activities within the objectives and their impact in relation to the achievement of the results. It is an ongoing activity, which is essential at every stage of the project.

Evaluation differs from monitoring by timing, focus and level of details. The purpose of evaluation is to find out how effective the project is and see whether objectives have been achieved or not. To learn how best project is carried out, to learn from experience so future activities can be improved. We evaluate periodically, midterm and at the end of the project (final evaluation).

5.6.1 Types of Evaluation

There are many different types of evaluations depending on the objective being evaluated and the purpose of the evaluation.

(i) Formative Evaluations

Is done to assess the project performance in terms implementation process, approaches, and resources used. The main purpose is to collect data about the project while it is still being developed. The results can then be used to by the project management to modify the project if needed be or to be stop the project altogether.

The formative evaluation was conducted Jan. 2013. The findings of participator monitoring were used as basis for this evaluation in which the outcomes were so effective in improving the project and enhance performance.

(ii) Summative evaluations

It was done after project has been fully developed. As such it was done to evaluate how worthwhile the final project has been, especially compared to the other similar projects in the community.

Summative evaluation will be employed to asses outcomes of CED GROUP MICROFINANCE model that aimed at improving households' economy of the Mshikamano HISA group members and sustainability of the project through knowledge cascaded by CRPs and replicated to Magindu and Kwala ward. In this project summative evaluation will focus on how project contributed in improving the standard of living and create self-employment to group members. Hence summative evaluation will assess the outcomes of CED GROUP MICROFINANCE, business skill and entrepreneurship that aimed at building capacity to Mshikamano HISA group members and CRPs at Kombo Mtaa in Magindu and Kwala ward.

(iii) Evaluation objective

The objective of this midterm (formative) evaluation in mid Jan. 2013 was the performance and successes and successes of the project in achieving its specific objectives and the overall goal (development objective). The evaluation exercise looked at the successes, challenges and lessons learned in the course of project implementation.

5.6.2 Evaluation Exercise include the Following Key Areas

- (i) The extent of the project goal achievement
- (ii) Achievement of project objectives
- (iii) Challenges that faced the project implementation
- (iv) Existing opportunities for the project and
- (v) Suggestions for future improved performance of the project

5.6.3 Evaluation Design

Evaluation is the process of gathering and analyzing information to determine (1) whether the project is carried out as per its planned activities and (2) the extent to which the project has achieved stated objectives (James A. Wolff et al 1994) VLSA project was evaluated in a participatory manner where there was an opportunity for stakeholders to reflect on the past and made important decisions about the future of the project.

During the evaluation exercise, the implementing Organization and the CED student planned for the methodology to be used for mid-term evaluation. There was only one internal participatory midterm evaluation. The evaluation was systematic designed to focus on goal and objective planned in relation to achievement made during the midterm evaluation. It included formative CED outcomes such as new skills and knowledge on savings and loan association, entrepreneurship and business development skills, and increase in income, employment opportunities and the improvement in the standard of living by HISA group members. The evaluation also goes further to assess the replication of the knowledge in Magindu and Kwala Ward where the knowledge was adopted by other group members.

Evaluation of CED project also encompassed to provide some usefully recommendations to strengthen and improve the project intervention to make it more sustainable beyond project implementation so as to enhance performance and productivity of the community based organization.

5.6.4 Performance Indicators

Indicators are sign or variables that show the extent of change that resulted from the project. They help to measure what actually happened in terms of quantity, quality and timelines against what was planned. They measure progress in achieving outputs and outcomes. They show relevance, performance and effectiveness of the project as well as progress towards meeting its out outcomes.

There are many types or categories of indicators commonly used in monitoring and evaluation. It is advised to use a mixture in order to ensure that the objectives can be measured effectively and that monitoring and evaluation needs can be met.

- (i) Formative indicators (also called Milestones) are used during an activity, phase or project to show whether progress is on track.
- (ii) Summarize indicators are used at the end of the project for evaluation
- (iii) Direct indicators-they measure the variables directly such as number of constructed chicken houses, number of procured equipment etc.
- (iv) Indirect/Proxy indicators-used for monitoring issues which are difficult to measure directly that is indicators that can provide estimates for impact and outcome indicators that are difficult and expensive to measure directly and can be measured after the project has ended.

- (v) Qualitative indicators are analyzed in numerical form-who, what, when, where, how much, how many, how often.
- (vi) Qualitative indicators-measure things that cannot be counted

Normally indicators are established at the project formulation stage by stakeholders and project management team on the basis of the key project variables targeted in the project matrix or work plan. These variables may relate to project activities, inputs, outputs or methods of implementation and should define the aspects to be calculated, determine the unit/criteria of measure, and state the time element the spatial /location aspect.

When selecting the indicators to adopt for the project we based the decision on the following considerations.

- (i) Information that shows whether or not project objectives are being achieved;
- (ii) Information required for effective management of project activities;
- (iii) Information that responds to the priority interests of the different groups involved in the monitoring and evaluation process;
- (iv) The data that is available and can be collected accurately in order to ensure that the monitoring and evaluation information is up to date, accurate, timely, relevant and reliable.
- (v) In view of the above four types of indicators were used in monitoring and evaluating the project.
- (vi) Input indicators – describe the means by which the project is being implemented and are used to assess the extent to which resources are being

used in the project to achieve the objectives also used as the basis for performance measures of outputs.

- (vii) Output indicators – they show whether the outputs that were targeted are being achieved as planned and in the right quantity and quality. They measure the extent to which the project is delivering what is intended to deliver that is they are indicators for the results and are also of interest to the project beneficiaries. They specify a target quantity, a quantitative standard and the date by which the target should be met.
- (viii) Process indicators – show whether the activities that were planned are being carried out as effectively as planned.
- (ix) Impact indicators – Measure the project’s impact upon the target group of beneficiaries. The project could create either a positive or negative socio-economic change like on income levels, employment creation, and environmental protection/degradation, health and other social hazards etc.

The first step-in the evaluation of the project was to define indicator of success basing on the development objective of the project that of improving households economy by raising income, increase to saving credit and loans employment opportunities through business skills and entrepreneurship, improve household obligation such as nutrition school fees, medication and keep children out of labor. Hence the success of the project was to be assessed by looking at the impact through by the project through CED GROUP MICROFINANCE model particularly the Mshikamano HISA group members of Kombo in Magindu ward.

5.6.5 Participatory Evaluation Methods

A combination of data collection methods and techniques were used such as questionnaires, check list, interviews, observation and group discussion to find out whether the project is on schedule. Individual interviews, focused group discussion and interviews were conducted to the beneficiaries by the use of checklist. Informal discussions with the key informants and direct observation as means of data collection were also employed in order to have a wide variety of information gathered was shared with all project stakeholders for assistance to keep them all up dated to enhance contribution of new ideas for progress and for the better performance of the project.

In summative evaluation, much attention was with measurable outcomes that would put more emphasis in a process objectives and outcome for each objective such as the number of the people participating in the project and improvement in the standard of living based on formative evaluation, more concentration was put on guidance and recommendation designated to strengthen or improve the project, enhance performance and productivities

5.6.6 Evaluation Tools Used

Tools used were transect walk which involve the field site visits to business established by **HISA** group members and the tool employed during evolution were focused group discussion, observation, questionnaires and individual interviews. All this were used to collect data and information on whether the project was on track forwards achieving its objectives or not and see the way forward to improve performance of the project.

The questionnaires were adapted to collect qualitative data for analysis the check list tools to guide the interviews and observation was used by the evaluation team to observe if there is any change after the project in put the team was carefully during the exercise to make sure that all records were collected as per the plan and shared before they analyzed the team had professional and experienced people who facilitated the others. The information was analyzed by Statistical Package Social Science (SPSS) software program and Microsoft Excel 2007.

5.6.7 Sampling and Sample Size

(i) Sample Size

The project team comprising of about 31 people was involved in evaluating what the project has been able to achieve and how has been able to create an influence to the individuals. The target community participated by filing the evaluation forms/questionnaires, while the researcher was responsible with the analysis.

(ii) Sampling Method

Purposive Sampling was adopted with the purpose of getting some views from the training beneficiaries; the sample included 31 CED GROUP MICROFINANCE members.

Simple random sampling was used to select community members from the ward for the purpose of collecting information on the project outcomes and lesson learnt and challenges. Hence the community members were selected randomly in the targeted Magindu and Kwala wards. Therefore 30 community members were selected including 10 Youth, 10 women and 10 men during FGD.

(iii) Data Analysis and Presentation

Information collected was analyzed using summary sheet and was presented using written and oral forms. Stakeholders gave their views in regards to project performance in a participatory manner and were accommodated during the analysis.

(iv) Project Evaluation Summary

During evaluation three major project objectives were examined using several performance indicators for each objective. Expected outcomes and actual outcomes were also examined and noted in detail during the midterm evaluation exercise which was conducted in Jan. 2013.

5.7 Project Sustainability

Project sustainability refers to the capacity of a project to continue functioning, supported by its own resources (human, Material, and financial) even when external sources of funding have ended (CEDPA 1994). Most of projects conducted by civil society especially in developing countries face challenges or problems of the project sustainability (World Bank Economic Development Report 2002). Therefore a sustainable project is one that can deliver benefits to the target group for an extended period of time after the main assistance from a donor has come to end. Sustainability means more than just development activities that are environmentally sensitive, it implies that the project would lead to improvements that will persist and spread beyond the project boundary and time span and not create dependency.

Inputs that lead to project sustainability include community participation in the project planning process, community recognition of real need, varied funding

sources, technically competent staff, budget within reach of community, progressive growth of project, properly phased activities, politically feasible, appropriate collaboration with other agencies, support of community leaders, use of appropriate technology in intervention and revolving funding.

Based on the above, the plans for the project implementation, monitoring and evaluation were made with consideration that plans for project sustainability must be taken. Therefore during the M & E exercise plans were set in anticipation of problems and solutions were formulated to ensure that the project was on the right track towards the achievement of objectives and the overall goal. The project has adopted several techniques to ensure continuity of the project intervention after external support lapse. The techniques are divided into three strategies which include but not limited to, financial sustainability, institutional/programmatic and political sustainability. Project activities were clearly based on sustainability principles of capacitating households to access loans and savings accumulation, Training CRPs to take role of formation and training HISA group members.

5.7.1 Financial Sustainability

The CED GROUP MICROFINANCE training which was conducted to Mshikamano HISA group members equipped them with skills and knowledge on Loans and Saving accumulation. By collecting weekly savings from group members, Savings are accumulated in the form of shares at a price agreed upon by the group. Once sufficient savings have accumulated in, loans are offered to members. The group Dec set an interest rate for loans from around 5 to 10 percent monthly. At the end of the year, members receive a return on their savings ranging from 30 to 60 percent

annually generated from interest and fees collected throughout the year. In addition, CED GROUP MICROFINANCES set up insurance fund, often called a social fund, to enable members to access money in emergencies or at particularly vulnerable times.

The group determines if the emergency funds are distributed as grants or as interest-free loans with flexible repayment. CED GROUP MICROFINANCE model is financially sustainable since community members are able to generate their own Capital income without depending on other external factors.

5.7.2 Political Sustainability

The project utilizes an opportunity of working with different people. The sub ward and Ward leaders were involved from the initiation stage of the project design, implementation, monitoring and evaluation regardless of their political ideology. The project will continue to be monitored and good practice be shared to community members in the ward.

5.7.3 Institutional Sustainability

The project conducted institutional linkage with other stakeholders like plan International, CAP foundation, YOSEFO, VETA and the Ward Development Committee in order to develop collaborative efforts during project planning and implementation. This was relevant to ensure future collaboration and co-operation and service delivery is maintained and well coordinated.

5.7.4 Project sustainability Plan

Sustainability plan describe show planning should make the project sustainable overtime, the steps taken so far and the expectation of future sustainability. The

project developed sustainability plan as part of the project evaluation strategies. The sustainability plan shows how sustainability elements like economic, social and financial aspects are integrated in the project as a means to strategize future project activities. The plan also demonstrates the planning and management strategies developed to address the identified elements in order to support the project's long term success.

5.8 Summary of the Chapter

In summary chapter five explains the participatory monitoring, evaluation and sustainability for the project implemented at Magindu and Kwala wards in Kibaha district between October 2012 and Jan 2013. The chapter described the M & E methodology and how the whole exercise on monitoring and evaluating took place. Furthermore the chapter describes how the implementers took into consideration that the project has to last and be sustainable. The chapter covers 3 sections as follows:

The first section covers participatory monitoring, the second section shows how participatory evaluation was carried out and the last part is about project sustainability. The objective of conducting participatory monitoring was to compare the progress of activities with the original plan. This was done by analyzing the current situation, identifying any problems, discovering trends and patterns, keeping project activities on schedule, measuring project progress towards success and making decision about resources.

The monitoring method applied was the Participatory Urban Appraisal. The following tools and techniques were used; Semi-Structured Interviews, Focus Group

Discussions and Direct Observation. The participatory evaluation was conducted based on both Ex-ante evaluation and Formative evaluation (Ongoing evaluation) both applying comprehensive approach of evaluation. Ex-ante evaluation was partly covered during conducting CAN in March 2012 while the Formative evaluation was conducted in mid Jan 2013 to look into the guidance and recommendations designed to improve the project and make it sustainable, enhance performance and its productivity. The same tools used during participatory monitoring were also used in participatory evaluation and added the documentary review as the fourth tool. Project sustainability plan was assessed in terms of instruction. Fiscal, economic. Political and gender quality indicators. The project effectiveness and efficiency was taken into consideration to ensure accountability transparency and create sense of ownership and project continuity.

Through monitoring and evaluation, I conclude that the CED GROUP MICROFINANCE model is transparent democratic and flexible, members determinism the own rules and decisions are made through consensuses with minimal paper work. Members save on a flexible schedule agreed upon by the group and can vary the amount saved each period. Because members know each other well, there is more flexibility in offering quick loan disbursement and individualized repayment schedules. It is low cost compared to MFI as it avoids.

CHAPTER SIX

6.0 CONCLUSION AND RECOMMENDATION

6.1 Introduction

Based on project designing, implementation and findings, the chapter elaborates briefly on the findings of the research tools used. Also it summarizes various literatures reviews from previous project, studies and policy from the Tanzania government and international organizations. Based on the evidence gathered these findings, some recommendations have put forward to help others who would do similar projects.

6.2 Conclusion

During participatory needs assessment it revealed that wage employment is very limited salaries for uneducated people are low; there for the population of Magindu and Kwala is caught the trap of low income, poverty and low education. Only 60% of households in Magindu and Kwala ward has an average income of 10,000/- to 50,000/- per month and others 10% had an average income above 150,000 per month. The amount earned per month in each household reflected the high level of absolute poverty. Furthermore other factors relating to poverty was dependency ratio being high to 62%, inadequate access to loans and credit services, insufficient skills and knowledge on business and entrepreneurship, inadequate employability skills due to low level of education.

In views of studies various literatures, some were focused on the performance and sustainability of CED GROUP MICROFINANCES. The study findings showed that

the CED GROUP MICROFINANCEs programme had helped to improve the livelihood of its members and reduce poverty. In comparison to baseline, the numbers of economic activities that the members of CED GROUP MICROFINANCE were engaged have increased. The CED GROUP MICROFINANCE had led to increased accumulation of assets for its members.

The research came out with the decision to work in Magindu and Kwala ward to look into major challenges and opportunities available in the ward. Based on the community needs assessment conducted by the researcher it revealed that the ward is facing many challenges by prioritizing the few; Inadequate entrepreneurs and business skills. Hence the researcher decided to address the problem of inadequate access to loan and savings through the initiation of CED GROUP MICROFINANCE Model.

The project objective were to mobilize community members to introduce CED GROUP MICROFINANCE group and train CED GROUP MICROFINANCE group members on credit and saving knowledge to improve household income through access to loans and savings, to equip the CED GROUP MICROFINANCE group with tool kit recommended. All objectives were successfully archived and other activities like savings mobilization and loan acquisition are courting up to the end of the cycle the project which will be on the March 2013.

In the participatory Monitoring and Evaluation, it was evident that the lives of members has to have some extant changed because of joining the CED GROUP

MICROFINANCE program. The findings of the household survey on the changes that have occurred in members' lives. Increased income (as a result of improved business and ability to buy more inputs) was the most notable change with 41.9% of the group members mentioning it. Ability to save or in calculation of savings habits and improved housing were the second and third major changes respectively (with both accounting for 29% of the respondents) improved standards of living especially in education i.e. ability of pay school fees (67.7%), increased capital (80.6%) and improving housing (29%) were the three main changes. All changes seem to be related other to business growth or improved households at the household level the project was sustainable in item of gender, financial institutional and political.

6.3 Recommendations

In order to help the development of village savings and loan associations and to help others doing the similar project, I recommend the following emanating from the finding literature review project monitoring, evaluation and sustainability.

Some result in community assessment show that there are limits to the use of credit as an instrument for poverty eradication including difficulties in identifying the poor and targeting credit to reach the poorest of the poor. Added to this is the fact that many people, especially the poorest of the poor, are usually not in a position to undertake in economic activity, partly because the lack business skills and even the motivation for business based on this CED GROUP MICROFINANCE model is the best model to reach the poor of the poorest, it doesn't require any complicated

procedures that are necessary for provision of loan in microfinance and credit institution.

Through project monitoring, evaluation and sustainability it revealed that, village savings and loan association is the model aimed at proving people, especially the poor majority with safe place to save their money, access small loans and contribute to a welfare fund for members, through the study done CED GROUP MICROFINANCE is beneficial and sustainable since group can operant in remote or sparsely populated areas where more formal financial services are not cost-effective or available, CED GROUP MICROFINANCE avoid most of the infrastructure, transport, communications and personnel costs incurred by a MFI, interest paid on loans remains with the group, and builds the cash assets of the members, members determine their own rules and decision are made through consensus with minimal paper work. Members save on a flexible schedule agreed upon by group and vary the amount saved each period. Because members usually know each other well there is more flexibility in offering quick loan disbursement and individualized repayment schedule and finally, Agencies can help CED GROUP MICROFINANCES leverage social capital and organizational capacity to link into agricultural development efforts health education this is through formation of input and Market association (IMA).

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APPENDICES

Appendix I: Questionnaires

RESPONDENT CHARACTERISTIC

Identification number.....

1.0 Age of Respondent

- | | | |
|------|--------------------|--------|
| i. | 20 – 29 | () |
| ii. | 30 – 39 | () |
| iii. | 40 – 49 | () |
| iv. | More than 50 years | () |

2.0 Sex

- | | | |
|-----|--------|--------|
| i. | Male | () |
| ii. | Female | () |

3.0 Marital Status

- | | | |
|------|----------|--------|
| i. | Single | () |
| ii. | Married | () |
| iii. | Widow | () |
| iv. | Divorced | () |

4.0 How many children do you have?

- | | | |
|------|------------------|--------|
| i. | 1 – 3 | () |
| ii. | 4 – 6 | () |
| iii. | More than 6 | () |
| iv. | I don't have any | () |

5.0 What is your highest level of education

- | | | |
|------|---------------------|--------|
| i. | Not attended school | () |
| ii. | Primary school | () |
| iii. | Secondary school | () |
| iv. | Higher learning | () |

6.0 What are your sources of day to day income

- | | | |
|-----|-------------------|--------|
| i. | Farming | () |
| ii. | Livestock keeping | () |

- iii. Small business ()
- 7.0 What is your annual income?
- i. 100,000 – 490,000 ()
- ii. 500,000 – 1,000,000 ()
- iii. More than 1,000,000 ()
- 8.0 Is your annual income meet your daily requirements?
- i. Yes ()
- ii. No ()
- 9.0 How much do you save from your annual income
- i. Less than 100,000 ()
- ii. More than 100,000 ()
- iii. No savings at all ()
- 10.0 Do you have entrepreneurial skills?
- i. Yes ()
- ii. No ()
- 11.0 What other skills do you need so as to improve your income
- i. Savings and Entrepreneurship skills ()
- ii. Skills related to modern farming ()
- iii. Skills related to livestock keeping ()
- iv. Environmental conservation skills ()
- v. All the above ()
- 12.0 What problems do you think hinder your effort toward improving income
- i. Lack of financial institution to get soft loan ()
- ii. Health issue ()
- iii. Environmental problems ()
- iv. Poverty ()

THANKS FOR YOUR COOPERATION

Appendix II: Letter of Introduction and Request

Dauda, Salmin Ibrahim
P.O.Box 95033
Cellphone: +255 653 070701
DAR ES SALAAM
21 May 2012

Chief Executive Officer
Youth Microfinance
P.O.Box 86692
DAR ES SALAAM

**RE: APPLICATION FOR ATTACHMENT TO WORK WITH YOUR
NGO**

The above mentioned subject refers.

I am a participant of the Community Economic Development program offered by the Open University of Tanzania for 2011/13 intake.

As part of my assignment, I am supposed to work with NGO/Not Profit making companies and provide the knowledge and experience shared for the purpose of building my capacity and that of NGO for fostering development of our community.

I therefore request your organization to allow me to work with you and provide necessary support throughout.

I am looking forward a good cooperation.

Sincerely,

Dauda, Salmin Ibrahim

Appendix III: Letter of Acceptance

Dauda, Salmin Ibrahim

P.O.Box 95033

DAR ES SALAA

01st June 2012

RE: APPLICATION TO WORK WITH OUR NGO

Please, refer to the above mentioned subject.

We are very much concerned with your application dated 21st May, 2012.

First we would like to take this opportunity to congratulate you for being a participant of one of the most important program.

Our organization received your application with pleasure and we have no objection for you to work with us.

In fact we feel privileged and eagerly to work with you throughout the program. We promise you a full time cooperation and active participation of our members with hope that the program on the other hand shall build capacity of our NGO for better service delivery to our community.

We are looking forward your coming soon

Thank you in advance,

Sincerely,

Jackson Henry

CEO & Chairman

Youth Microfinance

Appendix IV: Letter of Introduction to Open University –CED Program

Program Director
CED Program
Open University of Tanzania
DAR ES SALAAM

RE: Establishment of CED MICROFINANCE LIMITED

Kindly refer the above heading concerning the establishment of CED MICROFINANCE LIMITED as a not profit making company (NGO).

My project is concerning with establishment of CED Groups in Magindu and Kwala wards which are community based microfinance helps people to have a tendency of Savings and gets loans. This model helps to eradicate poverty and increase productivity and household income.

The establishment of CED MICROFINANCE LIMITED will be supporting CED Groups established by CED Graduates and Students all over the country. CED Professions will be required to establish CED GROUPS in their localities, and will request loans from CED MICROFINANCE LIMITED.

During our last term, the Memorandum and Articles of CED MICROFINANCE LTD was sent to all CED Students for comments, all of them agreed with the idea and are ready to join.

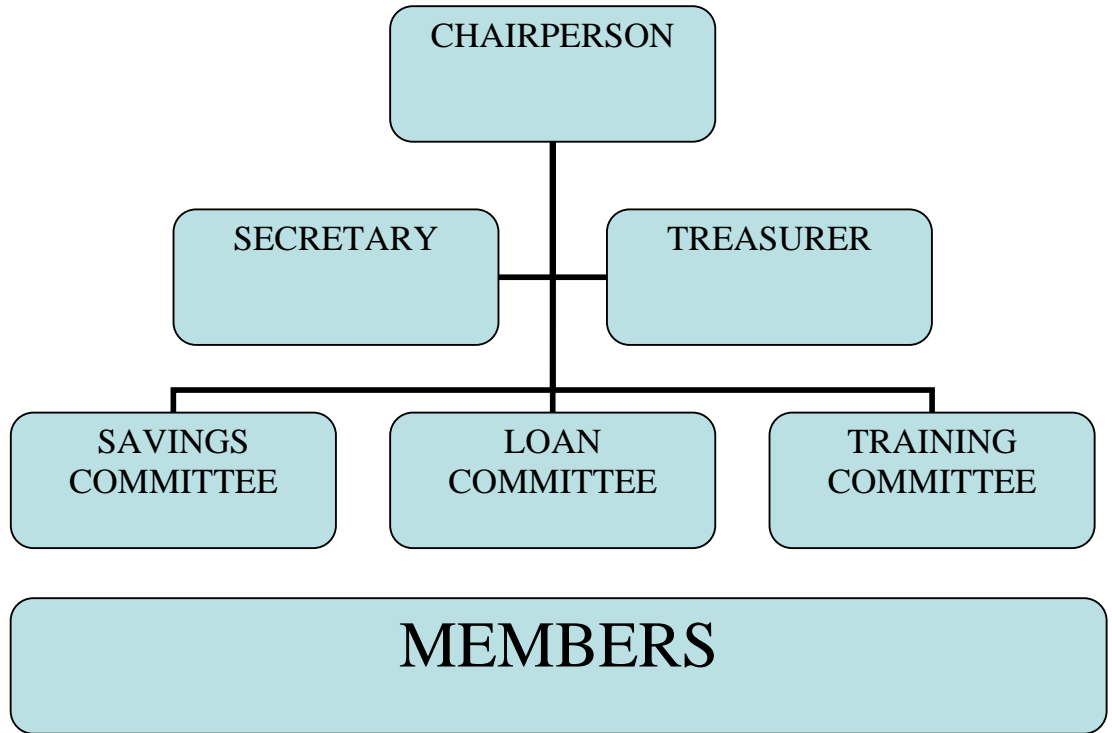
Am requesting CED Program to be Partners for establishment of the institution which will make CED Professionals to help communities from poverty and general development.

I attach the memorandum and articles of association for your references.

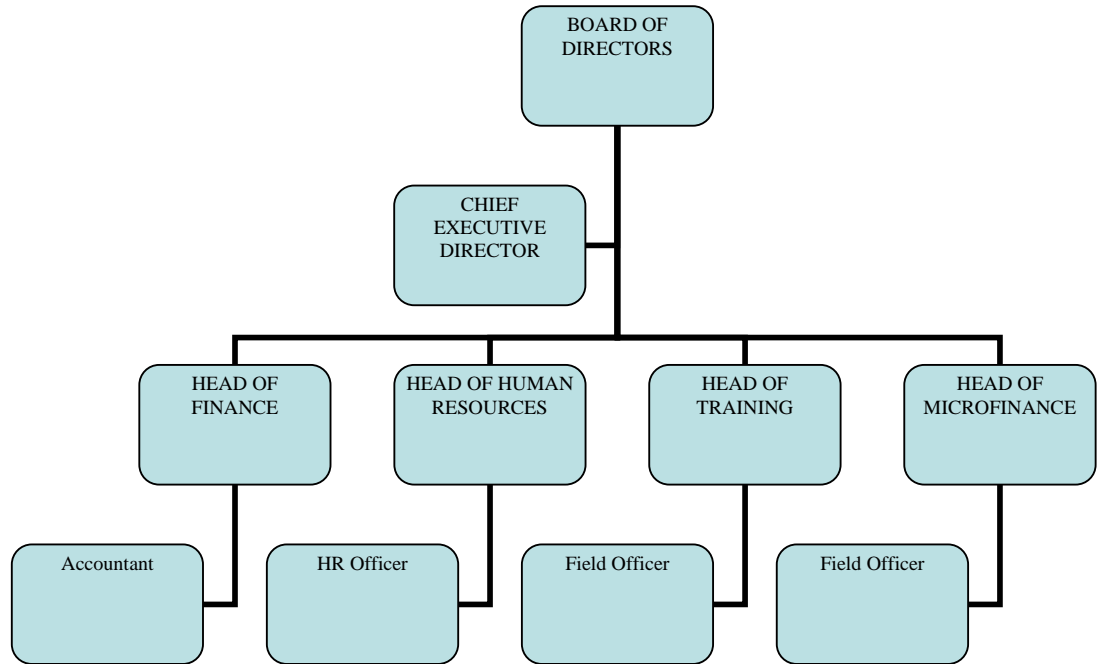
Thanks in advance,

Dauda, Salmin Ibrahim
Founder CED Student

Appendix V: CED GROUP GOVERNANCE STRUCTURE



Appendix VI: YOUTH MICROFINANCE STRUCTURE



Appendix VII: DRAFT OF MEMART OF CED MICROFINANCE LIMITED

**THE COMPANIES ACT, RE. 2002
(CAP. 212)**

=====
**COMPANY LIMITED BY GUARANTEE AND NOT HAVING SHARE
CAPITAL**
=====

Memorandum

And

Articles of Association

Of

CED MICROFINANCE LIMITED

Incorporated thisday of2013

**Drawn by:
Dauda, Salmin Ibrahim(Subscriber)
P.O.Box 95033
DAR ES SALAAM**

THE COMPANIES ACT,RE.2002

(CAP.212)

**COMPANY LIMITED BY GUARANTEE AND NOT HAVING SHARE
CAPITAL**

MEMORUNDUM OF ASSOCIATION

OF

**CED MICROFINANCE LIMITED
(A Company Limited by Guarantee)**

1. The name of the Company is 'CED MICROFINANCE LIMITED';
2. The registered office of The Company will be situated in the United Republic of Tanzania.
3. The objects for which the company is being established are:-
 - (i) To help CED Professionals to act as Community Empowerment Agent, Adviser, Consultant for development within and outside Tanzania.
 - (ii) To promote CED Professionals to communities to establish Schools, colleges, hospitals, dispensaries and institutes on any field.

- (iii) To enable CED Professionals to mobilize communities on children recreation grounds and baby care centers within and outside Tanzania.
- (iv) To enable CED Professionals to help people on the business of buying and selling fashionable goods from outside and within Tanzania.
- (v) To mobilize CED Professional to help community members and entrepreneurs to search for Markets of products produced locally or imported from outside.
- (vi) To help CED Professionals to train and facilitate farmers on the business of processing and exporting of animal and farm products like skins, hides and tannins.
- (vii) To organize agricultural and horticultural activities and carry on the business of producer, purchases, seller, exporters and dealers in and of maize, rice, millet, sorghum, beans, peas, pigeon ,cheek peas, pulses, lentils, and edible seeds of leguminous plants of all types.
- (viii) To help CED Professionals to solicit and detail financial and credit facilities and avenues and identify Market for crops, products and other goods. To deal in economic activities including household communal projects in agriculture, animal husbandry, forestry, small scale industry horticulture, general trading, transportation and, storage facilities and any other.
- (ix) To make CED Professional to educate graduates on entrepreneur before they leave school, how to employ themselves on Agriculture and assist them to get grants.
- (x) To be a centre to connect self employed graduates with donors.

- (xi) To facilitate CED Professional to prepare nutritious food for children sell them in a lower price, teach women on how to prepare.
- (xii) To help CED Professionals to prepare special program for baby setters on how to improve child care and child nutrition
- (xiii) To deposit money and earn interest as part of the income of the company.
- (xiv) To borrow money and raise loans, accept, receive and retain grants for operational purposes of the company.
- (xv) To help CED Professionals to enter into any arrangements and contracts with government or Authority (Supreme, Municipal, Local or otherwise) or any corporations. Companies or persons having objects that Dec seem conducive to the company's objects or any of them and to obtain from any such government, Authority, Corporation, Company, person any characters, contacts, rights, privileges and concessions.
- (xvi) To facilitate CED Professionals to make community to manage and establish the business of hotels, lodges, resort places, clubs, restaurants, cafes, food supply in general.
- (xvii) To facilitate CED Professionals and community members on the business of booksellers, store keepers, hard wares, dealers in stationery, office equipments, cement, oils, paints, pigments and varnishes, dyreware, paint and color grinders makers of the dealers in proprietary articles of all kinds of electrical and photographic.
- (xviii) To mobilize communities and train them on the business of irrigation ,farming, livestock keeping, fish keeping, bee keeping, and its

products, poultry farming ,grain processing, oil extraction, food processing, milling and so on.

- (xix) To help on any other activity which may seem to the community capable of being conveniently carried on in connection with the above or calculated directly to enhance the value of or render profitable any of the company's property or rights.
- (xx) To facilitate CED Professionals to help people on the business of drilling of minerals and water wells contracts, and /or exchange ,take on lease or otherwise acquire any farm ,irrigation equipments and properties, agriculture products. Mining equipments and properties, mining products, mining license or rights, concessions, claims, prospecting license or rights protected arrears, ores, emeralds and other precious stones, minerals product and substances.
- (xxi) To promote good governance for Tanzania Leaders this will help in development our country.
- (xxii) To provide soft loans to CED Professionals and community members and institutions for development purposes.
- (xxiii) To promote Leadership accountability and Integrity in the Country.
- (xxiv) To promote community awareness and participation in Leadership management and make follow up.
- (xxv) To promote open meetings, courses, congresses, artistic and cultural events in which the principles and the witnesses that contribute to Good Leadership.

- (xxvi) To work with Government for advocacy of policy formulation and implementation on HIV/AIDS.
- (xxvii) To promote national and international relationship through exchange of information with similar charitable entities at national level as well as international level.
- (xxviii) To acquire, whether by purchase, donations, exchange or otherwise, and dispose of any movable and immovable property for the company and to accept donations, inheritances, legacy and to make donations with the consent of the Board of Directors.
- (xxix) To establish Colleges and University specialized on Leadership and Management in general.
- (xxx) To open bank accounts in the name of the company, and to draw, accept, endorse, make and execute bills of exchange, cheques and other negotiable instruments connected with the business and affairs of the Central governing body of the company.
- (xxxi) To conclude contracts with other parties for the purpose of achieving the objectives of the company.
- (xxxii) To develop, produce and distribute publications, including books, periodicals, training manuals, journals, magazines, newsletter and brochures as required so as to fulfill the company's objectives.
- (xxxiii) To help CED Professionals to solicit funds for the purpose of promoting the company's objectives.
- (xxxiv) To undertake and execute any charitable trusts which Dec lawfully be undertaken by the company.

(xxxv) To borrow or raise money on such terms and on such security as Dec be thought fit, subject to such consents as shall be required by law.

(xxxvi) To do all such things as are incidental or conducive to the attainment of the Company's objectives.

4. The liability of the company is limited by guarantee.

5. Every CED Professional member undertakes and binds himself/herself to the sum of Tshs. Five Hundred Thousand only (Tshs. 500,000/=) to the assets and liabilities of the company if it should be wound up while she/he is a member or within one year after she ceases to be a member for the payment of the company debts and liabilities contracted before she/he ceases to be a member, and of charges and expenses of winding up, and for an adjustment of the rights of the contributors among themselves.

If upon winding up or dissolution of the Company there remains after the satisfaction of all its debts and liabilities any property whatsoever, the same shall not be paid or distributed among the members of the Company, but shall be given or transferred to some other charitable institutions having

objectives similar to those of the Company and which shall prohibit the distribution of its or their income and property to an extent at least as great as imposed by the company at or before the time of dissolution as insofar as effect cannot be given to such provision hereto some other charitable object.

We, the subscribers to this Memorandum of Association, wish to be formed into a company pursuant to this memorandum.

S/NO	NAMES, ADDRESS AND DESCRIPTION OF SUBSCRIBER	SIGNATURE
1	Dr. FELICIAN MUTASA P.O. Box 23409 DAR ES SALAAM	
2	DAUDA SALMIN PO.BOX 95033 DAR ES SALAAM	
3	VICTORIA MAGANGA P.O. Box 95033 DAR ES SALAAM	

DATED at Dar es Salaam this.....day of2013

WITNESS to the above signatures

Name:

Signature:

Postal address:

Qualification:

THE COMPANIES ACT, R.E. 2002

CAP 212

**COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE
CAPITAL**

ARTICLES OF ASSOCIATION

OF

CED MICROFINANCE LIMITED

PRELIMINARY

1. In these Articles:-

“The Act” means the Companies Act, 2002.

“The Directors” means the Directors for the time being of the Company or the Directors present at a meeting of the Board of Directors and includes any person occupying the position of Director by whatever name called;

“Secretary” means any person appointed to perform the duties of the Secretary of the company;

“CED” means Community Economic Development

“The Seal” means the Common Seal of the Company.

“The office” means the registered office for the time being of the Company.

Expressions referring to writing shall, unless the contrary intention appears, be construed as including reference to printing, lithography, photography and any other modes of representing or reproducing words in a visible form.

Unless the contrary intention appears, words or expressions contained in these Articles shall bear the same meaning as in the Act, or any statutory modification thereof in force at the date at which these Articles become binding on the Company.

CED PROFESSIONAL MEMBERS

2. The number of CED Professional members with which the Company proposed to be registered is THREE but the Directors Dec from time to time register an increase of members.
3. The subscribers to the Memorandum of Association and such other persons as the Directors shall admit to membership shall be members of the Company.
4. The rights and liabilities attaching to any Member of the Company Dec be varied from time to time by a Special Resolution of the Company.

GENERAL MEETINGS

5. All General Meeting under the company shall be held in the United Republic of Tanzania after being authorized by Executive Chairman of the company.
6. (1) Subject to paragraph 2 hereinabove, the Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year and shall specify the meetings as such in the notices calling it; and not more than 15 months shall elapse between the date of one Annual General Meeting of the Company and that of the next.

(2) So long as the Company holds its first Annual General Meeting within 18 months of its incorporation, it need not hold it in the year of its incorporation or

in the following year. Subject to Article 5, the Annual General Meeting shall be held at such time and at such place in the State as the Directors shall appoint.

7. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.
8. The Executive Chairman Dec, whenever think fit, convene an Extraordinary General Meeting.

NOTICE OF GENERAL MEETINGS

9. An Annual General Meeting and a meeting called for by passing of a special resolution shall be called by 30 days notice in writing at the least and a meeting of the Company (other than an Annual General Meeting or a meeting for the passing of a special resolution) shall be called by 14 days notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day and the hour if meeting and in the case of special business and general nature of that business, and shall be given in manner hereinafter mentioned to such persons as are under the Articles of the company entitled to receive notices from the company.
10. The accidental omission to give notice of a meeting to or the non-receipt of notices of a meeting by any person entitled to receive the notice shall not invalidate the Proceeding at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

11. All business shall be deemed special that is transacted at an Extraordinary General Meeting, and also all that is transacted at an Annual General Meeting, with the Exception of the consideration of the accounts, balance sheets and the reports of the Directors and Auditors, the election of Groups Representatives in the place of those retiring, the re- appointment if the retiring Auditors and the fixing of the remuneration of the Auditors.

12. No business shall be transacted at any Informal Workers Group General Meeting unless a quorum of Group members is present at the time when the meeting proceeds to business; save as herein otherwise provided, three members present in person shall be a quorum.
13. If within half an hour from the time appointed for the meeting a quorum is not Present, the meeting, if convened upon the requisition of members, shall be dissolved: In any other case it shall stand adjourned to the same day in the next week at the same Time and place, or to such other day and at such other time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.
14. The Executive Chairman of the Board of Directors shall preside as chairman at every Informal Workers Group General meeting of the Company, or if the chairman will not be available for emergence, he will appoint anyone to chair the meeting.
15. Nobody will be allowed to chair the Informal Workers General Meeting without a proper permission of Executive Chairman.
16. The Chairman Dec with the consent of any meeting at which a quorum is present (and shall, if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting at which the adjournment took place. When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of the original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting.
17. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:-

- (a) By the Executive Chairman-Chairman, or
- (b) By at least three members present in person or by proxy, or
- (c) By any member or members present in person and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting.

Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously or by a particular majority or lost, and an entry to that effect in the book containing the minutes of proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of votes recorded in favor of or against such resolution. The demand for a poll Dec be withdrawn.

18. Except as provided in Article 20 if a poll is duly demanded it shall be taken in such a manner as the Chairman directs and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
19. Where there is an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.
20. A poll demanded on the election of a Chairman, or on a question of adjournment shall be taken forthwith. A poll demanded on any other questions shall be taken at such time as the Chairman of the meeting directs, and any business other than that upon which a poll has demanded Dec proceed pending the taking of the poll.
21. Subject to Section of the Act, a resolution in writing signed by all members for the time being entitled to attend and vote on such resolution at a General Meeting (or being bodies corporate by their duly authorized representatives) shall be as valid and effective for all purposes as if the resolution had been passed at a general meeting of the Company duly convened and held, and if described as a special resolution shall be deemed to be a special resolution within the meaning of the Act.

22. Every member shall have one vote.
23. A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, Dec vote, whether on a show of hands or in a poll, by his committee, receiver, guardian, or other person appointed by that Court, and any such committee, receiver, guardian, or other person Dec vote by proxy on a show of hands or on a poll.
24. No member shall be entitled to vote at any general meeting unless all money immediately payable by him to the Company has been paid.
25. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the voter objected to is given or tendered, any every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.
26. Votes may be given either personally or by proxy.
27. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing, or, if the appointer is a body corporate, either under seal or under the hand of an officer or attorney duly authorized. A proxy need not be a member of the Company.
28. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a materially certified copy of that power or authority shall be deposited at the office or at such other place within the State as is specified for that purpose in the notice convening the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.

29. An instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances permit:- “I, being a member of CED MICROFINANCE LIMITED do hereby appoint of as my proxy to vote for me and on my behalf at the Annual/Extraordinary General Meeting of the Company to be held on the day of20..... and at any adjournment thereof.

Signed this _____ day of _____ 20 _____

(Signature of Member)”

30. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
31. A vote in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, if no intimation in writing of such death, insanity or revocation as aforesaid is received by the company at the office before the commencement of the meeting or adjourned meeting at which the proxy is used.

BODIES CORPORATE ACTING BY REPRESENTATIVES AT MEETINGS

32. Anybody corporate which is a member of the Company may by resolution of its directors or other governing body authorize such persons as it thinks fit to act as its representative at any meeting of the Company, and the person so authorized shall be entitled to exercise the same powers on behalf of the body corporate which he represents as that body corporate could exercise if it were an individual member of the company.

SUBSCRIPTIONS

33. The Directors shall be entitled from time to time to determine any Annual Subscriptions to be payable by any member of the Company. Such subscriptions shall be payable in advance of the 1st day of January in each year. A person becoming a member of the company after the 1st day of January in any year may be required by the Directors to pay the entire Annual Subscription in respect of

that year. In the event that any member shall cease to be a member prior to 1st day of January in any year that member shall not be entitled to any rebate of his Annual subscription paid for that year. The terms and conditions attached to Life Subscriptions shall be determined by the Directors in their absolute discretion from time to time.

DIRECTORS

34. The number of Directors and the names of the first Directors shall be determined in writing by the subscribers if the Memorandum of Association or a majority of them.

RESIGNATION, CESSATION AND EXPULSION OF MEMBERSHIP

35. (a) A member of any class Dec by notice in writing to the Secretary of the company resign his membership of the Company.

(b) Membership of the Company shall automatically cease on any member's death.

(c) If any member shall refuse or willfully neglect to comply with any of these Articles of Association or shall have been guilty of such conduct as in the opinion of the Directors either shall have rendered him unfit to remain a member of the Company or shall be injurious to the Company or if the Directors shall for any other good reason require that a member shall be expelled such members Dec by a Resolution of the Directors be expelled from membership provided that he shall have been given notice of the intended resolution for his expulsion and shall have been afforded an opportunity of giving orally or in writing to the Directors any explanation or defense as he Dec think fit.

Notice under this Article shall be deemed to have been served if it is sent by post in accordance with the provisions set out in Article 70 of these Articles whether or not it is actually received by the member intended to be served with such notice.

BORROWING POWERS

36. The Directors Dec exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking and property or any part thereof, and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

POWERS AND DUTIES OF DIRECTORS

37. The business of the Company shall be managed by the Directors, who may pay all expenses incurred in promoting and registering the Company, and exercise all such powers of the Company as are not by the Act or Articles required to be exercised by the Company in general meeting subject nevertheless to the provision of the Act and these Articles and to such directions, being not inconsistent with the aforesaid provisions, as may be given by the Company in general meeting, but no direction given by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that direction has not been given.
38. The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors to be the attorney or attorneys of the Company for such purposes and with powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors and under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and Dec also authorize any such attorney to delegate all or any of the powers, authorities and discretions vested in him.
39. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such

person or persons and in such manner as the Directors shall from time to time by resolution determine.

40. The Directors shall cause minutes to be made in books provided for the purpose:-

- (a) Of all appointments of officers made by the Directors;
- (b) Of the names of the Directors present at each meeting of the Directors and of any committee of the Directors;
- (c) Of all resolutions and proceedings at all meetings of the Company, and the Directors and of committees of Directors.

DISQUALIFICATION OF DIRECTORS

41. The Office of Director shall be vacated if the Director:-

- (a) Holds any office or place of profit under the Company; or
- (b) Is adjudged bankrupt; or
- (c) Becomes prohibited from being a Director by reason of any order lawfully made under the Act; or
- (d) Becomes of unsound mind; or
- (e) Resigns his office by notice in writing to the Company; or
- (f) Is convicted of an indictable offence unless the Directors otherwise determine; or
- (g) Is directly or indirectly interested in any contract with the Company and fails to declare the nature of his interest in manner required by section 194 of the Act

42. A Director may not vote in respect of any contract in which he is interested or any matter arising there from.

ROTATION OF GROUP REPRESENTATIVES DIRECTORS

43. At the first Annual General Meeting of the Company, all the Groups Representatives Directors shall retire from office and at the Annual General Meeting in every subsequent year

44. The Directors to retire can be appointed by Executive Chairman for other developmental duties if there is a need to do so.

45. A retiring Director shall be eligible for re-election.

46. The Company, at the meeting at which a Director retires in manner aforesaid, may fill the vacated office by electing a person thereto, and in default the retiring Director shall, if offering himself for re-election, be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such Director has been put to the meeting and lost.

47. No Director retiring at the meeting shall, unless recommended by the Executive Chairman, be eligible for re-election to the office of Director at any general meeting unless, not less than three nor more than 21 days before the date appointed for the meeting, there has been left at the office in writing, signed by a Member duly qualified to attend and vote at the meeting for which notice is given, of his intention to propose such a person for election, and also notice in writing signed by that person of his willingness to be elected.

48. The Company Dec from time to time by ordinary resolution increases or reduce the number of Directors, and Dec also determine in what rotation the increased or reduced number is to go out of office.

49. The Directors shall have power at any time, and from time to time, to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting, and shall then be eligible for re- election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.
50. The Company may by ordinary resolution of which extended notice given in accordance with Section of the Act remove any Director before the expiration of his period of office, notwithstanding anything in these Articles or in any agreement between the Company and such Director. Such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company.
51. The Company may by ordinary resolution appoint another person in place of a Director removed from office under Article 50. Without prejudice to the powers of the Directors under Article 49 the Company in general meeting Dec appoint any person to be a Director, either to fill a casual vacancy or as additional Director. A person appointed in place of a director so removed or to fill such a vacancy shall be subject to retirement at the same time as if he had become Director on the day on which the Director in whose place he is appointed was last elected a Director.

PROCEEDINGS OF DIRECTORS

52. The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. Where there is any equality of votes, the Executive Chairman who is also a Chairman shall have a second or casting vote. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of Directors. If the Directors so resolve, it shall not be necessary to give notice of a meeting of Directors to any Director who being resident in the country is for the time being absent from the country.

53. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed shall be two.
54. The continuing Directors Dec act notwithstanding any vacancy in their number but, if and so long as their number is reduced below the number fixed by or pursuant to the Articles of the Company as the necessary quorum of Directors, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number or of summoning a general meeting of the Company, but for no other purpose.
55. The Executive Chairman who is also a Chairman of a company. In case of emergence and absence of Executive Chairman, Deputy Chairman will chair meetings.
56. The Directors may delegate any of their powers to committees consisting of such member or members of the Board as they think fit; any committee so formed shall, in exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Directors.
57. A committee may elect a Chairman of its meetings; if no such Chairman is elected, or if at any meeting the Chairman is not present within 5 minutes after the time appointed for holding the same, the members present may choose one of their numbers to be Chairman of the meeting.
58. A committee Dec meet and adjourn as it thinks proper. Questions arising at any meetings shall be determined by a majority of votes of the members present, and when there is an equality of votes, the Chairman shall have a second or casting vote.
59. All acts done by any meeting of the Directors or of a committee of Directors or by any person acting as a Director shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as

valid as if every such person had been duly appointed and was qualified to be a Director.

60. A resolution in writing, signed by all the Directors for the time being entitled to receive notice of a meeting of the Directors, shall be as valid as if it had been passed at a meeting of the Directors duly convened and held.

SECRETARY GENERAL

61. The Secretary General shall be appointed by the Executive Chairman for such term and upon such conditions as they think fit; and any Secretary General so appointed Dec be removed by him/her.
62. A provision of the Act or these Articles requiring or authorizing a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.

THE SEAL

63. The seal shall be used only by the authority of the Directors or of a committee of Directors authorized by the Directors in that behalf, and every instrument to which the seal shall be affixed shall be signed by a Director and shall be countersigned by the Secretary or by a second Director or by some other person appointed by the Director for that purpose.

ACCOUNTS

64. The Directors shall cause proper books of accounts to be kept relating to:-
- (a) All sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place;
 - (b) All sales and purchases of goods by the Company; and
 - (c) The assets and liabilities of the company.

Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

65. The books shall be kept at the office or, subject to such other place as the Directors think fit, and shall at all reasonable times be open to the inspection of the Directors.
66. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document except as conferred by statute or authorized by the Directors or by the Company in general meeting.
67. The Directors shall from time to time in accordance to be prepared and to be laid before the Annual General Meeting of the Company such profit and loss accounts, balance sheets, group accounts and reports as are required by those Sections to be prepared and laid before the Annual General Meeting of the Company.
68. A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Annual General Meeting of the Company together with a copy of the Directors' report shall not less than 21 days before the date of the Annual General Meeting, be sent to every person entitled under the provisions of the Act to receive them.

AUDIT

69. Auditors shall be appointed and their duties regulated in accordance with requirement of the Act.

NOTICES

70. A notice Dec be given by the Company to any member either personally or by sending it by post to him to his registered address. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and to have been effected in the case of the notice of a meeting at the expiration of 24 hours after the letter containing the same is posted, and in any other case at which the letter would be delivered in the ordinary course of post.
71. Notice of every general meeting shall be given in any manner hereinbefore authorized to:-
- (a) Every member
 - (b) Every person being a personal representative or the Official Assignee in bankruptcy of a member where the member but for his death or bankruptcy would be entitled to receive notice of the meeting; and
 - (c) The Auditor for the time being of the Company.

No other person shall be entitled to receive notices of general meetings.

S/NO	NAMES, ADDRESS AND DESCRIPTION OF SUBSCRIBER	SIGNATURE
1	Dr. FELICIAN MUTASA P.O. Box 23409 DAR ES SALAAM	
2	DAUDA SALMIN PO.BOX 95033 DAR ES SALAAM	
3	VICTORIA MAGANGA P.O. Box 95033 DAR ES SALAAM	

DATED at Dar es Salaam this.....day of2013

WITNESS to the above signatures

Name:

Signature:

Postal address:

Qualification: