

**ASSESSING THE NEED FOR SACCOs PARTICIPATION IN
HIGHER EDUCATION FINANCING IN TANZANIA: A CASE OF
MOROGORO TEACHERS SACCOs**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF MASTERS OF
EDUCATION IN ADMINISTRATION, PLANNING AND POLICY
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CERTIFICATION

I, the undersigned, certify that I have read and hereby recommend for acceptance by the Open University of Tanzania, a dissertation entitled: **Assessing the Need for SACCOs Participation in Higher Education Financing in Tanzania: A case of Morogoro Teachers SACCOs**, in partial fulfilment for the requirements of the degree of Master of Education in Administration, Planning and Policy Studies of the Open University of Tanzania.

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DECLARATION

I, **Lydia Nehemia Urio**, do hereby declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other University for a similar or any other degree award.

Signature

Date

DEDICATION

This dissertation is honestly dedicated to the Almighty God for His protection and blessings. It is also dedicated to my family that encouraged and waited patiently during my absence from home in search for knowledge.

ACKNOWLEDGEMENT

Although this modest undertaking has been a personal demanding work, it could not be brought to fruition without the support and cooperation of many people who contributed both morally and materially.

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ABSTRACT

SACCOs are important in the provision of financial and banking services to low income households who for economic reasons cannot be covered by formal banks and financial institutions. The need for stakeholders such as SACCOs to support members to finance higher education of their dependants has been growing rapidly as public budgets cannot adequately fund higher education. The general objective of the study was to assess the need for Morogoro Teachers' SACCOs to participate in higher education financing for its members and their dependants.

Case study research design was utilized in the methodology. A sample of 65 respondents was used. Data were collected using interview, questionnaires and analysed descriptively by using Statistical Package for Social Science (SPSS) computer software.

The findings indicate that SACCOs are financial intermediation and investment for the needy whereby 75% of respondents argued that the interest charged from members' loans boost SACCOs funds. Likewise, 85% of respondents reported the enhancing earnings and profitability of SACCOs to enable the generation of a return on its resources while 90% of respondents argued for prompt repayment of loans from members in order to enable higher education financing of members' dependants. Therefore, the financial status shown by Morogoro Teachers' SACCOs need to be maintained through the enhancement of good flow of deposits, savings and repayment arrangements to enable the SACCOs serve its members. There is a need to revise Morogoro Teachers' SACCOs lending policy to support higher education learning both its members and dependants while having a caption left to support the education fund.

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LIST OF ABBREVIATIONS/ACRONYMS

CCUL	Cape Credit Union League
GER	Gross Enrolment Ratio
GT	Graduate Tax
HE	Higher Education
HEA	Higher Education Attainment
HESLB	Higher Education Student's Loans Board
MATCOM	Training for the Management of Cooperatives
SACCOL	Saving and Credit Cooperatives Organisation League
SACCOs	Savings and Credits Cooperatives Societies
SPSS	Statistical Package for Social Sciences
SUA	Sokoine University of Agriculture
URT	United Republic of Tanzania

CHAPTER ONE

1.0 GENERAL INTRODUCTION

1.1 Introduction

This chapter examined the need for SACCOs participation in financing higher education with reference to Morogoro Teachers' SACCOs because, many developing countries have abolished fees for basic education; however, abolition of school fees does not always result in free education. Yet, cost sharing in higher education was introduced in Tanzania and it is argued that the involvement of the private sector can make significant contribution to the financing of higher education. It presents the background to the problem, statement of the problem, research objectives and questions, the significance, organisation of the study and summary.

1.2 Background to the problem

Knowledge-based competition within a globalizing economy is prompting a fresh consideration of the role of higher education in development and growth (World Bank, 2002). African higher education can assist countries with technological catch-up and thus improve the potential for faster growth (Bloom, 2005). Higher Education (HE) plays as key role in training qualified individuals who will be capable of implementing new technologies and using innovative methods to establish more efficient enterprises and institutions which in turn will enhance effective allocation of resources (Yizengaw, 2008). Recent evidence suggests, however, that higher education can produce both public and private benefits. The private benefits for

individuals are well established, and include better employment prospects, higher salaries, and a greater ability to save and invest. These benefits may result in better health and improved quality of life (Bloom, 2005).

Higher education as Yizengaw (2008) reveals is critical to economic success and long term development of the country thereby addressing several challenges of growth and development. It provides economic and social benefits, both to the individual and the public, produces qualified human capital, adopts and generates knowledge, promotes international cooperation and improves competitiveness in the global knowledge based economy (Bloom, 2005). In order for the social and economic benefits of the Higher Education to be realized, there is a need to address critical challenges which faces the sector. The sector faces a number of challenges such as shortage of quality faculty, limited capacity of governance leadership and management, inadequate financial support and problems of diversifying funding. Also, the sector faces the problems of inadequate facilities and infrastructures, the problems of quality and relevance of teaching and research, limited capacity of research knowledge generation and adaptation capabilities and problems of meeting increasing demand for equitable access (Yizengaw, 2008).

Many developing countries have abolished fees for basic education; however, abolition of school fees does not always result in free education (Rajan, 2007). Cost sharing in higher education was introduced in Tanzania through the Higher Education Policy of 1999. In implementing the Higher Education policy of 1999, the Higher Education Students' Loans Board (HESLB) was established under Act No. 9

of 2004 and commenced operations in July, 2005. The Board is mandated to extend loans and to collect repayments for all loans issued to students since 1994 so as to make the scheme successful and sustainable. The policy requires parents/guardians and other stakeholders to contribute to the cost of higher education by sponsoring students, establishing Higher Education institutions and partnering with the Government in the area of higher education (URT, 2003). This allocation still appears to be inadequate given the critical role of higher education in the economic and technological development of the country. The current system of financing (public) higher education in Tanzania is flawed and lopsided to such an extent that it has generated controversies, partisan debates among different stakeholders and budget deficits (Ishengoma, 2007). This explains why all public and private higher education institutions are currently involved in various revenue diversification activities to generate the much needed extra income to finance some of the operations of these institutions because of inadequate financial support envisaged (Pillay, 2010).

As higher education is becoming increasingly competitive in terms of students, staff and resources; and because of the increasing demand for access to it by the masses, it has shifted from being the service of elite that it was, to a service open to the masses (Nyirenda, 2012). In lieu of this, financing of public higher education in Tanzania in the context of cost sharing policy is (ideally) supposed to be a shared responsibility between different stakeholders (SACCOs being among them) and beneficiaries of higher education products (Ishengoma, 2007). One is the involvement of the private sector and it is argued that given appropriate incentives the private industry in

Tanzania can make significant contribution to the financing of higher education (Msolla, 2007). In view of this, it was essential to examine the need for SACCOs to participate in higher education financing whereby students and their parents can borrow money to pay for tuition and related costs at a market interest rate which is the motive for this study.

1.3 Statement of the problem

Higher education is perceived as an important form of investment in home capital development and for Africa, where growth is essential if the continent is to climb out of poverty, education is particularly important (Bloom, 2005). Higher education institutions are charged with formation of human capital through teaching, building knowledge base through research and knowledge development, and dissemination and use of knowledge by interacting with the knowledge users. While reliance on government for resources needs to be doubled, Lower and Higher education has not been largely a state funded activity being borne by government (Ishengoma, 2007). The relative shares of non-government sources such as fees and voluntary contributions have been declining. On the other side, the needs of the higher education system have been growing rapidly. It is being increasingly realized that public budgets cannot adequately fund higher education, particularly when sectors of mass education are starved of even bare needs (Nyirenda, 2012).

The intervention from various stakeholders arises with the need to fill the gap (Bloom, 2005). Savings and Credits Co-operatives Societies (SACCOs) as among stakeholders mobilize savings from their members and give credit at affordable

interest rates as well as educating members on the social, economic and utilization of credit. In lieu of that SACCOs are seen as most efficient options especially to the rural/urban poor communities with small capital as they are so diverse and have simple bureaucracy and procedures for one to get loans. The market model developed by Ishengoma (2007) emphasizes the creation of Higher Education Loans Bank or any financial institution to replace HESLB whereby, students and their parents can borrow money to pay for tuition and related costs at a market interest rate. However, SACCOs have been funding members to finance various activities. Although, with little capital and high demand for loans from members; the demand and supply sides seem not to balance the distribution as the need is higher. Moreover, the financial status of Morogoro Teachers' SACCOs for adequate provision of loans, the prequisites to enable members finance higher education and sustainable strategies in meeting higher education financing for its members are issues not known and need to be studied. It is from this background that this study assessed the need for Morogoro Teachers' SACCOs in participating in financing higher education to its members fully.

1.4 Research Objectives

The objectives of this study are divided into two main categories, that is; general objective and specific objectives as itemized here below.

1.4.1 General Objective

The general objective of the study was to investigate the need for Morogoro Teachers' SACCOs to participate in higher education financing for its members.

1.4.2 Specific Objectives

- i. To examine the financial status of Morogoro Teachers' SACCOs for adequate provision of loans to members
- ii. To identify the preliquisites for Morogoro Teachers SACCOs to enable its members finance higher education
- iii. To examine sustainable strategies for Morogoro Teachers' SACCOs in meeting higher education financing for its members

1.5 Research questions

- i. Does Morogoro Teachers' SACCOs have adequate finance to provide loans to members?
- ii. What are the preliquisites for Morogoro Teachers' SACCOs that may enable its members finance higher education?
- iii. What sustainable strategies would be put forward by Morogoro Teachers' SACCOs to meet higher education financing for its members?

1.6 Significance of the study

- i. This study assessed the need for the incorporation of SACCOs in financing higher education costs and alerted all stakeholders to take urgent steps to solve the challenges.
- ii. This study created awareness among stakeholders regarding the importance, implications and measures to be taken for the purpose of conducting further studies as to overcome the challenges associated with them.

- iii. This study was important for the researcher for the fulfillment of Masters of Education as the requirement of Open University of Tanzania.

1.7 Limitations and Delimitations of the study

During data collection process, the researcher came into some hindering factors which made the whole process to become difficult, these included;

- a) Time and financial factors

Time and financial problems persisted during the study of which the researcher failed to cover the whole members of the study, hence taking a sample of it.

- b) Response rate

Response rate was low due to respondents being very busy with their daily activities as others were absent at their working place sometimes. However, the researcher accommodated this by first conducting a pilot study to educate the respondents on the rationale/significant of the study and day to day follow-ups; something that made them to cooperate fully.

Moreover, the researcher applied case study research design because of time and cost considerations in order to examine only a sample of cases at once and collect data from the respondents.

1.8 Organisation of the study

The study consists of five chapters. The first chapter provides the background information. The second chapter presents the literature review, the third chapter

presents the materials and methods used, the fourth chapter presents the results and discussion of the study and the fifth chapter presents the summary, conclusion and recommendations. It ends with the references and appendices attached with this report.

1.8 Summary

Higher Education (HE) plays a key role in training qualified individuals who will be capable of implementing new technologies and using innovative methods to establish more efficient enterprises and institutions which in turn will enhance effective allocation of resources. Moreover, the current system of financing (public) higher education in Tanzania is flawed and lopsided to such an extent that it has generated controversies, partisan debates among different stakeholders and budget deficits. This explains why all public and private institutions such as SACCOs are currently involved in various revenue diversification activities to generate the much needed extra income to finance their members because of inadequate financial support envisaged. This chapter presents the background to the problem; states the problem; research objectives and questions; the significance, organisation of the study, and summary of the chapter.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter reviewed literatures of other studies in order to provide a theoretical framework which guided the development of the study. It is base on theoretical literatures, empirical review and the conceptual framework.

2.2 Theoretical Literature Review

This provides an account of what has been published on a topic by accredited scholars and researchers with the purpose of conveying knowledge and ideas established and what their strengths and weaknesses are.

2.2.1 Higher education

Higher education is the stage of learning that occurs at universities, academies, colleges, seminaries, and various institutions of technology. Higher education also includes certain college-level institutions, such as vocational schools, trade schools, and career colleges, that award academic degrees or professional certifications (Wolf, 2004). The Tanzania Development Vision 2025 aims at a high quality livelihood for all Tanzanians through the realisation of, among others, universal primary education, the eradication of illiteracy and the attainment of a level of tertiary education and training. Higher education is expected to contribute to a vision of a well-educated nation, sufficiently equipped with the knowledge and skills needed to competently

respond to development challenges which face the nation and effectively compete regionally and internationally. This vision, however, provides a broad sense of the development ideals that the country needs to be directing it towards, rather than stipulating specific strategies on how to pursue them. Yet, falling in line with the goals of the MDGs, the Tanzanian Development Vision is reflected in all development policies and strategies.

Moreover, the 1995 ETP Policy guides the provision of education in Tanzania mainland. The major thrust is in the areas of increasing enrolments, quality improvements, equitable access and expansion and optimum utilisation of available resources (URT, 1995). The ETP stresses liberalisation in education – *i.e.* opening up of education from public to private providers, and expansion of higher education, as well as cost-sharing and continued international cooperation. The policy also proposes greater financial contributions from parents (cost-sharing), students (loans) and institutions (sale of services) to curb over-reliance on state funding. A comprehensive Higher Education Policy was developed in 1999 to guide the provision of higher education in the country.

The policy addresses issues of expansion of student enrolment, increasing social demand for higher education and regulation, and accreditation of higher education institutions which are increasing as a result of liberalisation of the provision of higher education. The policy places considerable emphasis on cost effectiveness, efficiency, relevance of curricula, equity and access to education (URT, 1999).

However, up to 1988 education was free, except students were bonded to government services for five years and given government bursaries. Due to the government's inability to sustain the financing of free public higher education in addition to all of the other pressing public needs, cost-sharing in higher institutions of learning was introduced in 1988 and a directive subsequently made in 1992 to institute its operation (Ishengoma, 2004). Cost-sharing in higher education was eventually enshrined in the National Higher Education which stated that cost-sharing was being introduced:

- a) (A) s a means to shift the shouldering of higher education costs from Government (main financier) to beneficiaries;
- b) To arrest decline of quality because of poor funding, and *inter alia*, enabling students to appreciate the relevance and responsibility in attaining higher education (URT, 1999: Section 6.2).

2.2.2 Cost sharing

Johnstone (2006) defines “cost-sharing as “the shift in the burden of higher education costs from being borne predominantly by government or taxpayers, to being shared with parents and students”. The Tanzanian Higher Education Students Loan Board (HESLB) adopted Johnstone’s definition of cost sharing as “Cost-sharing in higher education ...[representing]... a shift in shouldering at least part of the costs of education from Government...to the beneficiaries”. Both definitions emphasize shifting the burden of the cost of higher education from the government (tax payers) to students and their families who benefit more.

2.2.3 Meaning and roles of SACCOs

SACCOs is the acronym for Savings and Credit Co-operative societies. SACCOs are the main providers of financial services in the urban and rural areas. By December 2006, over 3,500 SACCOs, with approximately 420,000 members, had been registered with the Ministry of Cooperatives and Marketing. About 60% of them can be classified as rural- and 40% as urban-based (mostly wage-based) societies (URT, 2010). Savings and Credit Co-operatives societies are democratic organizations and decisions are made in a structured democratic way. They are owned, governed and managed by their members who have the same common bond; working for the same employer, belonging to the same church, labour union, social fraternity or living/working in the same community (Mrema, 2011).

Savings and Credit Co-operatives membership is open to all who belong to the group, regardless of race, religion, colour, creed, and gender or job status. These members agree to save their money together in the SACCOs and to make loans to each other at reasonable rates of interest (Mwakajumilo, 2011). Interest is charged on loans, to cover the interest cost on savings and the cost of administration.

There is no payment or profit to outside interest or internal owners. The members are the owners and are the ones who decide how their money will be used for the benefit of each other. Members elect a board that in turn employs staff to carry out the day-to-day activities of the SACCOs. The numbers of board members are between nine and fifteen. Members also elect a supervisory committee to perform the function of an internal audit (Tanzania Education, 2005).

Savings and Credit Co-operatives societies first appeared in Germany in the 1870's. SACCOs are much larger than the commercial banks. Twenty eight (28) countries in Africa have established credit unions. Globally there are almost 100 million individual members in 60+ countries around the world. Saving and Credit Cooperative Organization League (SACCOL) is a member of World Council of Credit Unions (Morduch, 1999). Through this relationship SACCOL enjoys a reciprocal relationship with member countries throughout Africa and throughout the world. SACCOL was formed in 1993 in South Africa and it is evolved from the Cape Credit Union League (CCUL) which was formed in 1981. At this time various Catholic Church parishes decided to form Credit Unions and CCUL was formed to help them to coordinate their activities and standardise their operations. At this time though the Credit Unions were formed as social organisations and did not operate their co-operatives as businesses (Morduch, 1999).

The following are the roles played by SACCOs according to Mwakajumilo (2011);

- a) SACCOs play a significant role in the provision of financial services to the poor (target groups);
- b) They provide savings and credit and investment opportunities to individuals, institutions and group members;
- c) SACCOs help teach people how to earn money profitably, how to spend it intelligently for the benefit of members and their community;
- d) SACCOs provide institutional development which is a major factor in financial development;
- e) SACCOs bring institutional financial services to rural areas which are not offered generally by the formal financial sector;
- f) They also strengthen family ties thus promoting peace; this is true for the main factor of family instability is the financial problem, often caused by mismanagement of the

family income; and g) In SACCOs people are shown how to avoid the pitfalls of money mismanagement; this no wonder strengthens love and family ties.

2.2.4 Credit Officer

This is n employee of the savings and credit society.

2.2.5 Co-operative Act:

Means The Co-operative societies Act No. 20 of 2003.

2.2.6 Loan

Loan is having some one's money for productive, for school fee, etc and that which will be paid back at agreed period with additional interest or An arrangement in which a lender gives money or property to a borrower, and the borrower agrees to return the property or repay the money, usually along with interest, at some future point(s) in time. Usually, there is a predetermined time for repaying a loan, and generally the lender has to bear the risk that the borrower may not repay a loan (Sizya, 2001).

2.2.7 By -Laws

Means, laws made by society in the exercise of power conferred by Act No. 20 of 2003. The by-laws of a SACCOs prescribe the requirements for membership including the field of membership, the number of shares to be subscribed to and any membership fees to be paid. To become a member of a SACCOs, a person must belong to the field of membership set forth in the by laws, that the field of

membership must consist of a pre-existent common bond of association or community of interest among the persons who belong to it. It may include, but not need to be limited to persons; i) Who have a similar occupation or profession or are employed by a common employer or within the same business district or market area; ii) Who have common membership in an association or organization, including, but not limited to, religious, social, cooperative, labour, or educational groups and iii) Who reside within the same defined community, rural or urban district, or political subdivision (Proposed SACCOs Act of 2008).

2.3 Review of Literatures

Savings and Credit Cooperative Societies (SACCOs) are important in the provision of financial and banking services to low income households who for economic reasons cannot be covered by the activities of formal banks and financial institutions. SACCOs perform three major functions in relations to its members and general economic development of the country. In particular, these functions are; collecting savings from its members, giving loans to its member's borrowers and giving financial and non-financial advice to its members (Mrema, 2011). In order to facilitate SACCOs members utilize well the micro loans they have borrowed from SACCOs. In some cases, some government and private institutions may also give financial assistance to SACCOs in order to enable SACCOs give micro loans to more members (Mwakajumilo, 2011). In turn, members of SACCOs are expected to use the borrowed funds for the intended projects. These are mainly financing of members' microeconomic activities such as trade/business, agriculture, small scale manufacturing industries, service sectors such as saloon and in few cases; some

SACCOs members take loans from SACCOs to finance their non economic activities such as payment of school fees, payment of medical fees etc (Mrema, 2011).

The role of Savings and Credit Cooperative Societies SACCOs in providing financial services is now more imperative than before (Mrema, 2011). The Report on the Survey of Rural/Urban Savings and Credit Cooperative Societies in Tanzania of 2010, revealed that the SACCOs are the most significant forms of participation in financial markets available to the rural/urban Tanzanians. The survey indicates that by December 1999 there were 395 Rural SACCOs with a total of 83,000 members. These members had US\$1.7million in shares; US\$.118 million in deposits and US\$2.2 million as loans to members (Mwakajumilo. 2011). Magill (1994) stated that SACCOs' capacity is to increase outreach in request for greater impact creation in the communities simply because, there are insufficient loanable funds due to low levels of savings as borrowers require over and above of what they save. As observed by Magill (1994) SACCOs are intermediaries between surplus and deficit spending membership (units). Hence, they link those with surplus investable funds with those in need of funds (the borrowers). It is common practice that some clients' applications are rejected on the basis of failure to meet minimum savings requirements as required under their lending policies and procedures even though some will have to present a reasonable business plans.

2.3.1 How Members Secure Loans from their SACCOs

Like other organizations, savings and credit cooperative societies (SACCOs) operate to satisfy the needs of its customers (Mrema, 2011). The customers for savings and

credit cooperative societies are members of that particular society. Members are the stakeholders, owners and, at the same time, main customers. Therefore any officer who deals with these members must ensure that the interests of the members are fulfilled according to their by – laws, rules and regulations hence, members apply for loans. The procedure for loan application adopted from Training for the Management of cooperatives (MATCOM (ILO)) serves as the procedure. In this procedure there are stages through which any application for a loan must follow. The stages are very important to be followed for the success of any SACCOs (Mwakajumilo. 2011). These are as follows;

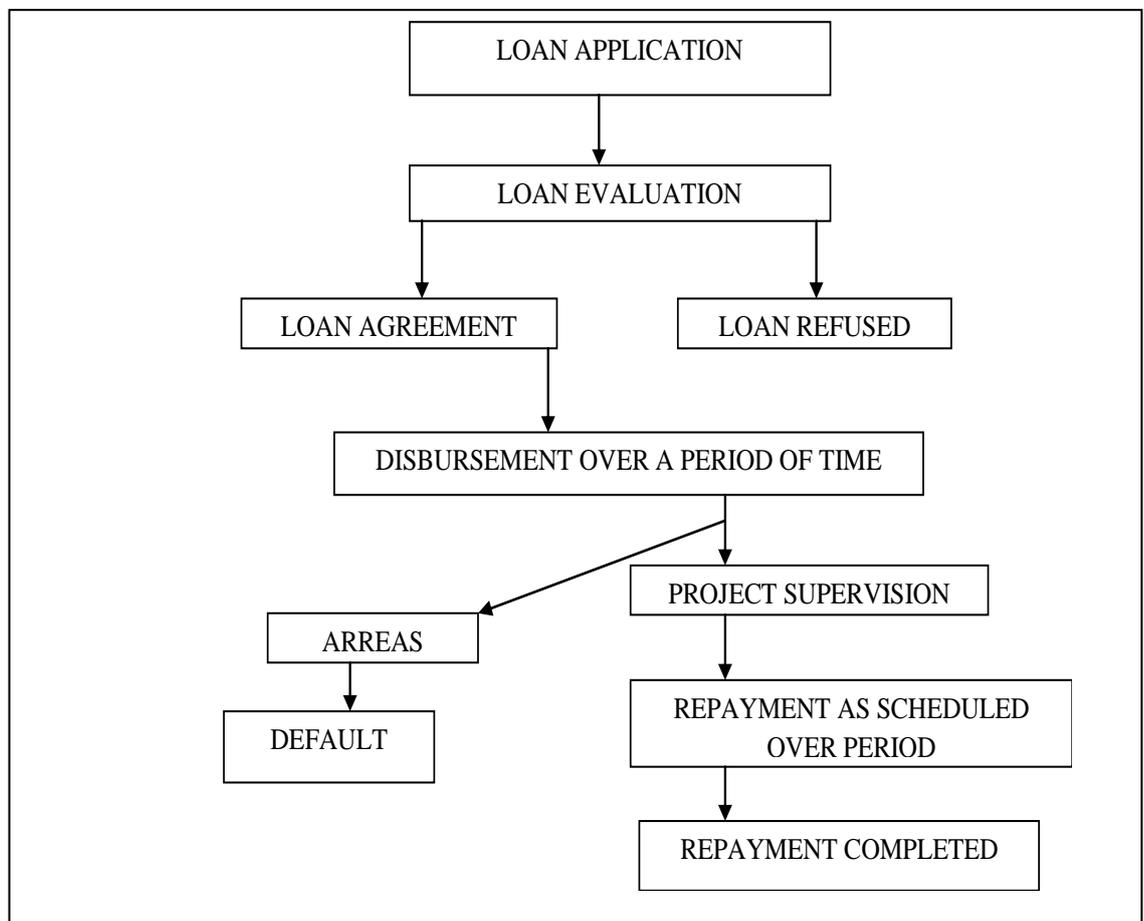


Figure 2.1: Stages of Loan Proposed by MATCOM

Source: MATCOM (ILO): Rural and Credit Scheme, 1985.

The process of insisting complete repayment is emphasized to fulfill all procedures so that at the end, the loan will be paid and make SACCOs grow and fulfill its objectives by mobilizing savings from members and giving credit at affordable interest rates as well as evaluating members on the economic and social utilization of credit (Mrema, 2011).

2.3.2 SACCOs participation in Higher Education Financing

Since 1970, Tanzania has had great experiences in education sector which presents the background to education, reforms and lessons that an educator can learn (Ishengoma, 2007). One of the key objectives of President Nyerere's development strategy for Tanzania, as reflected in the 1967 Arusha Declaration, was ensuring that basic social services were available equitably to all members of society. In the education sector, this goal was translated into the 1974 Universal Primary Education Movement, whose goal was to make education universally available, compulsory, and provided free of cost to users to ensure it reached the poorest where donor financing played a big role (Nyirenda, 2012). In the 1980s, however, the Tanzanian government encountered serious difficulties in financing the social services it had deployed in the 1970s. As the country's terms of trade declined, economic growth and tax revenues declined accordingly. Moreover, whereas donors had been willing to finance much of the capital costs in the social sectors, the recurrent costs of running the resulting infrastructure fell on the government, which, in turn, depended on a declining tax base. Finally, a 3 percent annual population growth during the 1980s led to increased demand for education, placing an additional strain on the sector (Ishengoma, 2007).

Nyirenda (2012) states that contributions by local communities to the running of schools were gradually introduced due to declining resources, the national ethos of self-reliance, and the push by international financial institutions towards “cost-sharing.” The number and amount of the contributions increased progressively throughout the 1980s and, in 1995, a primary school enrolment fee was formally introduced. Simultaneously, throughout the 1980s and 1990s, school enrolment declined due to a combination of rising costs with declining quality of schooling and, possibly, declining returns to education (Arvidson and Nordström, 2006). Further reforms came through the elimination of user fees through participative approach. The process leading to the elimination of user fees on education in Tanzania was the result of “the coming together of many streams to form a river.” These streams were increasing social discontent, civil society organizations’ activism in Tanzania as well the turn-around of the Tanzanian government and the donor community in support of the measure. Here, SACCOs as the engine for the poor to get out of poverty comes in to rescue those members and their children whenever there is a need to finance higher education undertakings. This participative approach has potentials to establish a more learning environment that will allow imparting both knowledge and technology to the youth for a more active participation in the country’s economic growth (Rajan, 2007).

Johnstone (2006) stated that Higher Education is a major engine of national economic growth provider at a personal level, immediate family and at a national level. Other scholars support this assertion including Galabawa (2005) who observes that: *In this case higher education measured in terms of the gross enrolment ratios*

(GER), or in terms of higher education attainment (HEA) i.e. proportion of population with higher education, was found to have a positive effect on the level of economic development. Higher education may create greater tax revenue, increase savings and investment, and lead to a more entrepreneurial and civic society. It can also improve a nation's health, contribute to reduced population growth, improve technology, and strengthen governance (Bloom, 2005). Hence, financing of public higher education in Tanzania is a shared responsibility between the government, students and their parents (through SACCOs loans), communities and external donors (Pillay, 2010).

2.4 Empirical Literature Review

Ishengoma (2004) in his study states that Higher education has increasingly become expensive in terms of tuition, resulting in high rates of attrition students who drop out half way. High cost of accommodation, feeding and transport compel a majority of the students to reside in slums neighbouring the institutions, going without meals which causes some to faint especially during examinations. They buy cheap food from unhygienic places that put their health to risk. They engage in cross generation sex and prostitution as a means of meeting financial demands. This results in disease, unwanted pregnancy, and psychological stress. However, Malekela (2007) states that the financing of higher education remains the major problem of the sector. Institutions get less than 30% of unit costs for each student per year. Because of failing to get the 70%, they cut down on education facilities, quality of staff as well as building and repair of infrastructure. The solution would be raising fees but in many countries, to raise fees is a political issue, particularly in public Institutions and

has often resulted in riots and protest. As the politics of fees rages, institutions continue to rot (Kasozi, 2006). Data collected from the NCHE shows that the fees paid by the privately sponsored students and grants from government for the government-sponsored students is 29% of what would be the actual cost and this has an effect on the quality of higher education (NCHE, 2008).

Pillay (2010) in her study identified the inadequacy of funds provided by the government as constrained by students' ability to buy learning materials such as textbooks and stationery they required for their courses. She continues to state that, one of the 1997 study participants from SUA who was studying for a First Degree in Agriculture (BSC Agriculture General) lamented: *I can not buy books; I can not buy stationery; I cannot afford to make photocopies. I cannot afford to buy any equipment as faculty requirements (I am studying Agriculture General)-Therefore, I try to carefully spend the 34,000/= shillings I get from the government so that I can get all basic needs (Extract of an English translation of a SUA participant's interview, 1997)*. This is the result of cost sharing policy introduced by the government to enable participative higher learning financing which becomes a burden to the poor, but according to Mrema (2011) through SACCOs financing would serve a bit.

On the other hand, Ishengoma (2006) in his thesis on 'Financing Higher Education in Tanzania' proposed the "market model" which seems to have been successful in Kenya's and Uganda's higher education sectors. This means that education institutions need to consider the fact that investment in education institutions is like

any other economic investment and think beyond the box. The market model also advocated by other scholars such as Oketch and Lamptey (2003) stresses the injection of the market principles and market driven approaches into the financing of higher education to make it completely self-financing. While Oketch (2003) views marketing model of financing higher education in terms of financial diversification and partial privatization of public universities; Lamptey (1994) advocates for the adoption of the contemporary marketing concepts of product, price, place and promotion (the 4 P's) in higher education. However, their studies could not establish whether financing partners such as SACCOs could have adequate funds to grant loans to finance higher education.

Malekela (1999) in his study pointed out that access to higher education in Tanzania is influenced by ethnicity, religion, rural/urban diversity, ability and the socio-economic backgrounds among other factors. This implies that the Tanzanian government should not adopt funding strategies that further minimize the representation of the marginalized social groups in higher education. How students should repay the loans they are given for their higher education is an issue of concern worldwide. Aboagye (2007) presented a number of possible approaches and recommended that African governments should consider recovering higher education students' loans through the introduction of a graduate tax (GT) which is practiced in Australia and New Zealand, Botswana and Ethiopia (World Bank, 2003). The World Bank in its study further calls for a specific regulation for recovering higher education students' loans from self-employed graduates. Self-employed graduates could repay their loans as part of a fee they pay when obtaining licenses for their

businesses through the Tanzania Revenue Authority (TRA). The money so recovered from graduate tax (GT) would create a sustainable revolving fund for financing higher education in Tanzania. However, these studies could not examine the impact of loans provided by the government or other financial institutions such as SACCOs in financing higher education.

A World Bank study in 1995 revealed that very poor students have a remote chance of entering higher education institutions as a result of poor flow of deposits and saving facility. This situation has arisen with the introduction of cost sharing and the transition to advanced levels of education is confined largely to the children from advantaged homes because of the high private costs involved (URT 2002). Ironically, despite this acknowledgement, the government continues to grant loans to students enrolled in both public (under government sponsorship) and private universities without rigorous means testing. Furthermore, studies by Ishengoma (2004 and 2006) also revealed that access to higher education in Tanzania is greatly influenced by unacceptable correlates such as socio-economic class, religion, ethnicity and gender without incorporating stakeholders in solving the challenges envisaged. Bloom *et al.*, (2005) also argue that since higher education is a product and service, and can produce both public and private benefits and may create greater tax revenue; higher education can be marketed using an effective marketing mix through opening up dialogue with markets. However, their studies could not explore challenges facing microfinance such as SACCOs in meeting higher education financing to their members.

While there is a positive correlation between participation rates in Higher and Technical education and development according to Carnoy and Castells (1993) and Serageldin (2000) higher and technical education participation rate in Tanzania of 1.3% of the age cohort is one of the lowest in the sub Saharan region where average participation rate is below 5% while that of the many high income countries is well over 60%. The (researchers) Carnoy and Castells (1993) and Serageldin (2000) state in their study that higher education is repeatedly positioned by the international community as a central site for facilitating the skills, knowledge and expertise that are essential to economic and social development in low-income countries (Roberts, 2005; UNESCO, 1998; World Bank, 2002; Bloom *et al*, 2005; Commission for Africa, 2005). However, globally, there are concerns about who gains access to higher education and whether some socio-economic groups are persistently marginalised (World Bank, 2002).

Africa is a continent with 54 countries and over 700 million people, but with only around 300 universities (Teferra and Altbach, 2004). Those who have access to higher education represented less than three per cent of the eligible age group in the early part of this millennium (Teferra and Altbach, 2004); a recent estimate is 5 per cent (UNESCO, 2006). Studies by Malekela (1999) and Mkanula (2003) focused on disadvantaged groups to higher education. Malekela (1999) analysed students' registration forms at the University of Dar es Salaam and observed that more students came from privileged regions which had a Christian missionary influence, like Kilimanjaro, Mbeya and Kagera. This advantage, however, did not reflect the representation of Catholic nuns in higher education, as observed by Kweka (2005)

who contended that their low participation in higher education was due to the prevalence of patriarchal tradition within the Catholic Church establishment whereby nuns had to observe the docility and ‘behind the public roles’ expected of them within the institution of the church. However, the enhancement of loan policy and procedures to those who were complying to was still questionable.

Mkanula (2003) on the other hand, researched the plight of students with disabilities at the University of Dar es Salaam and revealed that there is no policy in the Ministry of Higher Education Science and Technology to guide practice. She also noted that resource constraints in providing the necessary equipment and other support services to students with special educational needs remain a major setback and the way these disabled students to access loans was perceived to be complicated. Therefore, it is important to note that almost all the studies documented in this chapter were small-scale and qualitative in nature and many are unpublished. Although they are not conclusive and generalisable, they provide some valuable lessons and contribute to our general understanding of what has already been the challenges experienced in higher learning financing while widening participation in higher education and the research gap.

2.5 Research Gap

Although the above literatures provide the evidences for the need for private sector SACCOs being among them to finance higher learning; reforms in Tanzania came through the elimination of user fees through participative approach. The process leading to the elimination of user fees on education in Tanzania was the result of “the

coming together of many streams to form a river.” These streams were increasing social discontent, civil society organizations’ activism in Tanzania as well the turn-around of the Tanzanian government and the donor community in support of the measure. Therefore, SACCOs as the engine for the poor to get out of poverty comes in to rescue those members and their children whenever there is a need to finance higher education undertakings. However, studies could not explore vividly the need for SACCOs in meeting higher education financing to their members.

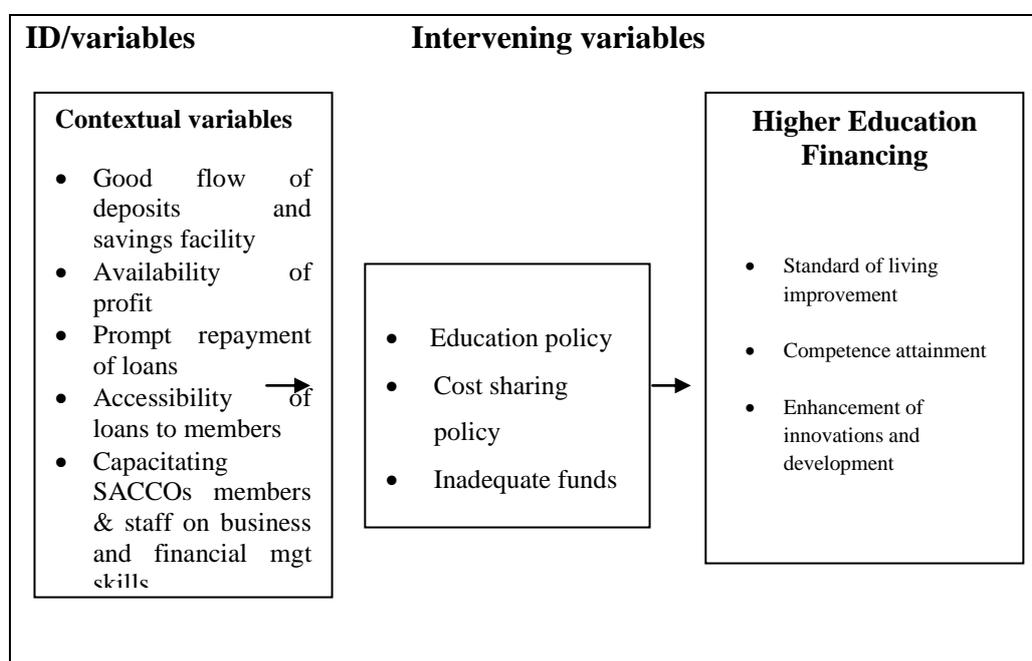


Figure 2.2: Conceptual Framework Model

Source: Researcher’s modelling, 2014

2.6 Summary

This chapter has discussed how SACCOs would finance higher learning education of members and their dependants as financing of public higher education in Tanzania is a shared responsibility between the government, students and their parents (through

SACCOs loans), communities and external donors. Moreover, empirical review state that higher education may create greater tax revenue, increase savings and investment, and lead to a more entrepreneurial and civic society. Yet, it can also improve a nation's health, contribute to reduced population growth, improve technology, and strengthen governance.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

Research methodology provides a planned and systematic approach of investigation that denotes the detail framework of the unit of analysis, data gathering techniques, sampling procedures, interpretation strategy and the analysis plan. This methodology covers the following sections namely; study area; research design; population and sample size; sampling techniques; data collection tools and data analysis techniques.

3.2 Study area

The study was conducted in Morogoro municipality where Morogoro Teachers' SACCOs is situated. Morogoro Teachers' SACCOs was established in 2003, with 178 founder members who were teachers both from primary and secondary school. Since its establishment the membership base has grown to 245 members. It is located in Morogoro municipality. Morogoro Municipal Council is one of the local government councils in Morogoro region. The municipality lies between 07° 00' and 10° 00'south and between 37° 40' and 38° 22' east at the central part of the Uluguru Mountains. It covers an area of 531 square kilometres. It is bordered by Handeni to the North, Morogoro Rural district to the East, Mvomero district to the North West and South West. In the South it is bordered by the Uluguru Mountains (URT, 2007).

Morogoro Teachers' SACCOs has been selected due to little capital it possesses and high demand for loans from members whereby; the demand and supply sides seem not to balance although the need is higher. It is from this background that this study assessed the need for Morogoro Teachers' SACCOs in participating in financing higher education to its members.

3.3 Research design

A research design is a systematic plan to study a scientific problem (Sekaran, 2003). There are different research designs according to Mugenda and Mugenda (1999) such as case study; casual, cohort, cross-sectional, descriptive, experimental, exploratory, historical and longitudinal research design. Moreover, case study research design was employed in this investigation because of time and cost considerations. Case study involves collecting empirical data, generally from only one or a small number of cases. It usually provides rich details about those cases of a predominantly qualitative nature (Bryman, 2004). The research design was allocated with exploratory approaches (going into the roots of the problem and coming out with relevant answers) and inductive (exploring issues from small cases to large cases) to seek for new insight by asking questions and assessing the phenomena in a new light.

3.4 Population and sample size

3.4.1 Population targeted

The population for the study comprised of 345 Morogoro Teachers' SACCOs management and members as well as students from Sokoine University of Agriculture who have been supported by the SACCOs through their parents (who are members of the said SACCOs).

3.4.2 Sample size

From the above population, the sample size included 65 respondents with equal representation of male and female. However, Cooper and Schindler (2008) argued that, for any valid and reliable study to be carried, its sample size shouldn't be less than 15% of its population. As it stands, the sample size is 18.8% of the population; hence fulfilling their argumentations. Table 3.1 shows the distribution of respondents.

Table 3.1: Population and sample size

S/N	Category	Population	Sample size
1	Morogoro Teachers' SACCOs members	245	35
2	Students from SUA (beneficiaries of the SACCOs)	90	25
3	Morogoro Teachers' SACCOs management	10	5
	Total	345	65

Source: Research data, 2014

3.5 Sampling techniques

The study used two sampling procedures namely; snow ball/referral sampling (identifying subjects who meet the criteria) and purposive sampling.

3.5.1 Snow ball/referral sampling

This method was utilized as each respondent was identified and only those who met the criteria were selected (i.e. those who have accessed loans). Therefore, the reason behind its justification is that the first respondents who accessed the loan helped the researcher to identify others whom they knew did the same until the researcher collected sufficient data from them (Bailey, 1989).

3.5.2 Purposive sampling

This method was used as it is a non-random sampling procedure in which personal experience of the respondent (lending/borrowing) was considered to be key derived from the position one held or the roles s/he played in relation to a particular activity (Ball, 1981). Thus respondents were selected purposively in order to attain the above objectives.

3.6 Data collection tools

3.5.1 Kinds of data collection tools

Data collection tools used to collect primary data involved interviews and questionnaires.

a) Interviews

The interviews were carried to Morogoro Teachers' SACCOs management in order to solicit information regarding loan accessibility and use. The interview tool unveiled from these respondents' views/opinions regarding the matter (Appendix 2). Yin (2003) affirms that the interview tool is very important source of getting information and it is helpful in handling case study related matters as the research design indicates.

b) Questionnaires

Questionnaires were given to Morogoro Teachers' SACCOs members and SUA students (as beneficiaries of loan) to unveil information regarding loans. These complemented and supplemented information obtained under interview (Appendix 1). The reason was to obtain consistency of responses to the questions asked in repeated measurements (Carmines and Zeller, 1979)

3.6.2 Other data collection tools

The researcher used documentary review in order to access accurate and reliable data regarding the need for SACCOs participation in higher education financing. Documentary review comprised of personal profiles, guidelines and directives (from the SACCOs), policies and regulations (regarding loan disbursements), books and journals (used as literatures).

3.7 Data analysis techniques

Data collected were analysed both qualitatively and quantitatively. These were summarized, coded and analyzed descriptively by Statistical Package for Social Science (SPSS). Descriptive statistics were applied to obtain frequency and percentage distribution as major variables.

Qualitative data from interviews were analyzed using content analysis focusing observer impressions. Content analysis involved recording the verbal discussions with respondents followed by breaking the recorded information into meaningful smallest units of information, subjects and tendencies and presented them as text. However, coding which is an interpretive technique that seeks to both organize the data and provide a means to introduce the interpretations of it into certain quantitative methods were employed along with Hermeneutical Analysis which serves on interpreting the meaning of the context.

3.8 Summary

This chapter presented research methodologies used by the researcher in this study. It covers the study area, research design, population and sample size used, sampling techniques, data collection methods and data analysis techniques.

CHAPTER FOUR

4.0 RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the results and discusses the findings arising from the assessment of the need for Morogoro Teachers' SACCOs to participate in Higher Education financing for its members. It is presented and discussed under four parts; the first part focuses the demographic characteristics of respondents, the second part examines the financial status of SACCOs for adequate provision of loans to members, the third part establishes the prerequisites for the SACCOs to enable its members finance higher education and the fourth part explores sustainable strategies for the SACCOs in meeting higher education financing for its members.

4.2 Demographic characteristics of the respondents

The demographic characteristics of the respondents covered included; age, gender, occupation, level of education, number of children, number of dependants and number of children in higher learning institutions. These are presented in Table 4.1 as follows.

Table 4.1: Demographic Characteristics

Characteristics	Frequency	Percentage
Age		
18-25	27	41.5
26-33	19	29.2
34-41	10	15.4
42-49	07	10.7
>50	02	03.2
Gender		
Male	27	41.5
Female	38	58.5
Occupation		
Teacher	35	53.8
Student	25	38.5
SACCOs employee	05	07.7
Level of education		
Secondary	08	12.3
Certificate	17	26.1
Diploma	25	38.5
Degree	15	23.1
Number of children		
0-3	41	63.1
3-6	21	32.3
7 and above	03	04.6
Number of dependants		
0-2	22	62.8
3-5	12	34.4
6 and above	01	02.8
Number of children in higher learning institutions		
1-2	18	51.5
3-4	17	58.5
5 and above	Nil	Nil

Source: Research data, 2014

Age Distribution

Table 4.1 shows the age distribution of the respondents. The age distribution between 18 and 25 years was 41.5%, 26 and 33 years was 29.2%, 34 and 41 years

was 15.4%, 42 and 49 was 10.7% and those with 50 years and above were 03.2%. However, those who were between 18 to 49 argued that the financial status for the SACCOs is not adequate to accommodate all members in need at a time thus, proposing and insisting prompt repayment of loans to enable other members to access funds in time; while those who were 50 years and above of age argued for the need to access capital from commercial banks in order to boost the SACCOs something that may lead members to adequately obtain loans as needed for the purpose of financing their children in higher education.

a) Gender Distribution

Table 4.1 shows that out of 65 respondents, 41.5% were male and 58.5% were females. Men respondents were in opinion that for the SACCOs to attain its goals, avoiding loan delinquency must be emphasized to make the SACCOs able to serve its members while utilizing the earnings and profitability of the SACCOs as future investment that could be utilized as collaterals in commercial banks. On the other hand, women respondents were in opinion on enhancing internal financial controls and processes that focus on budget projections based on SACCOs requirements.

b) Occupation Distribution

Table 4.1 shows that; 53.8% of respondents were teachers, 38.5% of respondents were students and 7.7% were SACCOs employees who served as both administrators and management. Teachers (for primary and secondary school) were in opinion that although the SACCOs financial status was a bit able to provide funds to members, priorities for borrowers were questionable as others could not

utilize the loans accessed for the purpose sought for something that leads to loan delinquency. On the part of students served as beneficiaries from their parents; their opinions were based on how to enable members to access the loan and utilize it for paying fees and if possible to diversify the loan into income generating activities. Hence capacitating SACCOs members and staff on business and financial management skills. However, SACCOs employees were in opinion of suggesting the need for having a special fund for financing higher leaning both for the members and dependants as well.

c) Level of education distribution

The results in Table 4.1 indicated that 12.3% of the respondents had secondary education, 26.1% had attained certificate education 38.5% had attained diploma and 23.1% had attained higher education (degree and above). Education of respondents played a vital role regarding the assessment of the need for SACCOs participation on higher education financing. While those who had attained secondary, certificate and diploma education pointed out the revision of SACCOs policy to carter for a good number of members who could increase the capital from their deposits as to accommodate the demand and supply of loans. Moreover, those with degree or higher education pointed out the enhancement of good flow of deposits and savings facility to enable members in need to access loans without delays.

d) Number of children distribution

The results in Table 4.1 show that 63.1% of respondents had 0 to 3 children, 32.3% had 3 to 6 children and 04.6% had 7 and above children. Those with more than 3

children were in opinion of seeking for more considerations when their claims are tabled in order to finance their children in view of finding ways of incorporating the beneficiaries once they complete their schooling. Yet, those with less than 3 children could point out the need to diversify the SACCOs capital to the capital markets in order to sell shares for those in need to increase the SACCOs capital base in the future.

e) Number of dependants distribution

The results in Table 4.1 show that 62.8% of respondents had 0 to 2 dependants, 34.4% had 3 to 5 dependants and 2.8% had 6 and above dependants. It was envisaged that the more dependants a member had in higher learning institutions the more possibility of securing funds to finance the children.

f) Number of children in higher learning institution

The results in Table 4.1 show that 51.5% of respondents had 1 to 2 children, 48.5% had 3 to 4 children and there was no respondent with 5 and above children in higher learning institution.

4.3 Financial status of Morogoro Teachers SACCOs to provide loans to members

The first objective of this study was to examine the financial status of Morogoro Teachers' SACCOs for adequacy provision of loans to members. The questionnaires were distributed and the respondents were interviewed so as to obtain information on the financial status of the organisation. The respondents were asked questions to identify the issues related to the matter which enabled the

analysis in terms of agreement or disagreement. Table 4.2 summarises the information.

Table 4.2: Financial status of SACCOs

Status	Percentage %	
	Agree	Disagree
The SACCOs has adequate funds for members	85	15
Members' own contributions and shares serve a lot to finance members	80	20
The interest charged from members' loans boost SACCOs funds	75	25
Members who seek for loans use the loans adequately and repay promptly	85	15
The SACCOs is rarely falling into loan delinquency	80	20
The SACCOs has a good flow of deposits and savings facility	89	11
SACCOs capital base has been enhanced	80	20
The SACCOs has been showing profitability since its commencement	90	10
When funds become unavailable, the SACCOs searches for loans from financial institutions	90	10

Source: Research data, 2014

The results in Table 4.2 indicate that the majority of respondents were in agreement with the financial status possessed by the SACCOs as to serve its members; while the minority of respondents disagreed as indicated in the table.

Specifically, the results in Table 4.2 indicate that 75% of respondents argued that the interest charged from members' loans boost SACCOs funds. This interest goes as far as 5% of the loan taken by the borrower/member that need to be payable. Likewise, 80% of respondents reported that members' own contributions and shares serve a lot to finance members and SACCOs capital base has been enhanced through incorporating strict repayment procedures that has enabled the SACCOs to rarely fall into loan delinquency. The financial status of SACCOs was enriched by the statement from the SACCOs chairperson that;

“The number of members has been increasing since its commencement and we receive voluntary contributions from various stakeholders such as donors, members of parliament and NGOs that are ready to assist our members towards poverty reduction. Although, their contributions may be inadequate to support all members' needs, to some extent these contributions help a lot. Also, members are free to add more shares at any time something that has contributed to the enhancement of SACCOs capital base and enabled financing those with children in higher learning institutions”.

In addition, 85% of respondents were in opinion that the SACCOs makes sure that it has adequate funds for members and members who seek for loans use the loans adequately and repay promptly. This emphasis helps and assures members of the possibility to access loans whenever his/her loan has been properly repaid as stated by the respondents.

“All processes, decisions and relevant information are transparent, and accessible to all those concerned. Governance organs hold regular

meetings to direct the SACCOs affairs. In this respect, the Board/Committee and its Sub-Committees meet at least once a month, while the General Meeting be held at least once a year and in any case not later than 3 months following the close of the SACCOs financial year. For issues that require special resolution, like changing by-laws, all members get invited. Similarly, the Supervisory/Audit Committee meet regularly to provide effective supervision of the SACCOs operations and general business.

However, different organs and officials endeavour to reach consensus on all matters critical to the SACCOs operations. This has been achieved through a participatory approach, transparent systems and operations, and full accountability to the members. People in power are open to differing view points”.

Along with that, follow-ups have been made while financial and business management skills being provided to enable members utilize well the loans accessed. Those who get into problems are obliged to present their claims to the management and the management scrutinizes them and advises whenever required.

One respondent stated that;

“Members’ participation is essential for effective and efficient governance and management. All members have a voice in the decision-making process either directly, or through the organs that represent them. Such

participation shall be free of intimidation, duress or undue influence. This is our policy and it should be maintained”.

Furthermore, 89% of respondents reported that the SACCOs has a good flow of deposits and savings facility that enable members access loans at the right time. This promising flow has enabled members to participate into higher learning financing for their children something that would become a burden to the poor to accommodate as supported by Mrema (2011). Furthermore, 90% of the respondents stated that the SACCOs has been showing profitability since its commencement as it has raised its members from 107 to 205 at present and when funds become unavailable, the SACCOs searches for long term loans from financial institutions such as CRDB Bank PLC to boost its capacity to serve its members.

“The SACCOs governance organs have policies, processes and procedures that produce results that meet the needs of members. Hence, the SACCOs resources are used efficiently”.

It is through mobilization of funds the SACCOs offer the following services to its Members:

- i) Loans
- ii) Deposit & Savings facility
- iii) Front Office Services
- iv) Cheque Clearing Services

The most common product offered throughout the SACCOs fraternity is the Credit and Loan services. Many of the Institutions have no Institutional capacity or capital base to offer other services. The main categories of loans offered are as follows:

- i. Development loans*
- ii. School fees loans*
- iii. Emergency loans*
- iv. Rural / agricultural loans*
- v. Normal loans*
- vi. Special loans*
- vii. Welfare loans*
- viii. Working capital loans*
- ix. Capital development loans*

Depending on what kind of loan a member is applying for, it varies in size and period of payment. The loan interest varies from 10% to 18% p.a. across the SACCOs with payment periods ranging from 5 months to 36 months. Once a member applies for a loan approval is ideally supposed to take between 14 to 30 days but this is not always the case because of cash liquidity problems that makes them take longer.

One of the SACCOs management commented as follows;

“With a long term loans accessed from CRDB Bank in 2013 (150 million), members have been able to access loans that have enabled them finance their income generating projects, among them higher education financing. It is our pride that 64 members have financed their children in higher learning institutions such as Sokoine University of Agriculture, University of Dar es Salaam and Mzumbe University”.

In general, the results show that Morogoro Teachers' SACCOs possesses a good financial status as reported by respondents. It is of pride that since its commencement with a capital of Tsh 90 million; at present its capital and shares have elevated to Tsh 320 million at the year ending 2013. More members from both primary and secondary school teachers residing in Morogoro municipality are enrolling to the SACCOs thus, increasing its capital base. The policy put forward in 2012 for financing higher education of members and their dependants has become fruitful to beneficiaries as shown. The challenge remains on how to enable the SACCOs put aside a certain percentage from its profit to contribute to education fund.

4.4 Preliquisites for Morogoro Teachers SACCOs to enable members finance higher education

The second objective of the study was to establish the preliquisites for Morogoro Teachers' SACCOs to enable its members finance higher education. In lieu of this the questionnaires were distributed and respondents were interviewed which enabled the analysis to be done. Table 4.3 provides the information.

Table 4.3: Preliquisites to enable higher education financing

Preliquisites	Percentage %	
	Agree	Disagree
Accessibility of loans	83	17
Prompt repayment of loans from members	90	10
Earnings and profitability of SACCOs	85	15
Enhancing liquidity	80	20
Enhancing asset quality	75	25
Capital adequacy	83	17

Source: Research data, 2014

The results in Table 4.3 indicate that the majority of respondents were in agreement with the preliquisites to enable members finance higher education; while the minority of respondents disagreed as indicated in the table.

Specifically, the results in Table 4.3 indicate that 75% of respondents argued for enhancing asset equity for the SACCOs through increasing the membership base and strengthening internal control systems. Moreover, 80% of respondents argued for the enhancement of liquidity of the SACCOs for the assurance of debt repayment that can enable SACCOs to easily access loans from commercial banks. In addition, 83% of respondents argued for the capital adequacy that can result into accessibility of loans to its members through leveraging whereby the SACCOs may borrow for financing needs in order to minimize the capital investment and maximize the return on investment as argued by Bloom (2005).

One respondent stated that;

“The SACCOs mandate is mainly to pool together members’ resources and extend credit facilities to them. The SACCOs can also invest in shares of financial institutions and apex bodies in the Co-operative movement, property and any other legal business. It is however important to note that provision of credit facilities to members takes precedent over any other investment destination.

Furthermore, 85% of respondents argued for enhancing earnings and profitability of SACCOs to enable the generation of a return on its resources while 90% of respondents argued for prompt repayment of loans from members in order to enable higher education financing of members’ dependants and rendering them to get rid of students’ dismissal risk if the required amount of funds to be paid to members’ dependants is unpaid. One of the respondents stated that;

“Clients want products that match their needs. They want products that are flexible enough to respond to the varied requirements of their different business situations. Also, the SACCOs has to handle members in a more professional manner and develop expertise in areas such as product development, financial management, customer care and marketing”.

This is in line with Rajan (2007) who contended that abolition of school fees is not always a result of free education as the cost sharing policy of 1999 stipulates the need to share the costs among stakeholders.

In general, the results show that in order for the SACCOs to enable its members finance higher education; capital adequacy, prompt repayment of loans,

enhancement of asset quality and liquidity as well as earnings and profitability of the SACCOs are vital to enable members access loans without obstacles. This was evident as reflected from respondents of the study.

4.5 Strategies for Morogoro Teachers SACCOs in meeting higher education financing to members

The third objective was to explore sustainable strategies for Morogoro Teachers' SACCOs in meeting higher education financing for its members. Questionnaires and interview schedule were used to answer the third question. Table 4.4 shows the results.

Table 4.4: Strategies in meeting higher education financing

Strategy	Percentage %	
	Agree	Disagree
Demonstrating and enhancing financial strengths for the betterment of SACCOs	87	13
Avoiding loan delinquency	91	09
Identifying priorities to improve SACCOs financial strengths and controls	90	10
Access to reliable capital from commercial banks	85	15
Enhancing internal financial controls and processes	82	18
Adhering to budget projections based on SACCOs requirements	80	20
Intermediating between savers and borrowers while channelling savings into investment via debt and equity instruments	75	25
Enhancing SACCOs cooperation with other financial institutions	80	20
Capacitating SACCOs members and staff on business and financial management skills	82	18
Putting and enhancing loan policy on higher education financing and procedures	87	13

Source: Research data, 2014

The results in Table 4.4 indicate that the majority of respondents were in agreement with the strategies proposed by respondents for the SACCOs in order to meet higher education financing of its members; while the minority of respondents being in disagreement as indicated above.

Specifically, the results in Table 4.4 indicate that 75% of respondents reported that there is a need for intermediating between savers and borrowers while channelling savings into investment via debt and equity instruments as strategies to meet higher education financing for its member. Moreover, 80% of respondents argued for adhering to budget projections based on SACCOs requirements and enhancing SACCOs cooperation with other financial institutions that may if needed support through capital enhancement that would result into members accessing loans. This affirmation is supported by Yizengaw (2008) that good budget implementation and cooperation with financial institutions have impact on members' ability to access loans.

On the other hand, 82% of respondents argued for capacitating SACCOs members and staff on business and financial management skills that facilitate their business undertakings and enhancing internal financial controls and processes to enable the SACCOs attain its goals. One of the respondents stated that;

“Provision of good quality and timely service is paramount. The SACCOs must improve on service delivery by addressing members needs such as availing credit and/ or refunds when needed. Improvement in service delivery can further be enhanced by improving on membership records,

proper accounting and deployment of a working management information system as well as by enhancing customer care through training and establishment of a customer feedback mechanism”.

This needs to go hand in hand with the possibility of revising loan policy to cater for a good number of people apart from primary and secondary school teachers. Likewise, 85% of respondents argued for enhancing the possibility to access reliable capital from commercial banks in order to serve members’ needs. One of the management members had the following to here mark;

“The success of the SACCOs depends on growing the membership numbers. All the other growth fundamentals are dependent on quality membership i.e. members willing to effectively patronize the SACCOs products and services in a manner that will lead to a sustainable increase in income. This will be achieved through an aggressive recruitment drives and improvement in service delivery”.

However, 87% of respondents were in opinion of demonstrating and enhancing financial strengths for the betterment of SACCOs and putting, enhancing loan policy on higher education financing and procedures as strategies to meet higher education financing as supported by Bloom (2005) that with alternative means of supporting higher education among youths, the country would be in position to create a great tax revenue, increase savings and investment that may lead to more entrepreneurial and civil society when these beneficiaries accomplish their cycles of learning. Yet, 90% of respondents suggested the need to identify priorities to

improve SACCOs financial strengths and controls while 91% of respondents urging the SACCOs to avoid loan delinquency in order to serve members well.

In general, avoiding loan delinquency, putting priorities to improve the SACCOs financial strengths and enhancing the possibility of accessing loans from commercial banks were viable strategies for the SACCOs to properly serve its members. However, provision of training on business and financial management skills while adhering to budget projections and channelling savings into investment via debt and equity instruments become strategies to meet higher education financing for SACCOs members. These are implemented when all stakeholders team up for the purpose of raising the income of the needy as reflected from the study.

4.6 Summary

The chapter presented the major findings of the study that indicated that it is of pride that since SACCOs commencement with a capital of Tsh 90 million; capital and shares have elevated to Tsh 320 million at the year ending 2013. More members from both primary and secondary school teachers are enrolling to the SACCOs thus, increasing its capital base. It was also found that to enable its members finance higher education; capital adequacy, prompt repayment of loans, enhancement of asset quality and liquidity as well as earnings and profitability of the SACCOs are vital to enable members access loans without obstacles. Moreover, provision of training on business and financial management skills and adhering to budget projections become strategies to meet higher education financing.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary, conclusion and recommendations, policy implications and a need for further research. It starts with the summary, follows conclusion, recommendations, policy implications and a need for further research is given.

5.2 Summary

The study assessed the need for SACCOs participation in higher education financing in Tanzania with reference to Morogoro Teachers SACCOs whereby, it was found that Morogoro Teachers' SACCOs has good financial status that enables its members to finance higher education for their children and dependants. This was reported by respondents that the SACCOs capital base has been enhanced through the incorporation of strict repayment procedures that has enabled the SACCOs to rarely fall into loan delinquency. Additionally, the SACCOs makes sure that it has adequate funds for members, and members who seek for loans use the loans adequately and repay promptly. This emphasis helped and assured members the possibility of accessing loans whenever repayment is completed. Moreover, the preliquisites for Morogoro Teachers' SACCOs to enable higher education financing to members included; capital adequacy, enhancement of asset quality and liquidity while emphasizing prompt repayment of loans from members. Furthermore, the

exploration of strategies that would enable the SACCOs meet its obligations came out with the strategies such as avoiding loan delinquency, accessing reliable capital from commercial banks, enhancement of internal financial controls and processes, capacitating SACCOs members and staff on business and financial management skills while adhering to budget projections and channelling savings into investment via debt and equity instruments. Yet, respondents showed the need for the SACCOs to enhance a policy to support higher learning education pertaining their members and dependants. In lieu of this, respondents suggested the need for SACCOs to contribute to education fund from its income.

5.3 Conclusion

Based on the empirical findings regarding the objectives of the study it is concluded that Morogoro Teachers' SACCOs possesses a good financial status as reported by respondents. It is of pride that since its commencement with a capital of Tsh 90 million; at present its capital and shares have elevated to Tsh 320 million for the year ending 2013. More members from both primary and secondary school teachers residing in Morogoro municipality are enrolling to the SACCOs thus, increasing its capital base. The policy put forward by the SACCOs in 2012 for financing higher education of members and their dependants has become fruitful to beneficiaries as shown. The challenge remains on how to enable the SACCOs put aside a certain percentage from its profit to contribute to education fund.

On the other hand, in order for the SACCOs to enable its members finance higher education; the need for capital adequacy, prompt repayment of loans, enhancement

of asset quality and liquidity as well as earnings and profitability of the SACCOs are vital to enable members access loans without obstacles. This was evident as reflected from respondents of the study. Finally, it was emphasized by respondents that avoiding loan delinquency, putting priorities to improve the SACCOs financial strengths while enhancing the possibility of accessing loans from commercial banks would be viable strategies for the SACCOs to properly serve its members. These would be successfully implemented when all stakeholders team up for the purpose of raising the income of the needy as reflected from the study.

The study has shown that teaching people how to create an asset that helps them to have a guarantee and collateral for future loan access brings savers and borrowers together in a system that enables them to pool their money as savings and shares, and after capturing funds transforming into loans by calculating all of the costs of doing business to make profitable/useful to both parties. The study also showed that there was a significant increase in business capital to members after joining SACCOs rather than before in that it led to improvements in members' income and wealth accumulation.

5.4 Recommendations

In light of the above findings, the following are the recommendations;

- a) The financial stability need to be maintained through the enhancement of good flow of deposits, savings and repayment arrangements to enable the SACCOs serve its members.

- b) The management should ensure that loan delinquency is always avoided for the smooth serving of members as to facilitate those served enhance innovations and development
- c) There is a need to continuously review the SACCOs policy on members' financing as to cater for a large number of members from non-teachers. This would raise the capital base but also serve a good amount of people in the municipality.

5.5 Policy implication

There is a need for revising Morogoro Teachers' SACCOs lending policy to support fully higher education learning both for its members and dependants while having a cap on left to support the education fund. However, at policy level it should be realized that higher education is not cheap and therefore give it more resources. Also, the Government should devise means of strengthening capacity of universities to come up with solutions to the problems facing society today.

5.6 Further research

The study assessed the need for SACCOs participation in higher education financing for Morogoro Teachers SACCOs. It is advised that further studies be done on the following issues.

- i) The strategies for enhancing higher education financing by Morogoro Teachers' SACCOs.
- ii) Commitment of SACCOs staff and members in minimizing challenges regarding higher education financing.

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APPENDICES

Appendix 1: Questionnaires for SACCOs members

Topic: Assessing the Need for SACCOs participation in Higher Education

Financing in Tanzania: A case study of Morogoro Teachers' SACCOs

PART A: Demographic characteristics

1. Age in years (*tick where appropriate*)

(a) 18 – 25 ()

(b) 26 – 33 ()

(c) 34 – 41 ()

(d) 42-49 ()

(e) >50 ()

2. Sex: (a) Male () (b) Female ()

3. Occupation: (a) Teacher () (b) Student () (c) SACCOs employee ()

4. Level of education

(a) Secondary () (b) Certificate () (c) Diploma () (d) Degree ()

5. Number of children

(a) 0-3 () (b) 3-6 () (c) 7 and above ()

6. Number of dependants

(a) 0-2 () (b) 3-5 () (c) 6 and above ()

7. Number of children in higher learning institutions

(a) 1-2 () (b) 3-4 () (c) 5 and above ()

PART B: Financial status for Morogoro Teachers' SACCOs for provision of loans to members

SACCOs INFORMATION & ACTIVITIES

1. When did the SACCOs start?

Date month..... Year

2. With how many members both Men and Women together with their trends up to year 2013? Number of Men..... Women.....

3. Why did you decide to establish this SACCOs? Explain.....

4. Where are the SACCOs members located?.....

5. Do you provide services to the members and Non-members if you have any?

a) Yes ()

Explain why

b) No. ()

Explain why

6. What is the main function of your SACCOs?

Explain.....

7. Do you face any loan delinquency:

(a) Yes () why and give reasons.

(b) No () why and give reasons.....

8. Do you have any other packages apart from those known to members as deposit, share and savings?

(a) Yes () Explain

(b) No. ()

11. Do you plan to introduce new packages?

(a) Yes () Explain

(b) No () Explain why.....

12. In your opinion how do you view SACCOs efforts in higher education financing?

(specify).....

13. Does your collection match with your members' demands for loans?

a) Yes ()

b) No () If No, please explain.....

14. Do you conduct training to both members and staff?

a) Yes ()

b) No ()If No please explain.....

15. Are loan contract and credit policies agreed by all stakeholders?

a) Yes ()

b) No ()

16. What type of loans is requested most?

a) Productive/higher education financing loans ()

b) Consumer loans ()Please explain.....

17. Sources of funds and financial status for granting loans to members (Tick where appropriate)

Statements	Yes	No
Sources of funds		
a) Members own contributions and shares		
b) Interests from members' loans		
c) Support (loans) from financial institutions eg CRDB Bank		
Are the sources of funds enough or adequate?		
Do members utilize loans for income generating activities?		
Do members utilize loans for non-income generating activities?		
Adequate income		
Availability of profits		
Good flow of deposits and savings facility		
Capital base		

PART C: Prelquisites for Morogoro Teachers' SACCOs to enable higher education financing

Do you think that these are among the preliquisites for the SACCOs to enable financing of loans?

Statement	Yes	No
Accessibility of loans		
Prompt repayment of loans from members		
Earnings and profitability of SACCOs		
Enhancing liquidity		
Enhancing asset quality		
Capital adequacy		

PART D: Strategies for Morogoro Teachers' SACCOs in meeting higher education financing to its members

3. Please indicate your agreement or disagreement regarding these strategies as follows; 1) SA=Strongly Agree 2) A=Agree 3) U=Uncertain 4) D=Disagree 5) SD=Strongly Disagree.

Strategies	Choice				
	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Demonstrating and enhancing financial strengths for the betterment of SACCOs					
Avoiding loan delinquency					
Identifying priorities to improve SACCOs financial strengths and controls					
Access to reliable capital from commercial banks					
Enhancing internal financial controls and processes					
Adhering to budget projections based on SACCOs requirements					
Intermediating between savers and borrowers while channeling savings into investment via debt and equity instruments					
Enhancing SACCOs cooperation with other financial institutions					
Capacitating SACCOs members and staff on business and financial management skills					
Putting and enhancing loan policy and procedures					

What other strategies would you put in meeting higher education financing? (specify)

1).....2).....

3).....4).....

Appendix 2: Interview Guide questions for SACCOs management

i) Does Morogoro Teachers' SACCOs have adequate finance to provide loans to members?

ii) Do you have a good flow of deposits and savings facility?

iii) What are the preliquisites for Morogoro Teachers' SACCOs that may enable its members finance higher education?

iv) Do members repay loans promptly without delays?

v) What sustainable strategies would be put forward by Morogoro Teachers' SACCOs to meet higher education financing for its members?

vi) Do you plan to have loan policy and procedures relevant for the SACCOs?