

**REDUCING ECONOMIC HARDSHIP FOR YOUTH AND  
WOMEN THROUGH VILLAGE COMMUNITY BANKS (VICOBA) GROUPS  
A CASE STUDY OF SEGEREA WARD**

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

**2014**

**CERTIFICATION**

The undersigned certifies that has read and hereby recommend for the acceptance by the Open University of Tanzania (OUT) a project entitled, “Reducing Economic Hardship for Youth and Women through Village Community Banks (VICOBA): A Case of Segerea Ward” in partial fulfilment of the requirements for the degree of Master of Community Economic Development of the Open University of Tanzania.

.....

Dr, W. Pallangyo

(Supervisor)

.....

Date

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## DECLARATION

I, **Violeth Kilian Massawe**, do hereby declare that this CED project report is my own original work and that it has not been presented and will not be presented to any other university for similar or any other degree award.

.....

Signature

.....

Date

## **DEDICATION**

This work is dedicated to my dearest parents Mr. Kilian M. Massawe and Ms. Mary A. Mlay for their parental care and support towards my education. Special dedication is to my lovely husband, Novatus Massao, my son Navon and my sisters for their encouragement and support throughout the studies.

## **ACKNOWLEDGEMENT**

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

To mention few; I would like to recognise the intellectual guidance, input and guideline provided by my supervisor, Dr. W. Pallangyo. His contribution has always been very useful to make my project meet the CED program standards.

I would also like to convey my special thanks to the Segerea Community and their administration for allowing me to use their community for my study and their full support in the whole process of Participatory Needs Assessment.

I would also like to recognise and value the support and cooperation of the CED students 2011-2013.

I feel greatly indebted to my family for their moral and material support during my studies. They were indeed a great inspiration for me to continue with the studies especially at times of desperation. May God bless you all abundantly!

## **ABSTRACT**

The overall objective of the study was to investigate the problems faced by the Segerea Ward community and identify the critical problems to come up with the specific solutions. To facilitate this objective a descriptive survey through qualitative and quantitative research methods was applied on a randomly selected sample of 100 community members. The secondary data were supplemented by questionnaires, observations and focused group discussions as primary data. Qualitative data were processed manually while quantitative data were processed using SPSS.

The implementation of the identified project using project implementation plan, logical framework matrix and project budget resulted to the formation of 2 VICOBA groups and capacity building through training on entrepreneurship and business skills to 50 group's members. Involvement of the beneficiaries in the whole process of the project created a sense of ownership, accountability, transparency and awareness. The training and established VICOBA groups and income generating activities by the groups' members with consultations and approvals from various authorities ensure financial and political support and sustainability.

Conclusively, the researcher strongly believes that the project has contributed immensely in eradicating the other problems faced by the community. It is recommended that; more time is indispensable to initiate and sustain a project of this nature in collaboration with other stakeholders. Moreover, for project sustainability, the community and other stakeholders including the Government and related authorities need to take charge of the project's outcomes and provide the required support.

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## LIST OF ABBREVIATION

CAN	Community Needs Assessment
CGAP	Consultative Group to Assist the Poor
CIDA	Canadian International Development Association
DAWASCO	Dar es Salaam Water and Sewerage Company
GDP	Gross Domestic Product
IGA	Income Generating Activities
IMF	International Monetary Fund
LFM	Logical Framework Matrix
MFI	Microfinance Institution
MKUKUTA	Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania
MMD	Mata Masu Dubara
MSC	Microcredit Summit Campaign
NMP	National Microfinance Policy
NSGRP	National Strategy for Growth and Reduction of Poverty
OVI	Objectively Verifiable Indicators
PCNA	Participatory Community Needs Assessment
PRIDE	Promotion of Rural Initiative and Development Enterprises Limited
ROSCA	Rotating Savings and Loan Associations
SACA	Savings and Credit Associations
SEDIT	Social and Economic Development Initiation of Tanzania
SELF	Small Entrepreneurs Loan Facility
SME	Small and Medium Enterprises

SPSS	Statistical Package for Social Science
VICOBA	Village Community Banks
VSLA	Village Savings and Loan Associations

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## **CHAPTER ONE**

### **1.0 COMMUNITY PARTICIPATORY NEEDS ASSESSMENT**

#### **1.1 Introduction**

This chapter describes the community profile and Participatory Community Needs Assessment (PCNA) that led to the formulation of the project to find solutions to one of the problems identified during the assessment. The PCNA identified a number of problems that affected the community. Subsequently, the researcher, after the compilation and analysing of the community's problems came up with the most pressing and holistic problem to be solved first in a prioritised order which was an input in the formulated project. The PCNA of this project was conducted in Village Community Banks (VICOBA) groups of Segerea Ward in Ilala Municipal, Dar es Salaam.

Neely (2002) defined Community Needs Assessment (CNA) as a systematic process of collection and analysis as inputs into resource allocation decisions with a view to discovering and identifying goods and services the community is lacking in relation to the generally accepted standards, and for which there exists some consensus as to the community's responsibility for their provision.

Conducting CNA will assist in knowing the needs of the community which in turn will provide tangible input in the strategic development plan of the target community. It is very imperative to assess the condition that surrounds the community. Witkin and Altschuld (1995, 4), defined needs assessment as “a systematic set of procedures undertaken for the purpose of setting priorities”.

Although some evaluation theorists have recently returned to life-cycle models in which evaluation practices are partly functions of program stage, added that practitioner-driven needs assessments focus on the needs of service providers and organizers, rather than on client needs.

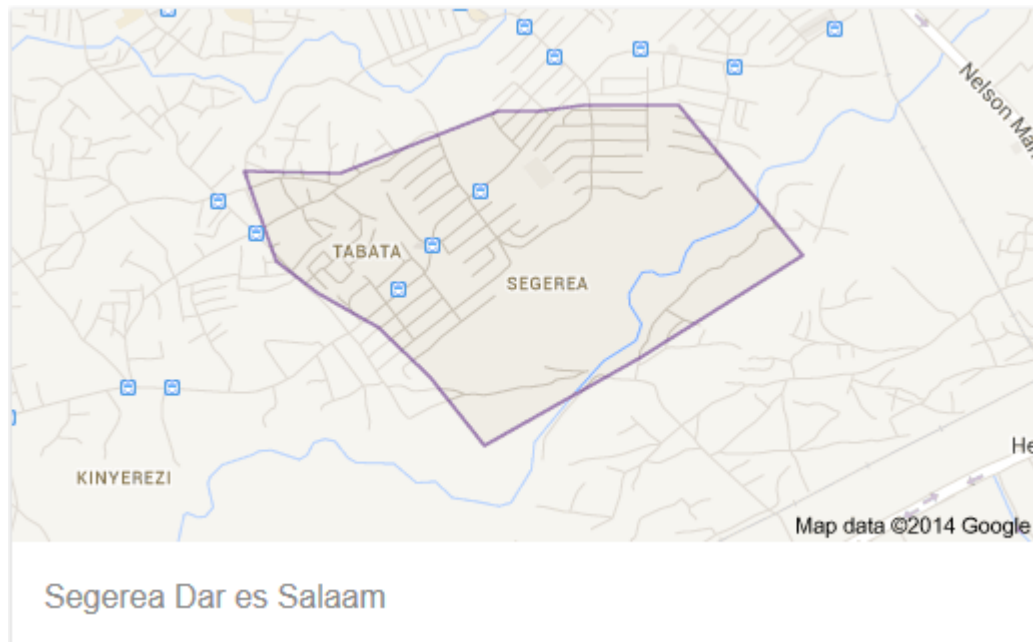
Village Community Banks (VICOBA) is formed when people with common interest come together thoughtful to solve problems faced by their community, for instance poverty, affordability of basic need, knowledge, skills, etc. The group is formed where the members come together and register, set days, place and time for meetings. Rules and regulations, amount of money or resources to be contributed as savings/ shares are also established and agreed by the group.

## **1.2 Community Profile of Segerea Ward**

### **1.2.1 Geographical Location**

Segerea is one of the twenty six wards in the Ilala Municipal in Dar es Salaam region. The other municipal in Dar es Salaam region are Kinondoni and Temeke. Segerea is surrounded by Tabata, Kinyerezi, Kimanga and Kipawa wards. The Segerea ward is comprised of six streets which include Mgombani, Ugombolwa, Amani, Liwiti and Segerea. Segerea is among the un-surveyed areas in Dar es Salaam, where houses are in squatters and densely populated and some of them are in informal settlements that do not have land tenure. The ward is resided with different tribes from all over Tanzania due to rural urban migration (Segerea profile 2013-2014)

**Figure 1: Segerea Ward Sketch**



### **1.2.2 Population**

According to the Tanzania 2012 population and housing census, Segerea has a population of 83,315. This number includes 40,065 males and 43,250 females.

### **1.2.3 Administrative Structure**

Segerea is governed by a small council which has Chairperson, the Ward Executive Secretary (Mr. Justine Nyagwe), Sub- Ward Executive Secretary (Mr. Mathew) and Vice Sub-Ward Chairperson (Ms. Mariam Machicha) and representative from each street elected democratically.

### **1.2.4 Ethnic Compositions**

There is no specific ethnic group in Segerea ward. The community is comprised of mix race and ethnic from different parts of Tanzania. The ward's residents are either Christians or Muslims.

## **1.2.5 Social and Economic Activities**

### **1.2.5.1 Education**

Segerea ward has a total number of eight secondary school and four primary schools. Two of the secondary schools are under the Government while the remaining six are operated privately. The four primary schools in the ward are operated by the Government.

### **1.2.5.2 Health Services**

From the health services perspective Segerea has only one hospital dealing with cancer cases (Tabata General Centre), two Government dispensaries and five private dispensaries. There are also three known pharmacies which sell medicines and provide first aid casualties in Segerea.

### **1.2.5.3 Water and Sanitation**

Seregea ward is experiencing a great problem of clean and safe water. The main source of water for domestic use is from boreholes. This water is not safe and clean and in most cases is highly salinity. The authority of the Ugombolo local government has drilled one borehole for the entire ward of Segerea which is not enough for the entire population.

This has necessitated some members of the community who are more affluent to build their own boreholes for their personal consumption and as a business. Water prices ranges from Tanzanian shillings One hundred to Five hundred per bucket. There are very few community members who use water from Dar es Salaam Water

and Sewerage Company (DAWASCO) which is availed only once per month. Clean and safe water has been and is a big problem leading to a number of complains in relation to the Government operations and systems in line with the supply of clean and safe water.

#### **1.2.5.4 Transport and Communication Networks**

Segerea ward has reliable transportation and communication networks. The location of the ward is the major influence and contributor of these networks as it is located nearby the city where roads and technology have advanced to a large extent compared to the other parts of Tanzania. Roads around Segerea are well constructed due to the economic activities taking place around the ward leading to demand of transport on daily basis. However, the internal roads are not well constructed/rehabilitated leading to many potholes and slumps that cause difficulties to people and cars especially during rain seasons.

Segerea is well served with communication networks including mobile and internet services provided by telecommunication and mobile companies like TTCL, Vodacom, Tigo, Zantel and Sasatel among others.

#### **1.2.5.5 Energy and Power**

Segerea ward main source of energy is from TANESCO (Tanzania Electricity Service Company). The community of Segerea is supposed to pay bills to TANESCO for power accessibility. Sometimes, they lack fund to pay the electricity bills, then they have to survive without electricity for a period of time; because not everyone is able to afford the cost charged by TANESCO. Therefore, there are

people who depend on fuel, woods and charcoal, and for that matter the children search for trees and wood to use.

#### **1.2.5.6 Financial Services**

In terms of financial services, Segerea is served with the CRDB Bank Plc., a number of financial institutions like PRIDE, and Segerea Morgat SACCOS, among others. Moreover, the presence of mobile money technology through Tigo-Pesa, M-Pesa, and Airtel Money to mention few has facilitated a quickest means of transferring and receiving money smoothly in the community.

#### **1.2.5.7 Market**

There is no local market situated in Segerea ward for supplies of consumable goods to the community. The nearest local market is Buguruni used by most of the community members for their daily needs and requirements. Other local markets like Kariakoo, Ilala, Mabibo and Temeke Stereo are accessible depending on the requirement of the members of the community and time available to reach them. The community members are also served with a number of “Genges” (for selling vegetables, fruits and other fresh consumables vendors) around the ward for various different requirements and needs.

#### **1.2.5.8 Security**

Segerea has no police station, but there is a security committee supported by “Mgambo soldier”. The main duty of the “mgambo” is to maintain peace and order in the community.



### **1.3 Community Need Assessment**

Needs assessment is both a process and phenomenon which is very important in the initial stages of community project formulation, preparation and analysis thereafter in the subsequent stages of project implementation. In economic development process, needs are defined as the gap between what is the current situation or circumstances and what the community desire to achieve. Therefore, needs assessment is a process of identifying and measuring gaps between the current situation and the desired situation, prioritizing the gaps and determine ways of bridging them.

Community need assessment is used to observe and study the community to find as much information as possible. The information gathered will be used to identify different developments, success, problems, weaknesses and obstacles faced by the community. Through community need assessment it is essential to assess the community from all possible situations surrounding the community. The overarching objective of conducting the community assessment in this study was to gather information from the community in order to identify a specific project that will \effectively address the problems in Segerea. This was facilitated through evaluation of different factors that affect the community in general, deriving the source of the problem and how to overcome the problem.

#### **1.3.1 Main Objective of CNA**

The overall objective of the study was to investigate the main problems faced by the residents of Segerea Ward in order to identify the critical problems and come up with the specific solutions to these problems by prioritisation.

### **1.3.2 Specific objectives of CNA**

- i. To collect information regarding the status of Segerea Ward Community;
- ii. To identify problems facing the Segerea Ward Community; and
- iii. To suggest solution to the most pressing problems facing the Segerea Ward Community.

### **1.3.3 Research Questions**

The study was guided by the following research questions:

- i. What are the main problems facing residents of Segerea Ward?
- ii. What are the available resources that can solve the identified needs?
- iii. What are priorities of community needs among residents of Segerea Ward?
- iv. What are the solutions to problems facing residents of Segerea Ward?

### **1.3.4 Research Methodology**

Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. In it we study various steps that are generally adopted by a researcher in studying his research problem along with the logic behind them (Kothari 2004).

### **1.3.5 Research Design**

According to Kothari (2004), the research design is the conceptual structure within which research is conducted. It constitutes the blueprint for the collection, measurement and analysis of data. Also Orotho (2003) defines Research design as the scheme, outline or plan that is used to generate answers to research problems.

Therefore for this study descriptive survey was applied in conducting the study where by qualitative and quantitative research methods were employed. Descriptive survey is the method of collecting information by interviewing or administering a questionnaire to a sample of individual. Qualitative method is method used for undertaking social research. It puts emphasis on person experience and interpretation rather than quantification.

The quantitative method is concerned with attempts to quantify the social phenomena and collect and analyze numerical data. It also employs different tools to collect the information from the community. Through a set of questionnaire administered to the community members' quantitative data was obtained while focus group discussion and unstructured interview were administered to community group members and informants to obtain qualitative data. For this study Segerea ward was taken as a case among the 26 Wards of Ilala Municipal.

#### **1.3.6 Sampling Techniques**

A population is the theoretically specified aggregation of study elements. It is translating the abstract concept into workable concept. Also, target population is the complete group of specific population elements relevant to the research project. In this regards, the population of the study comprised of all residents of Segerea Ward. The sampling technique of probability sampling and non-probability sampling was employed in selecting the sample size. Probability sampling approaches is randomization, or random selection of people, places or things. Each unit in the population has an equal chance of being selected. The probability sampling is

divided into four types which include simple random sampling, stratified random sampling, systematic random sampling and cluster random sampling.

Simple random sampling is referred to as simple random sampling as no complexities is involved. In stratified random sampling the population is divided into mutually exclusive groups such as age groups and random samples are drawn from each group. While the cluster sampling the population is divided into mutually exclusive groups such as blocks, and the researcher draws a sample of the group to interview.

Non-probability sampling is the method which is mainly applied to find out how a small group or a representative group is doing for the purpose of illustration or explanation. Non-probability sampling is divided in three types which are quota sampling, convenience sampling and purposive sampling. In convenience sampling method, the researcher selects the easiest population members from which to obtain information. While in purposive sampling the researcher uses his/her judgement to select population members who are good prospects for accurate information. In quota sampling researcher finds and interviews a prescribed number of people in each of several categories.

Therefore, a sample size of the study included 100 residents of Segerea Ward that were randomly sampled from the list of all households in Segerea as proposed by the administration of the Ward preceded by an introduction to each member of the community who participated to the study by the ward administration.

### **1.3.7 Data Collection Methods**

The word “Data collection” refers to the gathering of information to serve or prove some facts (Kombo and Tromp 2006). For the purpose of this study several tools were employed in order to capture information about the Segerea Ward community. Secondary and primary data were gathered from the community members and Government leaders. According to Kothari (2004) primary data are those data which are collected the first time, and thus happen to be original in character. Primary data is the information which is gathered directly from respondents through questionnaires, observation, interviews and focus group discussion.

Secondary data are those data which were already collected by someone else and were involving a review of published material and information from internal sources (Kothari 2004).

#### **1.3.7.1 Secondary Data**

Documentary review was conducted by going through documents from the Open University of Tanzania library, Segerea Ward offices and Ilala Municipal Council offices. The data obtained from the document review were also supplemented by internet data.

#### **1.3.7.2 Primary Data**

During the research, unstructured interview method was used to obtain primary data. Unstructured interview is a guided interview in which some of the questions and topic are predetermined and more questions arises during the interview. Unstructured interview has various advantages including flexibility, involvement as

the respondent feels as part of the team as no rigidity is displayed and free response in a relaxed atmosphere leading to more reliable answers/ responses by the respondents. The purpose of the interviews was to gather more information about the Segerea Ward community activities, success and challenges encountered by the members.

#### **1.3.7.2.1 Questionnaires**

According to (Kothari, 2006), an interview is a set of question administered through an oral or verbal communication or a face to face discussion between the researcher and the interviewee (s)/ respondent (s). Structured questionnaire was developed and used to collect the assessment information from one hundred (100) respondents. Interviews were used because they allow face-to-face communication and immediate response by the respondents. Moreover, it is a simple and easier way or method of acquiring information that provides straight answers to research questions.

#### **1.3.7.2.2 Observation**

According to Kothari (2004) observation is defined as the way we all observe things around us. Coke and Kothari (2001), state that observation is a data collection method that involves seeking information by the way of environment scanning. Here the researcher participated in different activities in the community while observing different issues. During the study the researcher observed the life and activities of the community. The observations were recorded in order to supplement other research methodologies used.

### **1.3.7.2.3 Focus Group Discussion**

Focus group discussion was carried out by the researcher to clarify data which were not clear and from the individual respondents but also to gain more clarity on issues of concern from the group levels. The focus group discussion is a method of interviewing a group of people with similar characteristics including but not limited to similar age, education level, gender, and profession using a checklist aiming at gaining information about their views and experience of a particular subject (Kombo and Tromp 2006). Random selection was done to select small groups of between 7 to 15 people each for the focus group discussion. In this method the participants were free to express their feelings concerning the community activities, success and challenges encountered in the implementation of these activities in the community.

### **1.3.8 Validity and Reliability**

Validity and reliability were kept in mind when designing the instrument for data collection. Validity means the degrees to which a test measures what it is supposed to measure whereas the reliability of a research instrument is concerned with the extent to which an instrument yields the same results on repeated experiments (James 1997)

#### **1.3.8.1 Validity**

There are three basic approaches to the validity of tests and measures. These are content validity, construct validity, and criterion-related validity. In this study questionnaire is the research instrument that was used and the content validity approach was used to test its validity. This study aimed at analysing the problems facing the community and how right solutions can best be used for the critical

problems. Thus the test items including knowledge, perception, level and importance of involvement and existing strategies were identified and accurately represent the information/ data was to be gathered by the researcher.

### **1.3.8.2 Reliability**

According to Trochim (2005), reliability has to do with the quality of measurement. In its everyday sense, reliability is the “consistency” or “repeatability” of your measures. Before one can define reliability, precisely one has to lay the ground work. First, one has to learn about the foundation of reliability and the true score theory of measurement. Along with that, you need to understand the different types of measurement errors because errors in measure play a key role in degrading reliability (SRM 2014).

To ensure consistent and accurate results, standard designed questionnaire, interview guide as well as checklist for focus group discussion was used to collect the information from the community. This enabled the researcher to control the results of responses. Questionnaire consisting of pre-set questions were administered to the community members.

### **1.3.8.3 Data Analysis Method**

The qualitative data from interviews, secondary data, focus group discussions and observations were processed manually while quantitative data from the questionnaires was processed using Statistical Package for Social Science (SPSS). SPSS was employed for the purpose of summarizing the collected data and organizing them in such a way that they answer the research questions. The



collected data was analyzed using descriptive statistical methods where by tables with frequency, percentage, cumulative frequency and charts were used to interpret and improve primary data.

## 1.4 Community Need Assessment Findings

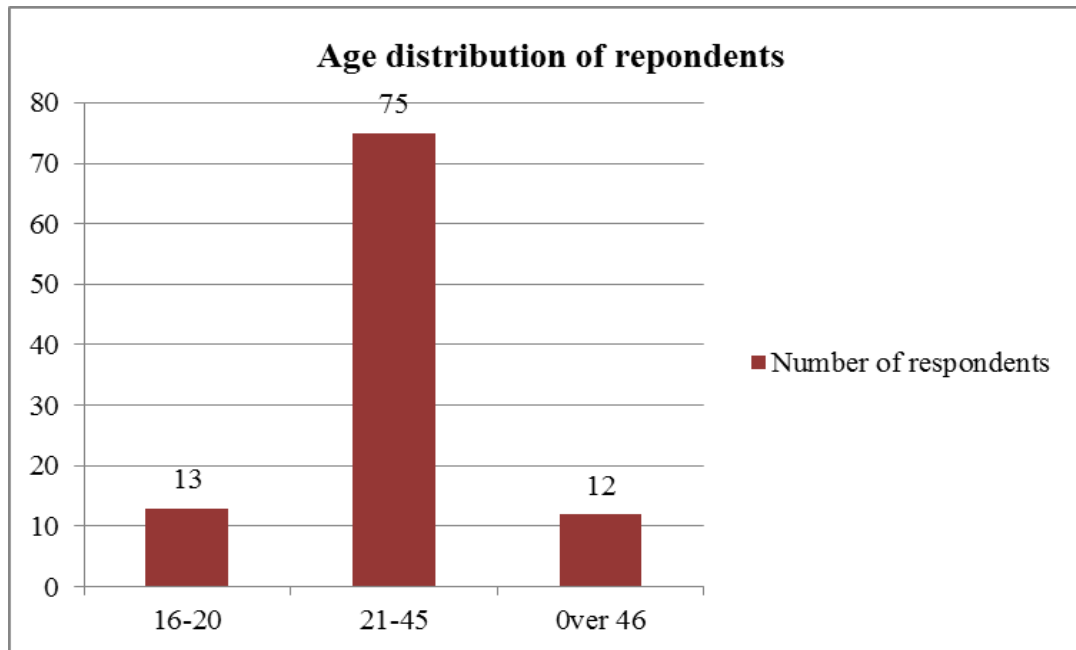
### 1.4.1 Age distribution of the respondents

**Table 1: Age distribution of the respondents**

		Frequency	Percentage
Valid	16-20	13	13.0
	21-45	75	75.0
	Over 46	12	12.0
	Total	100	100.0

Source: Research findings, 2014

On the basis of the findings, it is observed that majority of residents of Segerea Ward are middle aged people, that is between the age of 21- 45 years. From *table 1* above and *figure 2* below its obvious that the Segerea community is comprised of 75% of the productive age as opposed to teenagers and old people who are 13% and 12% respectively. Age variation is preferred as it gives a variety of ideas from respondents and it means that the needs that were obtained catered for all the age groups despite the dominant of the productive age.

**Figure 2: Age distribution of the respondents**

Source: Research findings, 2014

#### 1.4.2 Level of education of the respondents

**Table 2: Level of education of the respondents**

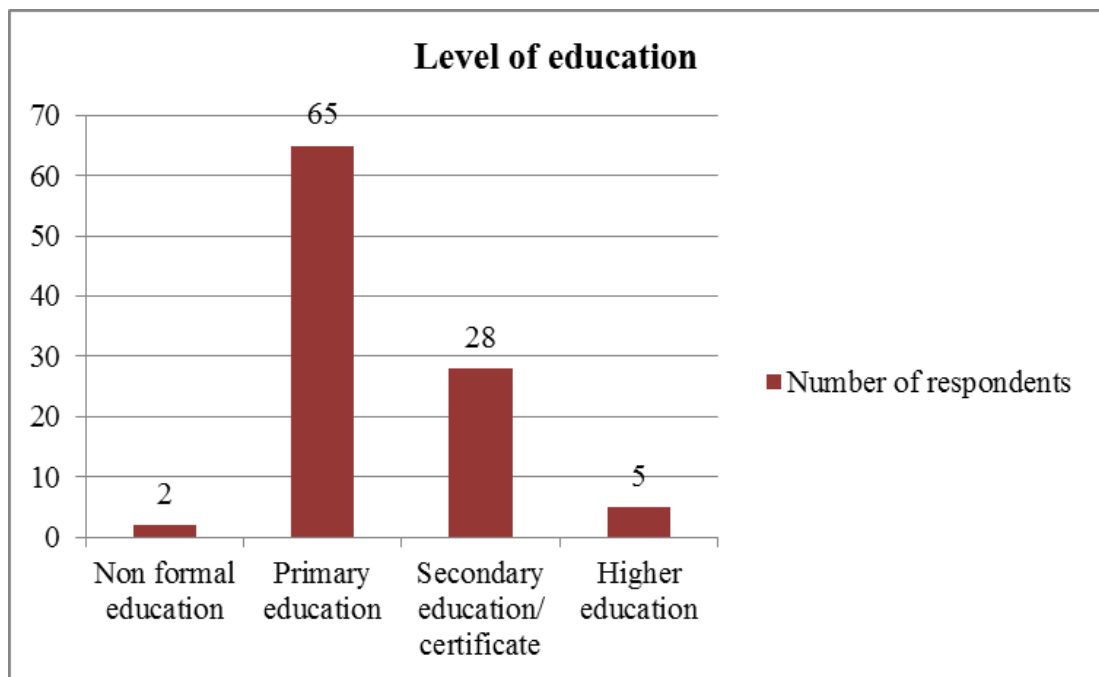
		Frequency	Percentage
Valid	Non formal education	2	2.0
	Primary education	65	65.0
	Secondary education/ certificate	28	28.0
	Higher education	5	5.0
	Total	100	100.0

Source: Research findings, 2014

From the findings in *table 2* above and *figure 3* below it is observed that of all the respondents 5% have higher education; 28% have certificate or secondary education; 65% have primary education; and 2% have never gone to school. This

implies that majority of the Segerea community knows how to read and write though more efforts are required to ensure that they upgrade to certificates, secondary and higher education levels.

**Figure 3: Level of education of the respondents**



Source: Research findings, 2014

### 1.4.3 Main occupation of the respondents

**Table 3: Main occupation of the respondents**

Category	Number of respondents	Percentage
Self employed	25	25
Trader	20	20
Jobless	42	42
Employed	13	13
Total	100	100

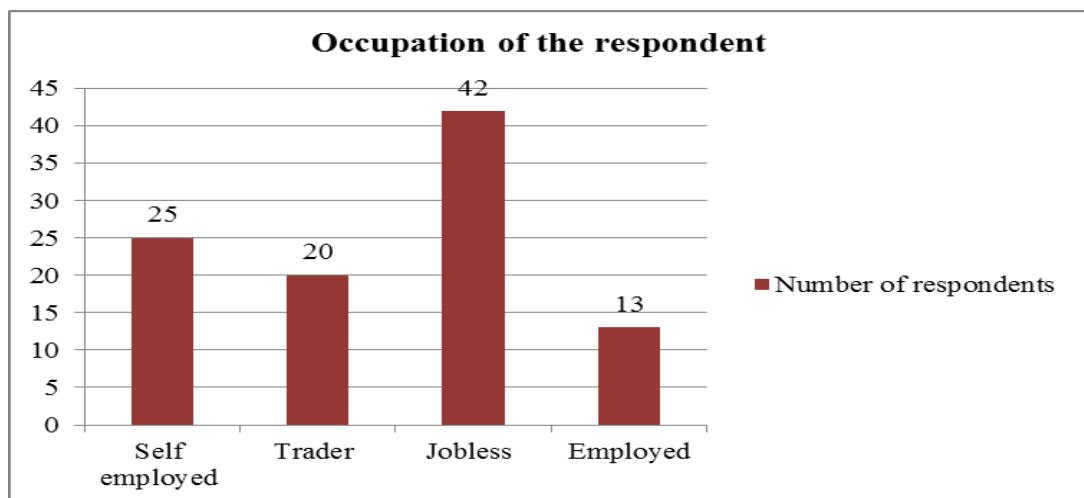
Source: Research findings, 2014

Occupation of the members of Segerea community were grouped into four major categories including self-employed, employed elsewhere and trading while the fourth group was of those who do not have permanent employment and regarded as jobless.

On the basis of the responses from the respondents as shown in *table 3* above and *figure 4* below approximately 42% of the respondents were jobless in the sense that they don't have any reliable employment as they depend on any sort of job/ work which will come to their attention on daily basis, this is not reliable and sometimes they don't do any money gain activity. It is obvious from the findings that unemployment is one of the problems in Segerea community.

The rest of the respondents indicate that, 25% are self-employed in the informal income generating activities while 13% are employed in the formal sector. 20% of the respondents are trading in various products and goods within and outside Segerea community.

**Figure 4: Occupation of the respondents**



Source: Research findings, 2014

#### 1.4.4 Major problems faced by Residents of Segerea Ward and associated needs

On the basis of the respondents in finding out the main problems faced by residents of Segerea Ward, five major problems were identified as shown in *table 4* and *figure 5* below. The identified problems form the basis of the needs that the Segerea Ward community would like to be addressed.

**Table 4: Major Problems faced by the residents of Segerea Ward**

Problem	Associated need	Number of respondents	Percentage
Lack of clean and safe water	Establish sustainable water system/create water source	40	40
Unsatisfactory solid waste management	Area for waste disposal	33	33
Economic hardship	Create employment chances	20	20
Poor Infrastructure	Help from Government/NGO	4	4
Market	Area/place for market	3	3
Total		100	100

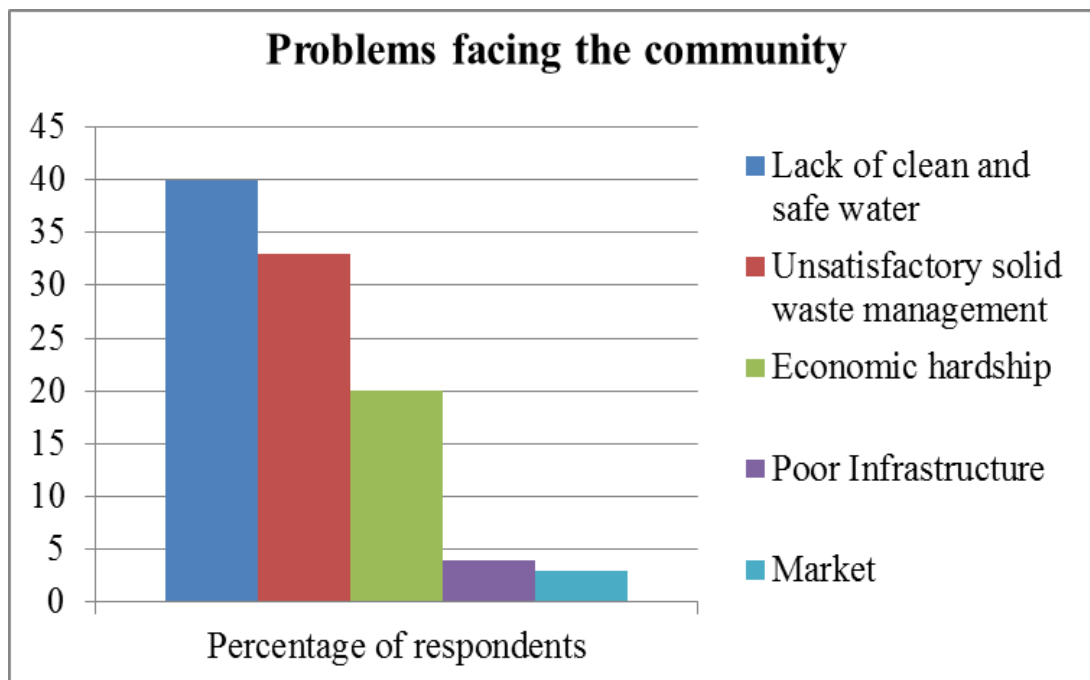
Source: Research findings, 2014

From *table 4* above and *figure 5* below it is observed that 40% of the respondents had an opinion that lack of clean and safe water or poor water systems is the main problem facing the residents of Segerea Ward, while 33% of respondents had an

opinion that unsatisfactory solid waste management was an irritating problem to the Segerea Ward community. 20% of respondents had an opinion that unemployment/ economic hardship is one of the major problems facing residents of Segerea ward. Only 4% and 3% of the respondents had an opinion that poor infrastructures and place/ area for market respectively as among the major problems faced by the Segerea Ward community.

On the basis of the researcher's observations, domestic solid waste is scattered in various areas/ streets of the Segerea Ward as no permanent or selected area for gathering/ keep waste before disposition. In terms of market place it was also observed that apart from the "*Genges*" no established local market for Segerea Ward community.

**Figure 5: Problems facing the community**



Source: Research findings, 2014

### 1.5 Community Needs Prioritization

Prioritization matrix was used as a tool to rank the needs. A simple ranking matrix technique as described by Pavan, Todeschini (2011) was used. Randomly selected needs assessment committee of 15 people from the respondents in Segerea Ward community was requested to prioritize the findings after the assessment debriefing. All needs were considered to have equal weight (Johnson, 1976). Each need was assigned a score that enable the ranking after brainstorming to evaluate a number of issues that caused the need and its importance to the community. The participatory meeting helped to consider the opinion of all the members during brainstorming session, and give a score to various needs and prioritise pressing problems over others by voting. This helped in determining which problems need to be solved first in order to meet the community need.

**Table 5: Ranked needs of Segerea Ward community**

Need	Average Score	Rank
Lack of clean and safe water	5	1
Unsatisfactory Solid waste management	3	2
Economic hardship	3	2
Poor Infrastructure	2	4
Area /place for market	2	4

Source: Research findings, 2014

On the basis of the results in *table 5* above regarding the community needs assessment conducted at Segerea Ward it is observed that among the five major

problems identified by the respondents that lack clean and safe water was ranked number one, followed by economic hardship and unsatisfactory solid waste management as number two altogether, while poor infrastructures and area/ place for market were ranked number four altogether. Despite the fact that lack of clean and safe water was the most pressing need for the Segerea Ward community, it was beyond the capacity of the researcher in terms of resources including money and time.

The researcher decided to opt for economic hardship which was ranked as number two by the community needs assessment committee in the prioritization meeting. The driving force for selecting this problem was that it is within the capacity of the researcher in terms of resources including time. Moreover, eliminating or reducing economic hardship for youth and women in the Segerea Ward community is an indirect solution to the other problems facing the community.

## **1.6 Conclusion**

On the basis of the community needs assessment and the prioritization meeting by the community needs assessment committee; the main problems faced by the residents of Segerea Ward are in five main categories namely: Lack of clean and safe water, Economic hardship coupled with high rate of unemployment, Unsatisfactory solid waste management, Poor infrastructures, and Area/ place for market.

Economic hardship coupled with high rate of unemployment has led to many youth and women being idle and involving themselves in risky behaviors such as drug



abuse and prostitution in the community. From the findings of the community needs assessment, the available resources and the benefits of the project to the community, the researcher proposed and decided to opt for economic hardship as an area of concern for Segerea Ward community among the list of problems and needs of the community. Hence, the researcher decided to conduct a study on “reducing economic hardship for youth and women”

## **CHAPTER TWO**

### **2.0 PROBLEM IDENTIFICATION**

#### **2.1 Background and Research Problem**

The Community Needs Assessment was conducted in February, 2014 at Segerea Ward, Ilala District in Dar es Salaam. Participatory Rural Appraisal was used to ensure community is participating in identifying resources and needs of the community. The assessment was carried out by using participatory methods such as Focus Group Discussions, Interviews and observations. Research tools used were questionnaires, interview and discussion guides and Pair Wise Ranking.

As per pair wise ranking matrix, the problem which was ranked as priority number one and which got high score was lack of clean and safe water followed by Economic hardship and Unsatisfactory solid waste management as priority two altogether, and Poor infrastructures and Area/ place for market as priority four altogether.

Depending on the availability of resources, the researcher identified and opted the “economic hardship coupled with unemployment” as a problem which requires intervention. The researcher came up with the strategy of reducing economic hardship for youth and women by formulating Village Community Banks (VICOBA) groups and imparts the group members with necessary entrepreneurship and business skills to initiate, plan, operate and manage business activities as an intervention to the problem. The target of the project was to enhance the Segerea Ward community members especially youth and women ability in saving money through this groups and finances them through the same fund. In addition, the

project is focused on ensuring the community members are saving through VICOBA which in turn will assist them in terms of credit facilities as capital for their established businesses to change their economic life positively.

## **2.2 Problem Statement**

Economic hardship/ poverty is one of the three threaten problems existing in Tanzania and most of the African countries since their independence. Poverty has made most of the people lead a vulnerable life with economic dependence due to failure of most of them in acquiring their daily basic needs. This worse situation has led to the formation of different NGO's trying to introduce and initiate various programs with strategies and efforts toward poverty reduction including the National Strategy for Growth and Reduction of Poverty (NSGRP) or "*Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania (MKUKUTA)*".

VICOBA is one of the programs initiated by the Social and Economic Development Initiation of Tanzania (SEDT) in our country in the year 2002. The adoption of VICOBA, best known as "*Mata Masu Dubara (MMD)*" model is based on its suitability and effectiveness in catalyzing developmental initiatives through efficient operation of savings and credit services together with appropriate Income Generating Activities (IGA). The loans given by VICOBA are normally soft and affordable to the poor and are utilized to support IGAs that are carefully selected based on the market opportunities, appropriate technology and locally available resources. This arrangement makes VICOBA groups the best economic building blocks (units) within both the rural and urban setting. ([www.seditvicoba.or.tz](http://www.seditvicoba.or.tz))

Urban – rural poor women and youth have been unable to access financial institutions to secure credit (Jackson, 1998). There have also been too high collateral requirements by banks for micro and small enterprises to secure loans Kilonde (2002). There many Microfinance Institutions (MFIs) in existence, though doubts have been expressed regarding their potential to reach out to the poor and contribute to poverty reduction in the local community. It is often urged that by MFIs targeting people who have the confidence to borrow and immediate capacity to repay (i.e. people who are already economically active with profitable business), they automatically eliminate the poor people. Where poor people have attempted to borrow, some of them have ended up been poorer and indebted, due to their limited capacity to produce and repay the debt (Chijoriga and Olomi, 2004).

However, when examining the income impact of microfinance in micro and small scale enterprises, it is also important to recognize that there is a significant difference between increasing income and poverty reduction. Despite the prevailing emphasis on raising income to reduce poverty as a central objective of microfinance, the two are not synonymous.

This is an area that has not been well research in Tanzania. The few studies to date are mainly on the contribution of credit facilities but not on the role of these facilities in reducing economic hardship or poverty. It is because of this knowledge gap that the researcher's study is based on “reducing economic hardship for youth and women through Village Community Banks (VICOBA)”.

### **2.3 Project Description**

The Project Title is: Reducing Economic Hardship for Youth and Women through Village Community Banks (VICOBA) Groups: A Case Study of Segerea Ward, Ilala Municipal Council.

#### **2.3.1 Target Community**

The direct target group of the project is Segerea Ward community especially youth and women with economic hardship and the related issues including unemployment. This project intends to enable the community to have their own source of capital and be able to carry out income generating activities by initiating, planning, managing and mobilizing new products and other relevant issues.

#### **2.3.2 Stakeholders Analysis**

Major stakeholders for this project were Segerea Ward and its leadership who were responsible for accepting the project, introducing the researcher to the community and other logistical/ administration issues; Promise Consultancy Firm (PCF) who were responsible for introducing the VICOBA concepts, develop and design the training manual, and conduct the training in collaboration with the researcher; and Segerea Ward community members who were responsible for being part of the formulated VICOBA groups, adhere and abide to the rules and regulations of VICOBA, participating in the training sessions, and formulating income generating activities. The analysis of stakeholder is summarized in *table 6* below.

**Table 6: Stakeholders analysis**

<b>STAKEHOLDERS</b>	<b>ROLES</b>	<b>EXPECTATIONS</b>
Segerea Ward/ Segerea Ward Leadership	<ul style="list-style-type: none"> <li>• Accept the study to be conducted in their community</li> <li>• Introduce the researcher to the community</li> <li>• Facilitate the logistical issues regarding meeting and training to the established groups</li> </ul>	Realization of more income generating activities and positive change in economic status of the members of the community
Promise Consultancy Firm (PCF)	<ul style="list-style-type: none"> <li>• Provide training on the origin, importance and formation of VICOBA in collaboration with the researcher</li> <li>• Formulate VICOBA groups of 15 to 30 people in collaboration with the researcher</li> <li>• Develop and design the training manual on entrepreneurship and business skills</li> <li>• Conduct and support training to the community as and when required</li> </ul>	<ul style="list-style-type: none"> <li>• Formulated VICOBA groups</li> <li>• Entrepreneurship and business skills training manual for current and future use by the community</li> <li>• Training conducted to the groups as agreed</li> </ul>
Segerea Ward Community	<ul style="list-style-type: none"> <li>• Attend training of origin, importance and formulation of VICOBA</li> <li>• Abide with the rules and regulations of the VICOBA and contribute to the formulated groups</li> <li>• Attend and participate fully in the training sessions</li> <li>• Develop, plan, operate and manage income generating activities</li> </ul>	<ul style="list-style-type: none"> <li>• Be member of the formulated VICOBA groups</li> <li>• Enjoy the benefits of being members of VICOBA</li> <li>• Practical application of the training in the real life</li> <li>• Positive change in the standard of living and economic status</li> </ul>

Source: Field Survey, 2014

### **2.3.3 Project Goal (Overall objective) in CED Terms**

The goal of this project was to reduce economic hardship for youth and woman through formulation of VICOBA groups and impart the members with entrepreneurship and business skills.

The project goal in CED terms is formulating, creating and supporting opportunities for community learning through doing and participating, education and skills development, and knowledge sharing.

Hence, conducting a study titled “Reducing economic hardship for youth and women in Segerea Ward through VICOBA groups”

### **2.3.4 Project Objectives**

The project objective was to formulate VICOBA groups and impart the group members with entrepreneurship and business skills for the betterment of the Segerea Ward community by February 2015.

The project specific objectives were:

- i. To formulate 2 VICOBA groups in Segerea Ward community by February 2014
- ii. To train the VICOBA groups’ members on entrepreneurship and business skills by April 2014.

## **2.4 Host Organization**

The host organization of this project was Segerea Ward whereby the youth and women in the community were willing to formulate VICOBA groups of a maximum

of 30 members. The main objective of the formation of the VICOBA groups was to smoothen the economic hardship faced by the community.

## **2.5 Conclusion**

The problems identified in chapter one through community needs assessment and prioritizations by the community needs assessment committee were all crucial and important in community development. They all need proper intervention and close collaboration of various stakeholders in order to bring positive changes to the community.

The researcher decided and opted to focus on economic hardship among other problems as it was within her reach in terms of resources. Therefore, the project is on “Reducing economic hardship for youth and women through VICOBA groups.” This project ensured the formation of the VICOBA groups and imparting of entrepreneurship and business skills to the groups’ members which in turn will change the living standard and economic status of the community.



## **CHAPTER THREE**

### **3.0 LITERATURE REVIEW**

#### **3.1 Introduction**

This chapter covers the literature review concerning microfinance and capacity building of VICOBA groups. Theoretical review, empirical review and policy review relating to microfinance and capacity building on VICOBA is also covered in this chapter.

#### **3.2 Definition of microfinance**

The term "microfinance," once associated almost exclusively with small-value loans to the poor, is now increasingly used to refer to a broad array of products (including payments, savings, and insurance) tailored to meet the particular needs of low-income individuals. People living in poverty, like everyone else, need a diverse range of financial services to run their businesses, build assets, smooth consumption, and manage risks. (CGAP – FAQ 2014). Microfinance is a wide concept that includes several different financial services, but sometimes the term microfinance is used synonymous with microcredit which is only the small loans provided to the poor and low income earners (Armendáriz & Morduch 2010). In the Microcredit Summit Campaign (MSC), which is a campaign that gather different practitioners and stakeholders involved in the microfinance movement it was written that “Microcredit is the extension of small loans and other financial services (such as savings accounts) to the very poor” (MSC 2009a). It is well noticed that they use the term microcredit while referring to the wider concept of microfinance. The definition of a microfinance institution (MFI) is also wide as defined in the CGAP “an organization

that provides financial services to the poor” (CGAP – FAQ 2014), but additionally it is also common that MFIs provide non-financial services like social intermediation including training and education about finance, cooperatives and group formation (Ledgerwood 1999, Bee 2007). Within this wide definition of MFIs a variety of several suppliers are involved, which are organized and operated in different ways, these include banks, NGOs, community-based institutions like self-help groups, cooperatives and insurance companies (CGAP – FAQ 2014). These various suppliers also differ in legal structure and can be divided into three groups: formal, semiformal and informal. Both formal and semi-formal institutions are registered and subject to laws but the difference are that semi-formal institutions are usually not subject to banking regulation and supervision, while the informal institutions are not under any law at all and not registered. Formal MFIs are for example private and public banks, finance companies and insurance firms. Among semi-formal MFIs are credit unions and cooperative banks, savings and credit cooperatives, i.e. SACCOS, and sometimes NGOs, while self-help groups, local moneylenders, NGOs and rotating savings and credit associations (ROSCAS) are informal MFIs (CGAP – FAQ 2014).

Research points out that the concept of microfinance is not a new phenomenon, rather its history can be traced in many developed countries today as well as some of the developing countries (Seibel 2005) though still one can argue that there is a new or modern microfinance movement that has been growing fast. When the MSC held their first summit in Washington in 1997 they set up a goal to reach 100 million of the people living in poverty in the world especially women by 2005. The target was nearly reached in 2005, according to MSC more than 106 million of the world’s poor

people were provided with microloans in 2007 (MSC 2009b, 2009c). The latest MSC report, State of the Microcredit Summit Campaign Report 2012, the number has grown bigger, the report shows that in the end of 2010 more than 205 million clients were reached and out of this number more than 137.5 million were defined to be among the poorest and 82.3% of the poorest were women (Maes & Reed 2012).

### **3.3 Tanzania financial sector reforms**

Tanzania political situation is described as stable, but it is a country affected by economic crises and ineffective administration (Landguiden 2011a). The country is still among the poorest in the world and highly dependent on foreign aid despite the fact it has been received loans and foreign aid for decades now. Currently, there is a noticeable change in aid target from industry, school and health care to economic reforms and democratic development. It can be recalled that in the middle of the 1980s Tanzania faced an economic crisis with decreasing production as well as decreasing agricultural exports, high inflation and problems in the industrial sector. The country required support from the International Monetary Fund (IMF), which led to it been forced into a structural adjustment program that involved economic reforms and in the 1990s the economic liberalization with privatizations increased (Landguiden 2011b). As a part of the economic reforms, in 1991 the Tanzanian Government decided, to allow commercial banking institutions to make the financial system more effective. Both local and foreign private banks were allowed and the Bank of Tanzania's role regarding regulation and supervision for financial institutions was strengthened (URT 2000). The economic reforms have resulted in a small increase in income for many Tanzanians and the country's Gross Domestic

Product (GDP) grew on average of 6.5 % between the years 2002 and 2010. This economic growth still has not resulted in increased income and gains for the poor as a result of the existing bureaucracy, corruption and communications problems (Landguiden 2011b).

### **3.4 National Strategy for Growth and Reduction of Poverty**

According to the Human Development Report of 2011 about 1.7 billion people live in multidimensional poverty, and the number of people living under the international poverty line US\$ 1.25 a day is estimated to be 1.3 billion people (UNDP 2011a). In Tanzania the number of people living under the international poverty line is almost 68%. Tanzania is ranked 152 out of 187 countries in the Human Development Index of 2011 and belongs to the countries with Low Human Development (UNDP 2011b). There are a number strategies and policies, both short-term and long-term, within the field of poverty reduction in Tanzania. UNDP Tanzania writes that the National Strategy for Growth and Reduction of Poverty (NSGRP) is “a second generation of Poverty Reduction Strategy” (UNDP Tanzania 2010), which focuses more on growth, governance and accountability compared to earlier strategies and policies.

In the first National Strategy for Growth and Reduction of Poverty (NSGRP I), which run between 2005/2006 – 2009/2010, reducing poverty was among various actions in the strategy. One of the actions it mentioned in relation to income poverty reduction was:

“Increasing access to rural micro-financial services for subsistence farmers, particularly targeting youth and women; promote and sustain community-

based savings and credit schemes such as SACCOS and revolving funds (URT 2005).”

Currently, the second National Strategy for Growth and Reduction of Poverty (NSGRP II) which was published in the year 2010 is running in Tanzania for implementation by the year 2015. During the period of NSGRP I the GDP grew for about 7% annually but in NSGRP II it is stated that despite the overall achievement of NSGRP I nothing much was achieved in relation to income poverty reduction in its implementation (URT 2010). The NSGRP II “is geared more on growth and enhancement of productivity, with greater alignment of the interventions towards wealth creation as a way of moving away from poverty” (URT 2010). The SACCOS and VICOBA increased needs has been included within the financial sector to create and enhance employment and empowerment to the community, especially the women, youth and disadvantaged (URT 2010).

### **3.5 Microfinance in Tanzania**

The Tanzania microfinance sector is still young, small and very limited especially in the rural parts of the country. A survey done nationally found that 56% of the population lacks access to financial services (Marr & Tubaro 2011). According to Bee (2007) the National Microfinance Policy (NMP) has divided the country’s microfinance providers into four groups namely banks (commercial, community and cooperative banks, and non-bank financial institutions); MFIs which specialize in providing microfinance; member-based MFIs, and NGOs.

Further Bee illustrate that the cooperative financial services are also called member-based services and can be categorised into three groups namely cooperative banks; SACCOS; as well as VICOBA and Savings and Credit Associations (SACA), which he called pre-cooperative groups (Bee 2007).

According to one of microfinance institution, the Promotion of Rural Initiative and Development Enterprises Limited (PRIDE); the MFIs in Tanzania altogether are estimated to provide financial services to about 400,000 small and micro enterprises, which is estimated to cover about 5% only of the countries' demand. Most of the microfinance institutions are located and provide services in urban areas due to the high risks, high cost of operation and poor infrastructures in rural areas (PRIDE Tanzania 2005).

Other informal MFIs established recently apart from SACCOS is Village Savings and Loan Associations (VSLA) which was firstly introduced by CARE Tanzania in 2001 in Zanzibar and later on in Tanzania mainland. The VICOBA is one of the informal savings and credit groups that has been established in several areas of the country (Triodos-Facet 2007). Both VSLA and VICOBA are member-based MFIs and according to Kihongo (2005) the VICOBA model is based on a model introduced by CARE in Niger.

### **3.5.1 National Microfinance Policy and Cooperative Societies Act**

The Tanzanian Government believes in microfinance as a meaningful tool for poverty reduction that is why it has established the National Microfinance Policy (NMP) to facilitate the development of a sustainable microfinance industry. The

NMP states the need of microfinance and the financial services that can contribute to poverty reduction as well as improve income distribution among Tanzanians. The NMP talk of how financial services can help households and enterprises to manage resources more effectively and evade risks. Savings services are important in handling emergencies especially during the periods of low income and large expenditure. The development of the microfinance services had been slow and weak despite the impact of some of the economic reforms in reducing the low income people accessibility to financial services. This is due to fact that the interest rates were not decided by the microfinance organizations or projects themselves resulting to interest rates not covering operational costs, as well as the lack of a common law making it difficult to organize institutions and set standards; this led to the slow development of microfinance services (URT 2000).

On the basis of the above, a need to formulate a national policy to enable development of a sustainable microfinance industry within the country arised. 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).”

The policy includes a vision for a sustainable development of the microfinance industry and states for example that MFIs should decide 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).

### **3.5.2 Organization and operation of VICOBA**

In Tanzania VICOBA was first initiated by CARE Tanzania in the year 2000 in Zanzibar and later extended to the mainland and to other organizations and institutions. The quick adoption and outspread of this model to various districts/projects is made through various development agencies mainly due to good results it has shown in the areas where it was initially introduced.

The effectiveness of VICOBA is due to its special features and operation principles which emphasises on: self-help initiatives among the group members; community capacity building and local resources mobilisation; community ownership and shared leadership; high level of transparent and effective information sharing; promotes voluntary accountability among the group members; and enhanced good governance.



Other qualities of VICOBA include its ability to build strong groups with limited number of members not exceeding 30, who can collaborate effectively and bring significant economic growth within a short time.

VICOBA groups' members meet regularly, usually once per week, to save shares in the VICOBA and give loans to the members. Among the 30 people there is one chairperson, one secretary and one accountant. The members within the group are divided into sub-groups of five people to work as each other's referees when someone wants to take a loan, which together with the savings works as a collateral instead of other assets. VICOBA's are, as mentioned above, informal and not regulated or controlled in any governmental act or policy and the VICOBA's form their own rules and regulations.

The VICOBA's decide themselves the minimum and maximum to save, by deciding how much one share should be. Then the members can choose how many shares to save each week, some groups have maximum of three shares per week while some groups have maximum of five shares, but one can be a member and save only one share every week. They keep the money in an iron box usually in someone's home, but if they have a lot of money they can also open an account in a bank. How big loans one can take depends on the amounts of shares. Usually it is two or three times the savings (also called shares). There are no criteria or conditions for loan usage but you have to say how you are planning to use the loan.

### **3.6 Theoretical review**

Canadian International Development Association (1996) has defined capacity building as the process by which individuals, groups, institutions, organizations and societies enhance their abilities to identify and meet development challenges in a sustainable manner. Also according to UNDP (1997) capacity building is the process through which individuals, organizations, institutions and societies develop abilities (individually and collectively) to perform functions, solve problems, and set and achieve objectives.

Capacity building can take many forms, from enhancing an organization's stock of information technology and equipment, to growing its membership and increasing its fundraising activities. But most common capacity-building activities are training, workshops, and seminars to build staff skills. In addition, capacity building often includes on-the-job training, which has proven to be even more powerful training mode than those previously mentioned. On-the-job training typically accompanies in-house technical assistance from organizational staff and often figures in external consultancies contracted to deliver capacity-building services (Norem and McCorkle 2008).

Based on the above explanation, part of the project "Reducing economic hardship for youth and women through VICOBA groups" was capacity building focusing mainly on the provision of training to the groups' members. The training concentrated on the provision of entrepreneurship and business skills to the VICOBA groups' members. The training provided aimed at changing the behavior of groups' members on how

they conduct and manage their income generating/ business activities in terms of resource allocation and management.

United Nations Development Program (1997) has defined ‘training’ as the process to modify attitude, knowledge or skill behavior through learning experience to achieve effective performance in an activity or range of activities. Also ILO (2002) defined ‘training’ as the process of acquiring the knowledge, skills, and attitude that are needed to fill the gap between what people want to do, and what they are able to do now’.

### **3.6.1 Knowledge for Entrepreneurship**

Acs and Virgill (2010) states that expansion of knowledge results in the improvement of productivity within a firm and other proximate firms, thus enabling economic growth. Knowledge is particularly important in the product and production discovery process (Hausmann and Rodrick, 2003). The creation of new firms, new products and improved production processes create “demonstration externalities” (Audretsch 2006) as entrepreneurs learn from examples and through better awareness and enhanced possibilities of market entry through new firm creation.

Knowledge is a strategic asset that helps organizations maintains their competitive ability in an unsettled environment (Jantunen, 2005). The success of organizations consequently is built upon organizations’ and individuals’ speed in learning. As organizations striving in today’s fast-changing marketplace are facing the need to have employees who know how to learn and who can quickly retool and be ready for new challenges, the VICOBA groups are not an exceptional.

### **3.6.2 Requisite Skills Needed by Entrepreneurs**

#### **3.6.2.1 Business Management Skills**

For entrepreneurs to engage in enterprise creation, they need to understand business methods, advised by highly trained people, how to plan, book keeping, understand the complexities of modern businesses, amongst others. These skills are much needed especially in a situation when entrepreneurship is mostly dominated by the informal sector (Nuakoh, 2003)

#### **3.6.2.2 Financial Management Skills**

Entrepreneurs need the financial management skills in order for them to be able to manage their businesses.

Analysts say that one of the biggest problems facing entrepreneurship in the developing world is financial management (African Report, 2008). Research indicates that most of the people who work in the informal sector have limited access to formal education as profiles in terms of the years spent in education suggest quite low levels of training. The lack of formal education can affect the way they manage their finances. It has been suggested by some experts that one of the skills needed by entrepreneurs in Africa is the financial management Skills. The entrepreneur should therefore be provided with skills including record keeping, savings, opening bank accounts, cash flow, budgeting and savings as well as writing business proposals.

### **3.6.3 Training to Village Community Banks (VICOBA)**

Nowadays, most of the communities VICOBA and the groups' members need to be provided with training in entrepreneurship and business skills that they may be able

to utilize the loans efficiently and run successful businesses. Majority of the population served by the VICOBA is illiterate or semi-literate making it more challenging in managing their businesses (Norwegian Church Aid Annual Report, 2010).

In VICOBA training sessions, participants receive a thorough understanding of the principles of savings, business planning, and credit and loan management. Through VICOBA, the members may receive continued business training, discuss the merits of a loan or business proposal, debate a variety of ideas for small business start-ups, or even discuss other issues of common interest to the groups (LAMP Global Report, 2007).

### **3.7 Empirical Review**

The VICOBA model which exist today in Segerea Ward also exist in other regions in Tanzania and African countries such as Uganda, Rwanda, Eritrea, Zimbabwe and Mozambique. The methodology adapted is the same to all countries although they may differ in terms of names. In all models, capacity building in the form of training has been an important tool in the formation and development of the groups. Social and Economic Development Initiation of Tanzania (SEDIT) is among the stakeholders who initiated the formation of VICOBA groups in various areas of Tanzania.

The formation of VICOBA groups involves conducting various training session regarding meaning and importance of VICOBA groups, rules and regulations, conflict resolution skills, saving and credit operation guidelines. After the training,

most of the groups' members have confidence in business related issues compared to the past.

### **3.7.1 Village Savings and Loans Associations (VSLAs) in Niger**

Village Savings and Loans Associations (VSLAs) are recognized as a strong model for delivering financial services in rural/ remote areas. The first version of this methodology, designed by CARE International, in Niger was called *Mata Masu Dubara (MMD, Ingenious Women or Women on the Move)*.

After the formation, the groups undergo training and support through four distinct phases including mobilization, intensive development, maturity and graduation. The training covered aspects of association formation, association management and leadership, loan conditions and procedures, association regulations, record keeping and conflict management. Moreover, MMD groups benefited from training on themes such as legal issues, literacy, women's leadership, decentralization, family planning and HIV/AIDS (CARE 2006).

### **3.7.2 Saving and Loan Association in Uganda**

Saving and Loan Association (SLA) which is the same as MMD model was adopted in West Nile District of Uganda in 1999. As for MMD the groups also must pass through four stages of training including mobilization, intensive training, development and maturity stage. In the training, the groups members acquire skills on how to operate the SLA groups and business development services training including planning and management of the Income generating activities and advanced business training (CIDA, 1999).

### **3.7.3 Saving and Loan Association (SLA) in Rwanda**

This is the model adopted in Rwanda between the years 1999 and 2004. Unlike other models, this does not promote new groups, but identifies and selects existing associations that are already formed but inactive. As for the previous groups, this one also must undergo four stages to be full fledged groups. During mobilization stage groups' members are taught about how SLAs are organized, their benefits and requirements. In intensive training phase groups' leaders learn the role of the management committee, loan procedures, interest procuders, penalties, internal rule, problem solving and conflict resolutions. Moreover, groups' members are given training on planning and management of Income Generating Activities and are expected to understand the best practices in businesses promotion, business planning and financial management at the end (CIDA, 1999).

### **3.7.4 Village Community Banks (VICOBA) in Tanzania**

VICOBA model which exist today in Tanzania originated in Niger under the name of “*Masa Masu Dabara (MMD)*” model. It was later modified and adapted in Tanzania mainland by Social and Economic Development Initiation of Tanzania (SEDIT) staff in the year 2002 and under the name Village Community Banks (VICOBA) (SEDIT Report, 2008).

SEDIT provided technical skills to groups' members including the meaning and importance of a VICOBA group, meaning and importance of VICOBA groups leadership committee, rules and regulations, conflict resolution skills, saving and credit operations guidelines, any cross cutting issues relevant to a particular problem

in the community such as HIV/AIDS and finally entrepreneurship skills (SEDIT Report 2008).

### **3.8 Literature Review Summary**

VICOBA is basically a saving and credit association incorporating informal financial institutions structures with modern financial institutions. VICOBA model was adopted in Tanzania as a result of the success of similar project operating in Niger. This model was called “*Mata Masu Dabara (MMD)*” meaning women in the move started in Niger by CARE International targeting women exclusively. The goal of MMD was to provide assistance to the rural poor communities with simple credit facilities to enable them, initiate and operate family income generating activities. On the other hand the goal of VICOBA is more or less the same as the goal of MMD of mobilizing the resources from the members of poor community for purpose of enabling them to obtain soft loan for operating income generating activities.

Apart from mobilizing the resources, training is part of all community lending models. Through training, groups’ members acquire knowledge on the better use and management of the resources mobilized and change members’ behavior on how to conduct and manage businesses. Various policy for formal and informal microfinance institution have been imposed to the Small and Medium Enterprises (SMEs) though many people do not know policy opportunities available for their development.



## **CHAPTER FOUR**

### **4.0 PROJECT IMPLEMENTATION**

#### **4.1 Introduction**

This chapter aims at providing insight on the implementation of the project. The implementation includes activities that have been undertaken and resources which have used to accomplish the planned activities. The information about the output of the project, project planning, staffing pattern and the budget for the activities implemented in the project is provided. The implementation plan is a design that indicates the table of activities, resources required to implement the project and responsible persons who will execute the activities within the project timeframe. The sequence of activities and time required for executing the activities is also shown in the implementation plan.

#### **4.2 Products and Output of the Project**

Products and output of the project is the outcome of the project after the inputs or resources have been utilised in accomplishing various activities in the project. This project has a number of activities leading to various outputs at the end of the project. The project formulated VICOBA groups and provide entrepreneurship and business skills training to the groups' members. Therefore, the outcomes of this project were:

- (i) Two (2) VICOBA groups formed, the names of these groups are Umoja Group and Ushindi Group.
- (ii) Fifty (50) VICOBA groups' members trained on entrepreneurship and business skills.

### 4.3 Project Planning

Project planning is a discipline for stating how a project will be accomplished within certain timeframe and budget. Project planning is the plan that involves various activities that have been implemented in the project. *Chart 1* below shows project implementation plan.

**Chart 1: Project Implementation Plan**

Activities	Project by month 2014												Resources required	Person responsible
	1	2	3	4	5	6	7	8	9	10	11	12		
1. Formation of VICOBA groups													Community members, Venue, Facilitator, Transport	Researcher, Facilitator, Community members
2. Agree on the topics to be covered in the capacity building													VICOBA groups' members, Venue, Facilitator, Transport	Researcher, VICOBA groups' leaders and some representatives
3. Design and develop the training manual													Books, Library, Researcher, Facilitator, Internet accessibility	Researcher, Facilitator
4. Conduct training to the VICOBA groups' members													Venue, Transport, Training manual/ materials	VICOBA groups' members, Researcher, Facilitator
5. Monitoring and evaluation													Transport, VICOBA groups' leaders and members	VICOBA groups' leaders and members, Researcher

Source: Research findings 2014

#### 4.3.1 Implementation plan – Logical Framework Matrix (LFM)

Logical Framework Matrix (LFM) involves the analysis and documentation of objectives and output/results, what shall be done to achieve the objectives (the activities), how (the means) and the potential assumptions. (Ngailo, 2010)

**Table 7: Logical Frame Work Matrix**

<b>Project Description</b>	<b>Objectively Verifiable Indicators (OVI)</b>	<b>Means of Verification</b>	<b>Assumptions</b>
<b>Goal</b>			
1. Formation of VICOBA groups	Number of VICOBA groups formed	Existence and operations of the VICOBA groups	At least two VICOBA groups formed to start with
2. Capacity building by imparting knowledge and skills to VICOBA groups' members	Number of VICOBA groups' members trained	Capacity building report	<ul style="list-style-type: none"> <li>• Training manual covering areas of concern design and developed</li> <li>• Willingness of group members to attend the training</li> </ul>
<b>Specific objective</b>			
1. Forming at least two VICOBA groups	Number of VICOBA groups formed	Existence and operations of the VICOBA groups	At least two VICOBA groups formed to start with
2. Design and develop training manual	Developed training manual	Training manual	Training manual covering entrepreneurship and business skills topics

<b>Project Description</b>	<b>Objectively Verifiable Indicators (OVI)</b>	<b>Means of Verification</b>	<b>Assumptions</b>
3. Train at least 50 groups' members on entrepreneurship and business skills	Number of VICOBA groups' members trained	Training report	<ul style="list-style-type: none"> <li>• Willingness of members to attend training</li> <li>• Availability of logistics and training materials</li> </ul>
<b>Activities</b>			
1. Contact the Ilala Municipal Council and the Segerea Ward administration for official and formal acceptance to conduct CAN	Visits to the Ilala Municipal Council and Segerea Ward offices	Acceptance letter	Leadership acceptance on the idea and support where required
2. Introduction to the Segerea Ward Community	Contacts with various levels of authority at Segerea Ward	Existence of mutual relationship with the Ward authorities	Willingness and support of the authorities in the project
3. Meetings with the Community members	Number of meetings held with the community members	Minutes of the meetings	Positive turn up of the community members in the meetings
4. Perform community needs assessment	Identified community needs	Needs of the community	Willingness and participation of members in the assessment
5. Formation of VICOBA groups	Number of VICOBA groups formed	Existing VICOBA groups	Participation of Community members in the activities related to VICOBA and their outcomes
6. Design and develop training manual	Training manual covering essential topics developed	Training manual	Training manual developed from the analysis of the real needs of the community

<b>Project Description</b>	<b>Objectively Verifiable Indicators (OVI)</b>	<b>Means of Verification</b>	<b>Assumptions</b>
7. Train the groups' members on entrepreneurship and business skills	Number of training conducted and members who attended the training	Training report	<ul style="list-style-type: none"> <li>• Willingness of members to attend the training</li> <li>• Availability of logistics and training materials</li> </ul>
8. Monitoring and evaluation	Number of evaluated Income Generating Activities of the VICOBA groups' members	Evaluation report	Income Generating Activities to be monitored and evaluated

Source: Researcher findings 2014

### **4.3.2 Project Input**

The project inputs are those resources which are needed to accomplish the proposed project activities. The resources include funds, time, material and human resources.

Time required to accomplish the project is seven (7) months where by the first three (3) months were used to conduct community needs assessment, formulating VICOBA groups and conducting training on entrepreneurship and business skills to the formulated VICOBA groups' members. The remaining four (4) months were used for monitoring and evaluation. The total amount of money used for the project is Tanzanian Shillings One million two hundred seventy five thousand (TZS 1,275,000/=) as shown in *table 8* below. This budget includes all activities from the initial contacts with district and ward authorities, meetings with the community members, community needs assessment, community needs assessment committee meeting, formulation of VICOBA groups, conducting of training to the VICOBA groups' members, monitoring and evaluation of the project, and to the preparation and finalization of the project report.

### **4.3.3 Project Staffing Patterns**

Staffing pattern is the process of defining what job needs to be done, how many staff will be needed to accomplish the stated jobs and the necessary qualification required to successfully perform in each job and position. Therefore, this subsection provide the guide that help to operationalize the activities during implementation which involve assigning and allocating tasks to the workforce. The staffing pattern of this project was designed in relation to the technical capacity of the workforce.

To project staffing for formulating the VICOBA groups and capacity building of VICOBA groups' members require competent person with relevant knowledge and experience in the formation of VICOBA, entrepreneurship and business skills. Therefore, for the formation of VICOBA groups and the capacity building of the a competent facilitator in collaboration with the researcher was selected to assist in the process.

#### **4.3.4 Project budget**

Project budget is the costs prediction of particular activities of the project. Those costs includes staffing, material cost and other related issues which were costed. The cost of implementing the project were Tanzanian Shillings One million two hundred seventy five thousand (1,275,000/=) as illustrated in *table 8* below. This amount include stationery and printing, transport, internet time, facilitator's allowance, data collection clerk's allowance, and refreshment.

**Table 8: Project Budget**

<b>Activity</b>	<b>Input needed</b>	<b>Units</b>	<b>Quantity</b>	<b>Unit costs (TZS)</b>	<b>Total costs (TZS)</b>	<b>Sources of project financing</b>
1. Initial contact with the Ilala Municipal Council administration for official and formal acceptance to conduct CNA	Transport	Trips	3	10,000	30,000	Researcher
2. Initial contact with the Segerea Ward administration for official and formal acceptance to conduct CAN and introduction to the community	Transport	Trips	3	15,000	45,000	Researcher
3. Meetings with the Community members, data collection and community needs assessment	Transport	Trips	4	15,000	60,000	Researcher
	Questionnaire printing	Pieces	300	100	30,000	Researcher
	Data Collection Clerk	Days	2	45,000	90,000	Researcher
	Refreshment	Lump sum	1	30,000	30,000	Researcher
4. Formation of VICOBA groups	Transport	Trips	2	15,000	30,000	Researcher
5. Design and develop training manual and train the groups' members on entrepreneurship and business skills	Transport	Trips	4	15,000	60,000	Researcher
	Training manual	Pieces	2	30,000	60,000	Researcher
	Facilitator	Days	4	150,000	600,000	Researcher
6. Monitoring and evaluation	Transport	Days	4	15,000	60,000	Researcher
7. Writing the project report and binding	Stationary	Lump sum	1	150,000	150,000	Researcher
	Internet time	Lump sum	1	30,000	30,000	Researcher
<b>Total</b>					<b>1,275,000</b>	

Source: Research findings, 2014



#### **4.4 Project Implementation**

The implementation of the project focused on reducing economic hardship for youth and women through VICOBA groups whereby VICOBA groups were formulated and capacity building of the VICOBA groups' members in Segerea Ward by conducting training on entrepreneurship and business skills.

##### **4.4.1 Operation of VICOBA Groups**

The established VICOBA groups had a total number of 50 groups' members, each group with 25 members. After the establishment, the groups' members formulated regulations, procedures, and by-laws together which promoted sense of ownership. Each VICOBA group democratically elected their leadership among the group members and serves voluntarily; this makes the leaders win the member's trust, respect and commitment to obey their instructions.

The groups' saving and fund raising is done on weekly basis through share collection from the members. The value of the shares is TZS 2,000 as determined by the members. A member is allowed to buy a minimum of one share and a maximum of five shares per week. This is done purposely to minimise dominance among the members. The shares accrued are in turn used as revolving fund among the group members as loans.

Another fund, which is raised during the weekly meetings, is the social welfare fund amounting to TZS 1,000 used on education, health, and other social issues.

Group members also support their capacity building by contributing TZS 500 to pay the facilitators.

By the eighth month of the establishment of the VICOBA Groups, Ushindi Group had a total of 1,750 shares amounting to TZS 3,500,000 while Umoja Group had a total of 1,800 shares amounting to TZS 3,600,000 bought by the members.

Out of TZS 3, 500, 000 of Ushindi Group, TZS 3,350,000 had been borrowed and being remitted as required while TZS 3,200,000 of Umoja Group has been borrowed and being remitted as per the agreed procedures.

#### **4.4.2 Training modality**

The VICOBA groups' members comprised of people with different levels of understanding and absorbing what was facilitated to them in building their capacities. Most of them were adults which necessitate participatory approaches throughout the training. Various methods were used including group discussions and presentations and experience sharing supported by icebreakers. The training were highly participatory with very short presentations from the facilitators aiming at enhancing participant's level of understanding and smooth absorption of the training.

**Figure 6: Focus group discussion photo**



Source: Research findings, 2014

#### **4.4.3 Project implementation Report**

The implementation of the activities started in February 2014 by conducting meetings with the members of Segerea Ward community, performing community needs assessment, holding meeting with the community needs assessment committee for prioritisation of the community's needs, forming VICOBA groups, conducting training on entrepreneurship and business skills and finally performing project participatory monitoring, evaluation and sustainability. The project closure was in August 2014.

**Figure 7: Participants in one of the training sessions**



Source: Research findings, 2014

**Table 9: Training Timetable**

<b>Time/ Saturday</b>	<b>Activity</b>	<b>Responsible</b>
<b>5<sup>th</sup> April, 2014</b>	<b>Entrepreneurship skills</b>	
11: 30 – 12:10	<ul style="list-style-type: none"> <li>• Meaning of entrepreneurship/ entrepreneur</li> <li>• Myths of entrepreneurs</li> </ul>	Facilitators/ Participants
12: 20 – 13:00	Characteristics/ qualities of entrepreneurs	Facilitators/ Participants
13:30 – 14:40	<ul style="list-style-type: none"> <li>• Entrepreneurship culture</li> <li>• The role of entrepreneurs in the economy</li> <li>• The risks and rewards faced by entrepreneurs</li> <li>• Condition for entrepreneur's success in Tanzania.</li> </ul>	Facilitators/ Participants
<b>12<sup>th</sup> April, 2014</b>		
11:30 – 12:00	Recap on entrepreneurship skills	Facilitators/ Participants
	<b>Financial management skills</b>	
12:10 – 12:50	<ul style="list-style-type: none"> <li>• Business</li> <li>• Bookkeeping</li> <li>• Cash book</li> </ul>	Facilitators/ Participants
13:20 – 14:10	<ul style="list-style-type: none"> <li>• Income and expenditure</li> <li>• Calculation of profits and loss</li> </ul>	Facilitators/ Participants
<b>19<sup>th</sup> April, 2014</b>		
11:30 – 12:00	How to use profit	Facilitators/ Participants
12:10 – 12:50	Group exercise <ul style="list-style-type: none"> <li>• Income and expenditure</li> <li>• Calculation of profit and loss</li> </ul>	Facilitators/ Participants
13:20 – 13:40	Recap on financial management skills	Facilitators/ Participants
	<b>Business management skills</b>	
13:50 – 14:30	Selling and buying on credit	Facilitators/ Participants
<b>26<sup>th</sup> April, 2014</b>		
11:30 – 12:30	Recording credit sales and purchases	Facilitators/ Participants
12:40 – 13:20	Business planning and management	Facilitators/ Participants
13:50 – 14:30	Recap on business management skills	Facilitators/ Participants

## **CHAPTER FIVE**

### **5.0 PROJECT PARTICIPATORY MONITORING, EVALUATION AND SUSTAINABILITY**

#### **5.1 Introduction**

This chapter provides information of the process of monitoring and evaluation during implementation period, after project has been implemented and sustainability plan of the project. Monitoring plan was prepared before the project was implemented while the actual plan shows various methods used to collect project information and analysis. The project evaluation was also planned before implementation, during implementation and after implementation.

#### **5.2 Participatory Monitoring**

Participatory monitoring is a regular, systematic and purposeful observation and recording of the activities taking place in a project. It is the way in which projects are measured, managed and kept on track according to plans. Monitoring involves the collection, analysis, communication and use of information about the project progress (Ngailo 2010). Participatory monitoring involves day-to-day follow up of the project activities to ensure that the activities have been performed as planned by the VICOBA groups' members and the researcher.

The objective of the participatory monitoring is to highlight strengths and weaknesses in the project implementation so that necessary changes can be made to improve performance of the project. It also involve keeping track and records of activities on a daily, weekly, monthly or seasonally and analyze the information to

obtain important feedback which can be used in the future during the participatory evaluation.

### **5.2.1 Monitoring Information System**

Monitoring information system is a system designed to collect and report information on a project and project activities to enable planning, monitoring and evaluation of operations and performance of the project (CEDPA, 1994). The monitoring information system for this project was arranged in such a way that the information collected from the site where activities were taking place is documented. The Chairperson and Secretary of each VICOBA group in collaboration with the researcher were responsible for data collection for activities taking place.

### **5.2.2 Participatory Monitoring Methods Used**

#### **5.2.2.1 Review Records**

Monitoring information was gathered through various forms in order to verify the number of groups' members trained in entrepreneurship and business skills. Record review was useful for determining and understanding of trainees, contents and usefulness of the material provided during training and ability of trainee's to understand the contents. Attendance register was used in monitoring the groups to know the number of groups' member who participated in the training. Participation in group and final training evaluation was used to recognize if the trainees understood the training contents.

#### **5.2.2.2 Visits**

The researcher visited the business places for groups' members and observed the application of various techniques and skills acquired during the entrepreneurship and business skills training.

#### **5.2.2.3 Meetings**

As a monitoring process, the researcher attended groups' meetings whereby discussion on the progress of their business in terms of successes and challenges encountered were discussed.

#### **5.2.2.4 Monitoring questions**

Questions regarding the implementation of the project were also formulated and used as a monitoring tool for the project. The following are questions used to monitor the project.

- i. What Income Generating Activities have you been implementing in your VICOBA groups as a member for this year 2014
- ii. How useful was the training on entrepreneurship and business skills to you Income Generating Activities?
- iii. What knowledge did you acquire from the training that you did not have before?
- iv. What other issues would like to be included in the coming training?

### **5.3 Finding and analysis**

The researcher had a clear understanding of the Income Generating Activities conducted by the VICOBA groups' members during the visits to their business places, and meetings held by the groups' member to discuss successes and challenges encountered.

All groups' members admitted that knowledge imparted to them during the entrepreneurship and business skills training had been so useful and assisted them to change the way they used to conduct business before the training. The groups' members now they keep records of all transactions in order to know if they are making profits or sustaining losses in their income generating activities. The groups' members also appreciated the fact that now they understand the entrepreneurship and business skills tips which give them confidence to come with new ideas and income generating activities than it was before the training.

Most of the groups' members would like a training on human resource management and administration in the future that they may be able to manage more income generating activities while also providing employment to other community members.



Monitoring plan is as shown in *chart 2* below.

**Chart 2: Monitoring Plan**

Objective	Activities	Indicators	Means of verification	Data source	Methods/ Tools	Time frame
Understand the progress of the formulated VICOBA groups	<ul style="list-style-type: none"> <li>Visit the income generating activities/ businesses established by groups' members</li> <li>Attend groups' members meetings to discuss successes and challenges encountered in the established income generating activities/ businesses</li> </ul>	<ul style="list-style-type: none"> <li>Number of visits to the income generating activities/ businesses</li> <li>Number of income generating activities/ businesses</li> <li>Number of meetings attended</li> </ul>	<ul style="list-style-type: none"> <li>Physical presence of the income generating activities/ business</li> <li>Participation in meetings</li> <li>Attendance register for the meetings</li> </ul>	<ul style="list-style-type: none"> <li>Established income generating activities/ businesses registered by the leadership of each group leaders</li> <li>Meeting minutes</li> </ul>	<ul style="list-style-type: none"> <li>Observations</li> <li>Meetings</li> </ul>	August 2014
Understand the impact of the capacity building to the VICOBA groups' members	<ul style="list-style-type: none"> <li>Visit the groups' members</li> <li>Attend groups' members meetings</li> </ul>	<ul style="list-style-type: none"> <li>Application of the techniques from the training</li> <li>Success stories from the groups' members</li> </ul>	<ul style="list-style-type: none"> <li>Records/ information kept by groups members regarding their income generating activities/ businesses</li> <li>Attendance register for the meetings</li> </ul>	<ul style="list-style-type: none"> <li>Income generating activities/ businesses records</li> <li>Meeting minutes</li> </ul>	<ul style="list-style-type: none"> <li>Observations</li> <li>Meetings</li> </ul>	August 2014

Source: Research findings, 2014

## **5.4 Participatory Evaluation**

Participatory evaluation is project evaluation which involves beneficiaries, stakeholders and development partners to evaluate the achievement of the objective achievement in terms of quality, efficiency and effectiveness. Participatory evaluation of the reducing economic hardship for youth and women through VICOBA groups in Segerea Ward involved VICOBA groups leaders, VICOBA groups' members and researcher, so as to make sure that the objective of project were achieved. Evaluation is a systematic investigative collection of information that can help to determine whether a project is proceeding as planned and meeting its stated program goals and project objectives according to the proposed timing. During evaluation data are examined to determine if current operations are satisfactory or if some modification might be needed (Ngailo, 2010).

### **5.4.1 Performance Indicators**

The basis of the project evaluation is the outputs, outcome and impact of project which was identified during the planning stage. Thus the evaluation begin at the start of a project with the collection of the baseline information. The baseline information gave the researcher important information which is later compared with follow up information to understand how much things have been changed. The evaluation minimizes the cost of project and increases project efficiency by identifying the weaknesses or duplications in order to make improvement.

The evaluation can be done using two stages which are formative evaluation and summative evaluation. The purpose of formative evaluation is usually to assess

initial and ongoing project activities while the summative evaluation is to assess the quality and impact of a fully implemented project. Therefore, for the purpose of this project, formative evaluation has been used to conduct and capture the outcome of the project as summative evaluation use long time to see the change in behaviour of the people in businesses.

## **5.4.2 Participatory Evaluation Method**

### **5.4.2.1 Group Discussion**

Group discussions were conducted to evaluate the reaction of groups' members, to understand the progress of their income generating activities/ businesses and the impact of the capacity building through entrepreneurship and business skills training. Through the discussions the groups' members were able to express the progress of their income generating activities/ businesses and how are they fairing after the training. The focus group discussion were conducted by the VICOBA groups' leaders and the researcher.

### **5.4.2.2 Evaluation Question**

Evaluation questions used are the following:

- i. Did the project meet the stated goals and objective?
- ii. What was the main strengths and weaknesses of the project?
- iii. Were timelines observed in achieving the project objectives?

### **5.4.2.3 Evaluation Results**

On the basis of the focus group discussions it was observed that the VICOBA groups' members were happy with the outcome of the project as groups' member

have been able to establish their own income generating activities by applying the skills acquired from the capacity building training. The groups' members were imparted with entrepreneurship and business skills for proper development, planning, and managing income generating activities/ businesses.

### **5.5 Project Sustainability**

Sustainability can be defined as the ability of a project to maintain its operations, services and benefits for its projected life time. Ngailo (2010) also defines the project sustainability as the ability of the project to generate the required results after the project come to an end or after the project sponsors have finished their duty of financing or providing the technical assistance to the project. This project has been implemented with full support of beneficiaries as they were involved in the formulation to the implementation of this project. This created a sense of ownership, accountability, transparency and public awareness by the beneficiaries. As a result of their involvement, the groups' members are committed to proceed with the initiated activities and outputs even after the project come to an end.

All the groups' leaders and members participated fully in the training and the training materials were left with the leadership for future use or replication to other newly established groups. Moreover, the groups' leaders will ensure that the groups' members keep on applying the imparted skills from the training.

### **5.5.1 Financial sustainability**

The project to be sustainable, the availability of funds is crucial and this has been made easier by the formation of the VICOBA groups and establishment of income generating activities/ businesses by the groups' members. From the VICOBA Groups the groups' members are able to take loans for their income generating activities/ businesses which also create their credibility to purchase on credit from various suppliers.

This is also a room for the VICOBA Groups to access support from Government institutions like Small Entrepreneurs Loan Facility (SELF) Project and other organisations of this nature.

### **5.5.2 Political sustainability**

Political sustainability of the project was considered in the initial stages of the project by seeking approval from the concerned authority before the commencement of the project. Consultations and approvals were obtained from Ilala Municipal Council and Segerea Ward authorities.

## **CHAPTER SIX**

### **6.0 CONCLUSION AND RECOMMENDATION**

#### **6.1 Introduction**

Conclusion and recommendations of the participatory needs assessment, problem identification, literature review, project implementation, and participatory monitoring and evaluation of the project are provided in this chapter. The Community Needs Assessment was conducted in Segerea Ward in February 2014 where problems facing the community were identified. Through community needs assessment committee prioritisation of the needs were done to come up with the most pressing need for the community. Economic hardship among other problems was selected, hence “Reducing economic hardship for youth and women through VICOBA groups” project initiated and implemented.

#### **6.2 Conclusion**

On the basis of the Participatory Needs Assessment conducted to the Segerea Ward community and subsequent project on “Reducing economic hardship for youth and women through VICOBA groups” the researcher came out with the following conclusion.

The community identified a number of problems including clean and safe water, economic hardship coupled with unemployment, unsatisfactory solid waste management, poor infrastructures, area/ place for market. After the community needs assessment committee prioritisation, the researcher confidently selected economic hardship as the pressing need within her reach and beneficial to the

community including a part solution to the other identified problems. This was followed by formation of VICOBA groups and capacitated them with entrepreneurship and business skills to ensure their sustainability. It is evident from the monitoring and evaluation that the established VICOBA groups' members are conducting profitable income generating activities/ businesses by utilising the entrepreneurship and business skills imparted to them during the training.

The training provided to the VICOBA groups' members has enabled them to acquire networks, technology, and new and better business management as better performance of the small business depends on the available business knowledge to effectively and efficiently utilize the resources obtained from various sources.

From different literatures about VICOBA groups which are common phenomena in Tanzania and not restricted to Segerea Ward alone there common issues which are cross cutting. Other African countries are also practicing the community lending model to empower their people financially, economically and socially. Participatory monitoring and evaluation was done during and after the formation of VICOBA and training to ensure that the VICOBA groups' members have acquired the right and required skills.

On the basis of the groups' meetings and field visits conducted by the researcher, the researcher is confident that the project is sustainable beyond reasonable doubt.

### **6.3 Recommendations**

On the basis of the project on reducing economic hardship for youth and women in general and specifically for Segerea Ward community, the following recommendations are put forth:

- i. For a full fledged project on reducing economic hardship for the community members , time is of essence. More time is required to initiate and sustain the project in collaboration with the community and other stakeholders. Therefore, other resarchers on the same study should consider an extended time for implementation , monitoring and evaluation of the project for more positive outcome and impact.
- ii. Sustainability of the project deliverables is important after the completion of the project. This is only posible when the community and other stakeholders including the Government and its related authorities take charge of the outcome. The Government is urged to create a mechanism in order to support the project deliverables after the project completion.



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**APPENDICES**

## Appendix 1: Questionnaire on Community Needs Assessment

1. Respondent's age

- a. 16 – 20 \_\_\_\_\_
- b. 21 – 45 \_\_\_\_\_
- c. Over 45 \_\_\_\_\_

2. Respondent's sex

- a. Male ☐
- b. Female ☐

3. What is highest grade you completed in school?

- a. Non Formal education ☐
- b. Primary Education ☐
- c. Secondary Education/Certificate ☐
- d. Higher Education ☐

4. What are the main problems faced by the members of your community (Rank them in order of severity and as you would wish them to be addressed/solved.)

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_
- d. \_\_\_\_\_
- e. \_\_\_\_\_

5. What do you think are the main causes for the problems you mentioned above?

- a. Problem 1 \_\_\_\_\_
- b. Problem 2 \_\_\_\_\_

- c. Problem 3 \_\_\_\_\_
- d. Problem 4 \_\_\_\_\_
- e. Problem 5 \_\_\_\_\_

6. What do you think should be done to address the above problems?

- a. Problem 1 \_\_\_\_\_
- b. Problem 2 \_\_\_\_\_
- c. Problem 3 \_\_\_\_\_
- d. Problem 4 \_\_\_\_\_
- e. Problem 5 \_\_\_\_\_

7. What are the potential resources that you have and can be used for development activities

- a. Problem 1 \_\_\_\_\_
- b. Problem 2 \_\_\_\_\_
- c. Problem 3 \_\_\_\_\_
- d. Problem 4 \_\_\_\_\_
- e. Problem 5 \_\_\_\_\_

## Appendix 2: Monitoring and Evaluation Questionnaire

1. Respondent's age

- a. 16 – 20 \_\_\_\_\_
- b. 21 – 45 \_\_\_\_\_
- c. Over 45 \_\_\_\_\_

2. Respondent's sex

- a. Male ☐
- b. Female ☐

3. What are the Income Generating Activities/ businesses have you been implementing in your VICOBA group as a member for this year 2014?

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_
- d. \_\_\_\_\_
- e. \_\_\_\_\_
- f. \_\_\_\_\_
- g. \_\_\_\_\_

4. How useful was the training on entrepreneurship and business skills to you Income Generating Activities/ business?

Please, explain and give examples.

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5. What knowledge did you acquire from the training that you did not have before?

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6. What other issues would like to be included in the coming training?

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### **Appendix 3: Training manual – Entrepreneurship and business skills**

#### **Training Goals and Objective**

**Goal:** To impart participants with practical experience in entrepreneurship, business management and financial management to enhance their ability to initiate, plan, run, and manage their income generating activities/ businesses professionally and profitably to improve their standard of living and purchasing power.

**Objectives:** By the end of the training the participants are expected to be able to:

- Understand the meaning of entrepreneurship, entrepreneurship concepts and principles, how to build entrepreneurship culture, and practical applicability of entrepreneurship concepts, principles and culture.
- Understand the financial management concepts
- Understand how to record financial transactions in relation to income and expenditure
- Understand how to measure the performance of the business
- Understand record keeping techniques in business

#### **Training Methodology**

Being an adult training, the training will be participatory. Various methods will be used including group discussions and presentations and experience sharing supported by icebreakers. The training will be highly participatory with very short presentations from the facilitators. This method aimed at enhancing participant's level of understanding and smooth absorption of the training.

**Training Participants**

VICOBA groups' members and leaders

**Duration of training**

The training will be conducted for a month on every Saturday for 2 hours 15 minutes a day. Therefore the actual training will be 9 hours to cover all topics.

**Venue**

The training will be conducted in the place where groups' meetings are conducted.

**Language**

While the manual is written in English, the training will be conducted in Kiswahili.

### Training Content

Topic	Main issues
Entrepreneurship and how to build entrepreneurship culture	What is entrepreneurship Myths of entrepreneurship Who is an entrepreneur Characteristics of entrepreneurship How to build the entrepreneurship culture The role of entrepreneurs in the economy Risks and rewards faced by entrepreneurs Conditions for entrepreneur's success in Tanzania
Financial Management	Recording income and expenditure Calculation of profit and loss How to use profit Selling and buying on credit
Business Management	Business planning Business management

### Lessons

Lesson One: Entrepreneurship skills

Lesson Two: Financial management skills

Lesson Three: Business management skills

## Lesson One

### Entrepreneurship Skills

#### Objectives of the lesson

At the end of the session participants will be able to:

- Define entrepreneurship/ entrepreneurship
- Understand the entrepreneurship myths
- Know the characteristics/ qualities of entrepreneurs
- Understand how to build the entrepreneurship culture
- Understand the role of entrepreneurs in the economy
- Understand the risks and rewards faced by entrepreneurs
- Understand conditions necessary for entrepreneur's success in Tanzania

Duration of the session: 3 hours

Time & Technique	Activity	Material
40 minutes Discussion	Facilitators introduce the topic and ask participants to explain the meaning of entrepreneurship, entrepreneur and myths of entrepreneurs	Flipchart, post notes, masking tape and marker pen
40 minutes Brainstorming/ Discussion	Facilitators brief the participants and let them discuss the characteristics/ qualities of entrepreneurship.	Flipchart, post notes, masking tape and marker pen
70 minutes	Facilitators present the topic	Flipchart, post notes,

<b>Time &amp; Technique</b>	<b>Activity</b>	<b>Material</b>
Brainstorming/ Discussion	on how to build entrepreneurship culture, the role of entrepreneurs in the economy, the risks and rewards faced by entrepreneurs, and condition for entrepreneur's success in Tanzania.	masking tape and marker pen
30 minutes Summary/conclusion	Facilitators wrap up the discussion by highlighting all key points regarding entrepreneurship skills.	Handout one of entrepreneurship skills.

## **Handout one**

### **Entrepreneurship skills**

#### **Meaning of entrepreneurship**

Entrepreneurship is creating something different/ unique with value by devoting time and efforts, and assuming risks for success.

#### **Meaning of entrepreneur**

An entrepreneur is a person who has the ability to see and evaluate business opportunities together with necessary resources to take advantage of them and to initiate appropriate action to ensure success.

#### **Myths of entrepreneurship**

Myths - refers to mistaken belief concerning something. Through many years many myth has risen about entrepreneurship some of those myth are as follows:

- Entrepreneurs are doers not thinkers: A belief existed that entrepreneurs are action oriented hence do not waste time thinking. However, an effort put in developing business plan implies that entrepreneur also think.
- Entrepreneurs are born not made: The wrong belief in this case is that entrepreneurship cannot be learned. But entrepreneurship as a discipline has models, which allow it to be studied.

- Entrepreneurs are always inventors: This is a wrong belief that entrepreneurs have to become inventors although many inventors are entrepreneurs numerous entrepreneurs show all sorts of innovative activity.
- Entrepreneurs are academically and social misfits: This is a wrong belief that many successful entrepreneurs dropped out of school or are not socially good. Today entrepreneurs are considered hero socially and academically.
- Entrepreneur must fit the profile: This wrongly assured that successful entrepreneurs fit a checklist of characteristics. Today we realize that standard entrepreneur characteristics are hard to compile.
- All entrepreneur need is money: This is a belief that in order to succeed, entrepreneur needs money yet money is not solution to avoid failure.
- All entrepreneurs' need is luck: This is a wrong belief that - Successful entrepreneurs are just luck but the reality is that luck happen when opportunities meet preparation.
- Entrepreneurs seek success but experience high failure rates: It is true that many entrepreneurs suffer a number of failures before they are successful. But failures can teach those willing to learn.
- Entrepreneurs are extreme risk takers (Gamblers): This is not entirely true, most entrepreneurs work hard through planning and preparation to minimize the risk involved in order to better control the destiny of their vision.

**Qualities of entrepreneurship**

A successful entrepreneur normally needs to have a certain characteristics/ qualities which enable him or her to perform better on his/her business. The following are common characteristics/attributes which identify entrepreneurs from non-entrepreneurs:

- Commitment, determination, and perseverance
- Drive to achieve
- Opportunity orientated
- Initiative and responsibility
- Persistent problem solving
- Seeking feedback
- Internal locus of control
- Tolerance for failure
- High energy level
- Creativity and innovativeness
- Visionary
- Self-confidence and optimizing
- Independence
- Team building
- Integrity and reliability
- Tolerance for ambiguity
- Calculated risk taking



### **How to build the entrepreneurship culture**

An enterprising culture is “a commitment of the individual to the continuing pursuit of opportunities and developing an entrepreneurial endeavor to its growth potentials for the purpose of creating wealth for the individual and adding value to society”. Culture is important in any dimension of entrepreneurship as it determines the attitudes of individuals towards the initiation of entrepreneurship.

The entrepreneurship culture is built by being innovative, being ready to learn, being committed, easy to change and easily adopt new changes. Therefore to be good entrepreneur it is essential to study the market thoroughly and understand that market's customers before deciding on the type and kind of product or service to be offered.

- Work out a sound business plan by doing extensive research.
- Make arrangements for the startup capital by using savings, opting for a micro loan program, or applying for a grant.
- Perform extensive market research, get the necessary training and skills required, and learn how to use technology to help run your business easily.
- Study the competition and analyze how you can better them.
- Get a good retail space to run your business as well as decide on the price, making sure it is right and has a profit margin; decide how to utilize the profit, whether you want to save it or reinvest and expand your micro business.
- Make sure that the quality of the product is never compromised and that your customers are happy, ensuring customer retention.

- Learn maintaining day-to-day business transactions and relevant records. Keep track of your customers and understand their changing needs.
- Develop rapport with the clients so as to retain them as customers.
- Understand your competitors and their strategies whether they do not snatch business from you.
- Cultivate habits of making plan in advance and review as time progress. Keep track of your activities with reference to your plan and review it on continuous basis.

Whatever the level and size of the enterprise, entrepreneur must always analyze the following:

- Marketability of goods and services.
- Availability of raw materials, tools and equipment.
- Location of the enterprise.
- Production processes.
- Production costs and benefits.
- Sources of financing and Management

### **The role of entrepreneurships in the economy**

- Create jobs
- Promote health competition
- Create wealth and spread prosperity
- Growth
- Maintain free enterprise

- Ensure innovation and creativity
- Social progress
- Encourage grassroots development

### **Risk and rewards faced by entrepreneurs**

Starting or buying a business involves risk and the higher the rewards, the greater the risk entrepreneurs face. Entrepreneurs face a number of risks that can be grouped into 4:

- Financial risks
- Family and social risk
- Psychic risk
- Career risk

People who make decision for entrepreneurship instead of taking salaried employment typical do so, for the following reasons:

- Desire for economic independence
- Profit separation
- Desire to be own boss
- Seeking security
- Protection of property
- Protection of business

### **Condition for entrepreneur's success in Tanzania**

The foundation of running a successful business depends on a number of reasons:

- Financial base: A variety of financial source both debt and equity must be available.
- Education and training: Entrepreneurs have basic education and sufficient training and reference by the business field they undertake lack of right skill. This often identifies unit of the major cases of business failure.
- Availability of infrastructure: An entrepreneur stands a better chance to succeed where efficient telecommunication, suppliers, transport facilities and distribution network are well provided for.
- Favourable laws and regulations: Rigid laws and business regulations may be a course of discouraging entrepreneurial activities.
- Taxes: Taxes, levies and duties have been inciting, heavy taxes reduce profitability.
- Trading regulations: Strong trade regulations quotas, tariffs are normal. Producing elimination of trade, barriers, business competition and actual strength.
- Research: Starting a new business entails risks which uncertainty of success free investigation and experimentation must be made to discover new and better ways of doing things to enable entrepreneur to develop product which service ideas that would meet the new need in the market place.
- Society encouragement, which supports leaders in the society, should propagate hardworking, self-employment, self-reliance than risk reward e.g. political teachers.

## Lesson Two

### Financial management skills

#### Objectives of the lesson

At the end of the session participants will be able to:

- Understand how to recording of income and expenditure in a business
- Understand how to calculate profit or loss.
- Understand how to use profit obtained from the business

Duration of the session: 3 hours

<b>Time &amp; Technique</b>	<b>Activity</b>	<b>Material</b>
40 minutes Discussion	Facilitators introduce topic and test the understanding of the participants in terms of business, bookkeeping and cash book	Flipchart, post note, masking tape and marker pen
50 Minutes Brainstorming/ Discussion	Facilitators test the understanding of participants on income and expenditure and calculation of profit and loss	Flipchart, post note, masking tape and marker pen
30 minutes Brainstorming/ Discussion	Facilitator presents the topic on how to use profit.	Flipchart, post note, masking tape and marker pen
40 minutes Brainstorming/ Discussion	Participants in small groups to practice income and expenditure recording and calculation of profit and loss	Flipchart, masking tape and marker pen
20 minutes Summary/conclusion	Facilitators wrap up the discussion by highlighting key points regarding financial management skills.	Handout two on financial management skills

## **Handout two**

### **Financial management skills**

#### **The meaning of business**

A business can be defined as the act of producing and selling goods, buying and selling goods, but also providing services to people.

#### **Bookkeeping**

In business we refer record keeping as bookkeeping. Bookkeeping means writing down all the transactions or money that comes into or goes out of your business. Bookkeeping is important as we cannot rely on our memories to keep everything.

#### **Advantages of bookkeeping are:**

- At any time is easy to know how much money you have received, how much has been spent and how it has been spent.
- You can know or calculate whether you are making a profit or a loss.
- Assist in making better decisions on what to buy and sell.
- It easy to have or retrieval records of buying and selling on credit, to avoid people cheating on you.
- You can keep records of money coming in and going out of a group project, and therefore prevent misuse of the money and avoid mistrust amongst group members.

## **Cash book**

Cash book is a book where we record all payments and receipts of the business.

You can use an ordinary arithmetic exercise book as a 'cash book'.

- All receipts or money received by the business are written on the left side of the page
- All payments or money paid out by the business are written on the right side of the page

## **Income and Expenditure**

### **Introduction**

In most businesses especially the small scale businesses/ entrepreneurs there is no separation between the owner of the business and the business. This hinders the owners from knowing whether the business is making profit or sustaining loss. It is very important to put a demarcation between the business and the owner of the business as separate entities which will ensure that the business records are kept properly.

### **Income**

Income is the inflow to the business as a result of the business selling products/ goods or rendering services to the customers. Money come in to the business by producing and selling goods, by buying and selling goods, by giving a service (like a taxi driver who provides transport). It has to be known that income does not include anything which the business has the obligation to return or payback like loans from friends, family members or financial institutions.

**Expenditure**

Expenditure is the outflow of money from the business as a result of receiving products/ goods or services in the normal operations of the business to generate income. Money can go out of the business by buying materials or ingredients (like fish and firewood for fish smoking, clothes for dressmaking, flour for bread baking), services like transport (taxi, bus), rent and wages.

**Profit and Loss****Profit**

When the difference between income and expenditure or between the money generated by the business and the money consumed by the business is positive, we say that the business has made profit. That is income is greater than expenditure. It has to be noted that profit is not the same as income.

**Loss**

When the difference between income and expenditure or between the money generated by the business and the money consumed by the business is negative, we say that the business has made loss. That is expenditure is greater than the income.



**How to calculate profit/loss**

- Sum up all the money generated from sales of products/ goods or services by the business (Income).
- Sum up all the money incurred in the process of generating income by the business (Expenditure).
- Subtract the amount in 2 above from the amount in 1 above i.e. income minus expenditure
- If the amount is positive it means that the business has made profit and if the amount is negative it means that the business is sustaining loss.

**How to use the profit****Introduction**

Entrepreneurs need to decide whether to use the profit for personal/ household issues, savings or boosting up the business. Most people have so little money that they easily spend it on daily needs making it very difficult for them to keep the money away and not to touch it. However, saving money for future needs will help people to improve their business and their living standards.

**Savings**

Savings means that keeping money aside without spending it, unless you have planned to use it for some purpose.

### **Reasons for saving**

- Expand business
- Replace/ repair old or damaged equipment and utensils.
- Prepare for emergency cases.
- Improve standard of living, examples building a house and sending the children to a good school.

### **How to save the money**

- At home
  - Advantages:
    - You do not have to travel.
  - Disadvantages:
    - You are tempted to use the money.
    - It may not be safe.
- At the bank/ financial institution
  - Advantages:
    - The money will be safe.
    - You will get interest on the money deposited.
  - Disadvantages
    - You may have to travel.
    - Banks are formal institutions that may discourage people.
- With savings group
  - Advantages:
    - You do not have to travel.

- You are encouraged by other group-members to save.
- Disadvantages:
  - The money-collector may not always be reliable.

### Lesson Three

#### Business management skills

##### Objectives on the lesson

At the end of the lesson participants will be able to:

- Understand records required while selling and buying on credit
- Understand the how to plan and manage business.

Duration of the session: 3 hours.

<b>Time &amp; Technique</b>	<b>Activity</b>	<b>Material</b>
40 minutes Discussion	Facilitators introduce topic and briefing on doing business by selling and buying on credit.	Flipchart, post note, masking tape and marker pen.
60 minutes Brainstorming/ Discussion	Facilitators present the part on credit sales and purchase records and ask participants to practice.	Flipchart, post note, masking tape and marker pen.
40 minutes Brainstorming/ Discussion	Facilitators present the part on business planning and management and invite participants to share experience.	Flipchart, post note, masking tape and marker pen.
40 minutes Summary/ Conclusion	Facilitators wrap up the discussion by highlighting key points concerning business management skills.	Handout three on business management skills.

## **Handout three**

### **Business management skills**

#### **Buying and selling on credit**

##### **Introduction**

Buying and selling on credit is very common in today's business. It can be very profitable, but it can also be very risky sometimes. Some people may only pay after a long time, or not pay at all. Some understanding of credit management will help people to control their businesses better.

##### **Selling on credit**

The main advantage of selling on credit is that it is a plus to customers, and will attract more customers in the long run. Despite the increased number of customers in the long run, there disadvantages which are observed on credit selling as follows:

- Delay in payment by customers, or may not pay at all.
- There may be quarrels in payment.
- If the credit sales are on small items (1 loaf of bread, 2 bottles of soft drinks), they easily adds to a lot of money, which makes it difficult for you to remember who should pay you and how much money if records were not kept properly.
- The money not yet paid by your customers cannot be used to buy products/ goods or improve your business.

Therefore it is best not to sell on credit at all but if you have to sell on credit, keep the following rules:

- Only sell on credit to regular customers whom you are sure will pay you on time.
- Demand payment of part of the amount.
- Always keep sufficient cash to buy new stock.
- Keep records of the people to whom you sold on credit.

### **Buying on credit**

Buying on credit may help you in your business in the following scenario:

- Buy stock in a season when it is cheap (like maize, beans, rice), preserve and store it and sell it when the prices are high.
- Buy in bulk at a cheap price (like fish, flour).

In this scenario buying on credit may give you more profit.

The disadvantages of buying on credit are:

- There may be quarrels over payment.
- You may forget about paying time.
- There is the tendency to buy unnecessary things.
- Sometimes you have to pay more when you buy on credit (interest).

Therefore if you decide to buy on credit, be sure that you will be able to pay your credit on time. Before buying on credit find out how much profit you will make with your business. The profit should be enough to pay your credit, and still leave some money for savings.

## **The credit book**

### **The meaning of credit book**

This is a book where the record of all the money that customers have to pay you and all the money you have to pay to others are kept. Two credit books may be kept, one for the goods that you have sold on credit and one of the goods that you have bought on credit.

### **Selling on credit**

#### **How to record goods sold on credit**

- Draw 6 column of date, goods, amount, payment, total amount the customer has to repay and signature or thumb print of customer

**Note:** Every time a customer buys something on credit, you write down the date, the goods and the amount. After that you add the amount to the balance. Every time the customer pays the whole debt or pays part of the debt, record it under payment. After each payment you have to adjust the balance to see whether the customer has paid all debts or whether still has to pay you some amount. Request the customer to sign or make a thumbprint each time she/he buys on credit or pays you.

## **Buying on credit**

### **How to record goods bought on credit**

- Use one page for each supplier
- Draw 6 column of date, goods, amount, payment, Balance - total amount you still have to pay the supplier and signature or thumb print of the supplier.

The “buying on credit” book is filled in the same way as the “selling on credit” book.

## **Business planning**

### **Introduction**

Most people are used to running small scale enterprises/ businesses with small amount of money on a day to day basis. They do not take advantage of wholesale and bulk purchasing. In this way they spend more money than necessary. Better planning of business will assist in reducing costs and increase sales, hence more profit.

### **Business planning**

Business planning is about thinking the future of your business. It is not only thinking about how to expand your business in the long run, but also how to organize your business in the short run. Good business planning help to reduce costs and therefore increase the profit and prepare for the future.

### **Reduce costs by good planning in buying:**

- Buy at the lowest possible price (compare the prices of different suppliers and/or buy during the season when the price is very low)



- Buy in bulk, if the goods can be stored.
- Buy the right quantity of perishable products (like tomatoes).
- Reduce travel and transport costs.

**Reduce costs by good planning in production:**

- Produce the right quantity (of perishable goods) that people will buy.
- Inspect the quality of the goods produced, and pack neatly.
- Prevent wastage in materials.
- Produce in bulk which more profitable than in small amounts at different times.

**Business management**

Good business management is organizing the business in such a way that more profit is realized as much as possible. Good business management can be represented by four P's: Product, Place, Price and Promotion

- **Product:** Choose a product that people want and need and ensure it is of high quality.
- **Place:** Decide a place where there are many customers and few other sellers with the same product for your business to reduce competition.
- **Price:** Set a price that covers your costs, gives you profit and which customers are prepared to pay according to their purchasing power.
- **Promotion:** Attract as many customers as you can to buy your products or from your business.

**Characteristics of a good sales person**

A good sales person should:

- Be friendly and helpful.
- Be polite and understanding.
- Be clean and neat.
- Make sure that the product is always available and of good quality

**What do you have to find out before starting a business?**

- Choose a business that suits your ability and experience.
- Find out whether it is profitable by observing people who are already in the business or by finding out the costs of production and the selling price.
- Make a calculation of all the costs involved, and the profit you will make.
- Find out all the details involved to make this business successful, by considering the four P's.
- Calculate how much you will have to invest in setting up the business (constructions, materials, tools).
- Find out where you will get the money from (savings, loan).