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&
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MASTER OF SCIENCE IN COMMUNITY ECONOMIC DEVELOPMENT (2007)

PROMOTION OF UMOJA SAVINGS AND CREDIT SOCIETY LTD:
A CASE STUDY FROM KIWANJA CHA NDEGE WARD
MOROGORO MUNICIPALITY, TANZANIA

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A Project on evaluation of a community based savings and credit in Morogoro Municipality, submitted in a partial fulfillment of requirements for Master of Science in Community Economic Development (CED) in the Southern New Hampshire University at The Open University of Tanzania (2007).

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I Mgingi Henry John hereby declare to the senate of the Open University of Tanzania and Southern New Hampshire University that the information contained in this document is accurate and is my original work and has not been submitted for a similar degree in any other University.

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DEDICATION

I dedicate this work to my beloved wife Dr. Perpetua Gabriel Dyumyeko for her patience during my study time.
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Abstract
This study is concerned with the promotion of Umoja Savings Group working at Kiwanja cha Ndege Ward Morogoro. The promotion has been conducted through sensitization of leaders and community so that they become aware with the strategies employed in the group to promote savings and credit mechanism. The process also focused on building the capacity of Umoja group members to acquire skills that would enable them to improve share contribution and capital for investment in the income generating activities for the members. It is assumed that by promoting the group, such endeavor can allow them to acquire a legal status that will enable them to have trust, hence, being in a position to contribute and raise their capital to invest and improve their income.

The sensitization meetings were performed through organized community meetings in the ward. Here community members met with the Ward leaders and the facilitator. In additional there were regular home base training and sensitization on savings and entrepreneurship knowledge and skills. As for the training, the facilitator worked with the group and coached them on how to stimulate members to save and methods of selecting income-generating projects to invest. The ward community development officer and cooperative officer were the officials responsible for supervisory activities. Indicator measured during the supervision were on the number of sensitization meetings conducted, the number of people interested to join the group, the amount of share contributed by the group since inception to date and availability of a constitution. The constitution is an important document since it helps the group to acquire legal status. Other indicators include people awareness and management performance
Executive summary

Low capital to invest in the income generation activities is a major problem in most countries and the world in general. The problem in Tanzania is associated with many factors some being an insufficient government support on the private sector. Poor institutionalization of the community based to raise their self-capital is also said as a factor. One of the causes of the problem is the influx of youth to urban areas without viable economic projects for them. Also the savings level of these youth is low due to high rate of unemployment. The rising urban population in Tanzania tends to drive most youths to live or stay in towns without permanent activities. Consequently many are engaged in petty business and risky activities such as drug-trafficking and prostitution.

Low acceleration of community based production at service endeavors countrywide and weak provision of infrastructure has caused Tanzanian to have insufficient and poor investment capabilities with prolonged life hardship of a wide spectrum of its people. Following this contention, the Morogoro Municipal Council thought it is ideal to embark on the introduction of residential mutual savings and credit approach as a solution towards building its residents capacities to mobilize themselves and promote their resources that would allow them to get external. The Umoja group having been established of this was supposed to have an additional role on training ground to youth for entrepreneurship knowledge and skills specifically for members made long-term beneficial pursuits.
The Umoja group is comprised of 25 members of whom 12 are women and 13 being men. It was established in 2004 with 5 members, on a self-help basis, with primary objectives of assisting each other at difficulties times through the provision of soft loans for income generating activities such as kiosk, and shops, bicycle hiring, gardening and poultry keeping in their area of Kiwanja cha Ndege ward.

Kiwanja cha Ndege Ward has a population of 11,129 residents of whom 5,729 are female and 5400 male. The ward has 15 precincts having a total of 2,952 households and an average household size of 3.8. It is among the 19 wards of Morogoro Municipality an area that has a diverse type of population composing mostly poverty stricken residents. These small income earners include small traders owning mini shops, milling machines, hawkers and food stalls in the market. The household per capital income is approximately estimated to Tshs.185,000. With the majority living on a minimal rate of Tshs. 800 per day. According to the participatory planning methodology based on opportunities and obstacles done by the community in Kiwanja cha Ndege ward in year 2005 under the assistance of Municipal staff in the wards showed that 65% household live in absolute poverty.

Umoja saving it is a self-initiated project in the sense that some of the residents of Kiwanja cha Ndege decided on their own initiatives to start it. Its members own the entire process through contribution to ensure project sustainability.
This project document contains six chapters. Chapter 1 provides information on general overviews of community needs assessment. Chapter 2 describes the problem statements developed to show the magnitude of the situation in the area. Chapter 3 presents the literature review of the topic highlighting the relevance and importance of saving mobilization strategies on poverty reduction. Chapter 4 presents the group implementation plan and its actual implementation towards savings promotion. Chapter 5 shows the Monitoring and evaluation plan, roles and performance realized by the group. Finally chapter 6 reviews the main conclusions of the study and makes recommendation on the strategies.
List of Abbreviation

AIDS - Acquired Immune Deficiency
CBO - Community Based Organization
CED - Community Economic Development Programme
CAN - Community Need Assessment
CRDB - Cooperative Rural Development Bank
HIV - Human Immunity Virus
MEDA - Mennonite Economic Development Associates
MFI - Micro-finance Institutions
NBC - National Bank of Commerce
NGO - Non Governmental Organizations
NMB - National Microfinance Bank
URT - United Republic of Tanzania
SACCOs - Savings and Credit Cooperative Organizations
SAP - Structural Adjustment Programme
SIDO - Small Industries Development Organization
SWOC - Strength Weakness Opportunities and challenges
SSE - Small Scale Enterprises
SPSS - Statistical package for social science
WDF - Women Development Fund
WOCCU - World Council of credit union
CHAPTER 1: COMMUNITY NEEDS ASSESSMENT

This chapter presents an introduction covering background of Umoja savings and credit a Community based project and community needs assessment derived from the community during the study done in June 2006.

1.1. Savings and credit in Morogoro Municipality

The savings and credit project is an income generating activity aimed at mobilizing different strategies to promote the project in Morogoro Municipality in Kiwanja cha Ndege ward. The project idea was conceived by the Umoja members in 2004, with an objective of providing savings and credit services to the poor people in the ward.

According to Levitsky (1993) contends that microfinance is important to look at the indicators of the impact assessment, the current debate on microfinance intervention is weather it reduce poverty, reaching the poorest of the poor: The author advocate that the primary purposes of all credit programme for small and micro enterprises to raise the living standards of the beneficiaries, their families and their communities.

Since independence in 1960s, Tanzania has undergone different initiatives towards developing savings and credit mechanisms to the poor communities; some being the provision of microfinance and poverty alleviation guidelines on income generating activities owned by poor people. However, many of these mechanisms failed to realize the intended goal of improving income of the poor people.
During 1961 the state declared a war against Poverty, Ignorance and diseases, the three major development enemies in Tanzania to give effect to this contention the government formulated and implemented various programmes on expanding and strengthening core social and economic infrastructures as communication, transport, road and education. But some of these failed; while others bluntly, succeeded, leaving the majority of people below poverty line, (Sotta, 1999). In 1972 the government established SIDO as a parastatal organization that would promote the private sector by providing training and credit to private entrepreneurs. The above situation made the government adopts a development framework for the country economy that would enhance the private sector growth and improve efficiency in management system of financial institutions.

In 1997 the government submitted a bill to establish a microfinance institution MFI as a commercial bank that to provide credit to individual community based organization for their enterprises. Having been thus established legally to day the MFI is recognized internationally as one of the positive global strategies in promoting and developing economic growth of nations by creating wealth and wider employment opportunities. For Tanzania there is expanding need of having such financial institutions in rural and urban areas in support for those engaged in the private sector as self and community based employed?

This is so, judging from the truth many people specifically those self employed, have difficulties in reaching credit support financial institutions, and possess meager resources
that cannot be successfully utilized to generate income on long term basis. This is the challenge that made the Umoja group to organize themselves and struggle for self-advancement through linkages with stakeholders to promote their development initiatives.

1.1.2. Historical background of Umoja group

The Umoja group is comprised of 25 members of whom 12 are women and 13 being men. It was established in 2004 with 5 members, on a self-help basis, with primary objectives of assisting each other at the difficulties time through the provision of soft loans for income generating activities such as kiosk, and shops, bicycle hiring, gardening and poultry keeping in their area of Kiwanja cha Ndege ward. The Umoja group having been established of this was supposed to have an additional role on training ground to youth for entrepreneurship knowledge and skills specifically for members made long-term beneficial pursuits.

1.1.3. Vision and mission of Umoja

By the year 2015, low-income members of Umoja in Kiwanja cha Ndege ward will have their living conditions improved.

1.1.4 Mission of the group

The mission is to contribute to the ongoing initiative on social and economic development empowerment in their area improved their institutional operations and income by 2015. To ensure that youths and the general community of Kiwanja cha
Ndege ward participate fully and are engaged into savings that raise their capital to invest into sustainable income generating activities.

1.1.5. Key objective of Umoja

The group objectives focus on empowering the majority of low income; poor people at Kiwanja cha Ndege ward transform their income through savings and income generating activities as well as Training of youth on entrepreneurship skills. This was implemented through:

1.1.6. Organization structure:

The group is organized in simple structures, which ensure the participation of all group members and the community whom are beneficiaries. The group is guided by their simple legislation so as to ensure the operations are smoothly implanted. The structure of the project group is started at the top with chairperson. Followed by group secretary, then it followed with project treasury, then other group members.

1.1.7. Challenges

Although the group has taken an initiative to establish the savings in the ward, the situation revealed that there was a weakness in planning strategies for mobilization of resources and management of the group. The community based organization operated its activities without having a legal status and proper strategies for savings mobilization that makes the group to fail to achieve the goal and objectives in time.

Therefore, the Umoja group accepted the Community Economic Development student to undertake a field practical training in the organisation; to conduct a participatory
community needs assessment, to identify areas of weakness on the organization and suggest ways of improving it. However, before conducting the study, a priority needs ranking exercise was done. The result indicates that, the need to promote the community savings was given priority number one as indicated in Table 1.2

1.2. Community needs assessment

In this particular project, the community needs assessment includes a visioning stage, a development stage, a refinement stage, and a final comparison stage. The basic cornerstone of the stages is involvement of the public and agency at the early stage. By involving all interested parties at the initial stages of the project, the project ensures a better understanding of the concerns and issues of the public and resource allocation.

The project began with the visioning stage, during this stage meetings were done and these meeting were in effort to mark the beginning of the sensitization, these meetings were developed to allow the public to tell what is important. In development Stage, representatives from different stakeholder along with members from the community join together and potential alignments were developed. In the refining stage the community was given the opportunity to review and offer comments on the needs and identify needs, and last stage to come up with the priorities to address.
Table 1-1 shows the poverty status in some of the ward precincts as described by the respective communities themselves

<table>
<thead>
<tr>
<th>S/N</th>
<th>Hamlets</th>
<th>Poor Household</th>
<th>Fair Household</th>
<th>Good Households</th>
<th>Total Household</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ujenzi</td>
<td>138</td>
<td>79</td>
<td>1</td>
<td>218</td>
</tr>
<tr>
<td></td>
<td>Mkota</td>
<td>166</td>
<td>38</td>
<td>1</td>
<td>205</td>
</tr>
<tr>
<td></td>
<td>Lukwangure</td>
<td>180</td>
<td>36</td>
<td>4</td>
<td>220</td>
</tr>
<tr>
<td></td>
<td>Tumbaku</td>
<td>184</td>
<td>42</td>
<td>4</td>
<td>230</td>
</tr>
<tr>
<td></td>
<td>Ngazengwa</td>
<td>115</td>
<td>28</td>
<td>3</td>
<td>146</td>
</tr>
<tr>
<td></td>
<td>Lungo</td>
<td>114</td>
<td>47</td>
<td>1</td>
<td>162</td>
</tr>
<tr>
<td></td>
<td>Kiwalani</td>
<td>110</td>
<td>72</td>
<td>0</td>
<td>182</td>
</tr>
<tr>
<td></td>
<td>Lusanga</td>
<td>114</td>
<td>99</td>
<td>5</td>
<td>218</td>
</tr>
<tr>
<td></td>
<td>Bondwa</td>
<td>111</td>
<td>148</td>
<td>1</td>
<td>260</td>
</tr>
<tr>
<td></td>
<td>Lusogo</td>
<td>147</td>
<td>67</td>
<td>0</td>
<td>214</td>
</tr>
<tr>
<td></td>
<td>Mtagwa</td>
<td>96</td>
<td>113</td>
<td>1</td>
<td>210</td>
</tr>
<tr>
<td></td>
<td>Azimio</td>
<td>114</td>
<td>94</td>
<td>1</td>
<td>209</td>
</tr>
<tr>
<td></td>
<td>Kimunyu</td>
<td>95</td>
<td>21</td>
<td>2</td>
<td>116</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1684</td>
<td>884</td>
<td>22</td>
<td>2590</td>
</tr>
</tbody>
</table>

Source: Institutionalization of O&OD Planning methodology 2005

The community needs assessment was carried out in October 2005 to assess and review group situation and needs to be reached. The exercise was done in a participatory approach where Group members were positively involved in all discussions, held with leaders to get information about developments carried out by the organization to identify its needs. In this process Strength, Weakness, Opportunities, Challenges or Threats SWOC (T) analysis was performed with participants tracing the group historical background, and its performance trend. The involvement of the community in all stages was paramount as it ensures community ownership to the project and sustainability.
1.2.1. Strengths.

- The Umoja group has 10 committed members
- The group (CBO) is known by the precinct leaders
- The CBO has a system for own sources collection.

1.2.2. Weaknesses

- Inadequate knowledge on savings promotion
- The group lack approved constitution and not registered
- Lack of community mobilization skills
- Low capital
- No employment
- Poor income

1.2.3. Opportunities

- Good collaboration with municipal Council
- Government policy on private sector participation and savings promotion
- Willingness of people to contribute for their own initial capital

1.2.4. Threats

- Attitudes on external financial support still stay in the mud of most of Umoja members
- Limited support by government to the group’s activities
Table no 1.2. Responses on the results of community needs assessment

<table>
<thead>
<tr>
<th>Problem</th>
<th>Sources of Information</th>
<th>Score</th>
<th>Total participants</th>
<th>Priority position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low income</td>
<td>Focus Group</td>
<td>6</td>
<td>25</td>
<td>2</td>
</tr>
<tr>
<td>Inadequate management Skills</td>
<td>Focus Group</td>
<td>4</td>
<td>25</td>
<td>4</td>
</tr>
<tr>
<td>Low education of members</td>
<td>Focus Group</td>
<td>2</td>
<td>25</td>
<td>5</td>
</tr>
<tr>
<td>Low saving from members</td>
<td>Focus Group</td>
<td>5</td>
<td>25</td>
<td>3</td>
</tr>
<tr>
<td>Less commitment to some leaders</td>
<td>Focus Group</td>
<td>1</td>
<td>25</td>
<td>6</td>
</tr>
<tr>
<td>Low capital</td>
<td>Focus Group</td>
<td>8</td>
<td>25</td>
<td>1</td>
</tr>
<tr>
<td>Poor financial institutions linkage</td>
<td>Focus Group</td>
<td>0</td>
<td>25</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: Umoja group Needs assessment 2006

The relative importance forms the basis for the first phase prioritization of the needs. The second stage prioritization was based upon an exercise made by key informants and households. The respondents were asked to rank the identified needs. The input of the two prioritization stage formed the final prioritization of needs. Table 1.2 shows the actual needs with highest priority that was prioritized to be implemented.

Through ranking exercise, participants give the highest score to the problem of low capital investment. It was agreed at the exercise to mobilize savings from members by preparing appropriate mechanisms/strategies and trains them on entrepreneur skills that will later empower them to begin fully employed in the production and services sectors. During the meeting the management of the organization took responsibility of
mobilizing savings from its members. However, a number of issues those have to be taken care by the group to effectively work on savings promotion included:

A need for backups from the Municipal leadership, and else where to assist shoulderingsensitization cost for meetings

- Increase in the number of group members as a step towards having more support contributions to boost operations.
- Assistance from the precincts and ward leadership in convening community meetings

1.2.5. Research objectives

The overall objectives of this study aim at Exploring and assessing management performance in practicing strategies on how to mobilize capital:

1.2.6. Specific objectives:

- Investigating potential ways of savings strategies to be deployed to improve savings in the area
- Suggesting possible avenues for improving savings and credit in Tanzania

To learn more strategies and their approaches of concern to the organization this study explores how effective the management of Umoja group performs to mobilize capital at Kiwanja cha Ndege in Morogoro. The project is for two years period offer the members and other stakeholders to foster institutional and organizational development and expense to its management machinery on activities of collective concern:
1. Technical knowledge skills on how to promote savings on individual basis
2. Ability to all members to practice skills and techniques acquired during the course of their study.
3. To create strategies and use available opportunities to collect information and verify assumptions through quantitative and qualitative research methodologies.
4. The opportunity to assess the impact of development initiatives on poverty using participatory Action Research at community level and
5. The opportunity for the Umoja group, development practitioners the New southern Hampshire University and the Open University of Tanzania

1.2.7. Research question

This Study seeks to answer the following research questions:

1. How does the current management of the organization perform strategies to raise its own and member’s capital bases for income generating activities?

1.2.8. Significance of the study

The study contributes ideas on how savings and credits systems can help to promote investment capital among poor people, and through such parameters these marginalized people can properly manage and promote their economic and social status as well as living standards can manage to promote their economic and social status thereby improving living standards. Moreover, it adds new knowledge and insights to these residents in the field of community based financial institutions and assists policy and
decision makers to decide on appropriate methods to be undertaken towards achieving successful results. The findings will obviously stimulate people’s initiatives towards struggles against poverty and, hopefully, will be a good base for further studies to people interested in fighting against poverty in the society.

1.2.9. Scope of the Study

The researcher is knowledgeable of the financial intermediaries operating in the country, but for the purpose of this study, his survey was confined to Umoja group as a starting base towards further similar initiatives to be carried to other potential site in Morogoro urban and elsewhere in Tanzania.

1.2.10. Limitations of the study

The study limitations include: Limited time and inadequate financial resources, which made the researcher to select a small portion of sample size which is a representative of the total population.

1.3.0. Study methodology

This section describes the study area and research methodology employed in carrying out the study. The research methodology focuses on study design, sampling procedures and data collection methods and data analysis techniques.
1.3.1. Description of the study area

The description of the study area covers location of the project area, target population, socio economic activities. Morogoro Municipality is about 195 kilometers to the west of Dar es Salaam and is on the lower slopes of Uluguru Mountains whose peak is about 1,600 feet above sea level. It lies at the crossings of longitudes 37.0 east of the Greenwich Meridian and latitude 4.49 south of Equator.

1.3.2. Geographical setting:

The town has a total land area of 260 Sq. km., which constitutes 0.4% of the total regional geographical coverage include the famous Uluguru Mountains, on the southeastern part, and Mindu also Nguru ya Ndege Mountains, on the western side of the town. There are rivers with several tributaries crossing the area; these are Kikundi, Morogoro, Nongeni, Bigwa and Mgolole.

1.3.3. Climate

Despite the variation of climatic conditions caused by the area geographical environments, Morogoro town experiences good weather conditions yearly, with average daily temperature ranges of 5°C -33°C with the highest temperature occurring on November and December, and the minimum appearing in June and August. The mean relative humidity is about 66% and drops to as far as 37%. The average annual rainfall ranges between 821mm to 1,505mm. Long rains are in March to May and short rains
occur between October and December each year, a promising trend for small scale investments in the production and services sectors

1.3.4. Population

The current resident population of the Municipality of Morogoro stands at 228,863 distributed in the ratio of 50.35% women [115,224] and 49.65% men [113,639] according to the national population Census Survey of 2002 and is a growth rate of about 4.6% per annum. Basing on the statistical findings in place youth at the age of 15-29 constitute 42% of a total population of 228,863. However, this is a big percentage relative to the broadness of the initiative on the Umoja group towards self-realization and poverty reduction.

Target population

The study population is comprised of community members, Umoja group members, Mtaa leaders, and Municipal staff at headquarters and ward level and people from financial institutions.

1.3.5. The influence of population growth

Migration has increased from 3.7% [in 1967] to 9.6% [in 2002] a trend brought about by various reasons, most being of the rapid expansion of industrial and social pursuits, small and medium size business, agricultural activities, and infrastructure. Such developments have fuelled a rapid increase of youths from village to the town where
they are involved with wage earning pursuits, self-employment in agriculture, business, petty trading and other urban/rural oriented venture activities, mostly being less promising to generate permanent profitable incomes.

1.3. 6. Economic activities:
Major Urban economic activities include industries of primary and secondary level, subsistence and commercial farming, and small-scale economic and social enterprises. As for agriculture, the main crops are sisal, rice, fruits, vegetables and maize. There are being grown mostly in the neighboring districts and in some part of the Municipality. While production is basically in the hands of small farmers, only small minority of the population works in the wage earning sector that include such social services as Health provision, education, security, water supplies. Banking institutions, and in Non Governmental organization (NGO) of broader coverage and other. Economic liberalization, weakness of farmer's cooperatives and unlimited access to credit for the self employed has forced people to establish their own income generating activities some of which have turned into savings and credits schemes, with the majority missing personnel having appropriate dynamic, technical and management skills.

1.3.7. Employment
Many people in Morogoro municipality have become unemployed due to many factors: closing down of some industries and retrenchment of public sector employees are some of the major factor. The area also has an increasing numbers of classes seven and
secondary school leavers job less. The situation of retrenchment in public sector and industries stimulates the informal sector also to decline as many people lack capital to initiate or engage in self-help business.

1.3.8. Sampling design and procedure

According to the National population and housing census (2002) Kiwanja cha Ndege ward has a total of 11,129 people residing in the area. The Survey Sampling done in qualitative research is purposeful rather than random and is done with the aim of gaining deeper understanding of the situation under investigation. This is because it provides more insights towards an in depths and depth information on several variables form within a single study unit, and be able to provide some conclusion. Also the study will be done in short time. It is cheaper in terms of resources; it allows effective interview and interaction between the researcher and respondents. Further more Bell (1993:3) point out the great strength of a case study it allows the researcher to concentrate on specific instance or situation and identify or try to identify the various interactive process.

Taking this into consideration the judgment sampling procedure were used to the important persons based on their daily functions like all members of the Umoja group, precincts (Mtaa) chairperson, Ward executive Officer, Municipal cooperative officer, and Municipal community development officer. Stratified random sampling was used to study the remaining population of the community. The stratified random allow more
precise than simple random sampling. It also permits the surveyor to choose a sample that represents the various group patterns of characteristics in the desired proportion

1.3.9. Sampling techniques

Probability sample is defined as one in which each person in the population has equal chance of being selected. The non-probability sample includes those acquired by accident. Sampling is the selection of portion of a population to be surveyed. Both Probability and non-probability sampling techniques were used in selecting the respondents of the study.

1.3.10. Non probability sampling

In the non-probability sampling method purposive sample was employed in selecting the Municipal officials, ward officials, business people and institution respondents of the survey. Purposive sampling was chosen because the Municipal officials, business people and institution respondents of the survey due to the fact that they had special information to offer due to their expertise in the subject matter as well as their functions in the community surveyed.

1.3.11. Data collection methods

In this study we collected both primary and secondary data. Primary data included those data collected in the field through interview, focus group discussions and observation. While secondary data was collected through reviewing different documents from various
office and Library such as reports on the organization performance, files, books, and internets.

**Primary data**

**1.3.11.1 Interview**

Interview as a method of data collection is a face to face conversation between the interviewer and interviewee. This method has been selected due to the fact that: it was possible to apply to educated and non educated respondents, the interviewer was able to make clarification when the respondent could not understand the question asked and also the interviewer had an opportunity to observe reactions, emotions as well as listening to the opinions of respondents.

The data were obtained by interviewing the beneficiaries of the Umoja savings and credit group through face to face in depth interviewers from using a focus group checklist. The non-beneficiaries also were considered to see if there are aware with savings strategies employed. In some area the researcher used the guided interview questions for discussion in order to get deeper understanding of the phenomena. The questions were both open and close-ended. The instruments were selected to ensure that the information obtained is relevant to answer the research questions.
1.3.11.2. Focus group discussion

By using participatory discussions, respondents had enough time to express their feelings and it gave time to respondents to get clarification of the question, which were not clear, from the interviewer and provide answers accordingly. Focus group discussion was also applied in data collection. And it was used to clarify some of the information that was not clear in the questionnaire and add more input on what was needed by researcher. The focus group discussion enables the researcher to explore behaviors and attitudinal information that affect both positive and negativity on improvement of savings in the area.

1.3.11.3. Observation

Observation techniques are methods of which, an individual or individuals gather first hand data on programs, processes or behaviors being studied. They provide a researcher with an opportunity to collect data on wide range of behaviour, to capture great variety of interactions and openly explore the topic under study. In this particular study, observation was employed in assessing the respondent’s behaviour regarding savings mobilization and how people behave within and outside the group.

Secondary data

1.3.11.4. Documentary review

Through this method written materials were used to obtain information and data pertinent to this study. The literature review is applied to obtain secondary data and
information on low capital, institutionalization strategies requirement, low income, poverty, and information on microfinance planning and implementation. Also the internet and various existing reports are read to give the researcher general overview of the situation. The data were also obtained from Umoja report (Minute of the meetings, performance report and constitution of the group.

According to Levitisky (1993) contends that microfinance is important to look at the indicators of the impact assessment, the current debate on microfinance intervention is weather it reduce poverty, reaching the poorest of the poor: The author advocate that the primary purposes of all credit programme for small and micro enterprises to raise the living standards of the beneficiaries, their families and their communities

According to Makombe et al (1999) an assessment of the impact of micro credit intervention depends on how poverty has been defined. Indicators of the impact of microfinance intervention include employment creation, business growth, and standard of living. Other indicators are reducing vulnerability, redistributing incomes, reducing dependency on powerful groups by weaker ones and restricting social political relations in favor of the poor. Suggest that community based projects often fails because of low participation from households. Makombe went further that a credit scheme might fail to empower women depending on how it is managed and its component or package. He suggested that through observations, there is no amount of credit even at the most reasonable rates that can accompany by other packages such as infrastructure.
Buckly (1996), in his study titled Jua kali sector in Kenya argues that NGO lending to small business and especially micro enterprises have exploded since the United States agency of international Development (USAID) set the Kenya Rural financing Programme. The study indicates that the program focuses on business creation or business expansion rather than poverty alleviation. The Juhudi credit scheme loan funds have attracted impact assessment studies. The scheme focuses on shantytown dwellers that are essentially involved in survival economic

Misana (1995, URT/UNICEF 1990) Women and poverty alleviation the issue of women and poverty requires special consideration because women and girls of poor group bear a disproportionally higher shares of the burden of poverty. The author suggests the concern for women to participate in poverty alleviation efforts in Tanzania is important because women continue to be the most disadvantages group. Peter (1998) narrated the constraints faced by composting groups in Nairobi, suggesting that the future efforts in improving the viability of composting and other viable Projects should include building strong community support and involvement and developing the groups business, marketing skills and where possible credit should be provided to support the group initiative.

Hulme et al (1986) Researched on the impact of the Federation of Thrift and credit cooperative known the Srilankan acronym of (SANASA) The study used a sample of 151 borrowers from two societies Kurunegala and Moneragala, The findings showed
that household incomes rose by 15% in real terms after taking the loan while 25% of household below the official poverty line showed improved incomes by the time of the field work. Cooperative credit was also seen as a prime cause of reduced dependencies of informal tied credit with crop traders. It is also found that almost 30% of the borrowers reported a diversification of income sources.

1.3.12. Psychometric characteristics

1.3.12.1. Scales
The psychometric is a qualitative measurement practices in psychology, education and social science. Under this study the checklist designed includes: one category of scale designed to measure if people are aware, satisfied or not, understand the answer yes or no and other specific responses on savings performance. Addictive scale also applied for the respondents to view particular issues related to the savings and credit topic

1.3.12.2. Contents
The scale was the variables such as satisfaction or not satisfied. Yes or no and the contents for addictive scales differed depending on knowledge of the respondents

1.3.12.3. Questions scores
In the checklist, the satisfaction or not satisfied and yes or no answer was reflected by the respondents. The researcher took record on the general answer agreed by the
respondents and categorized into specific category of the survey guided the researcher and researcher assistants

1.3.12.4. Combination of questions into scales

The questions are combined into scale according to category. Summated scales used in yes or no and satisfied or not satisfied responses

1.3.12.5. Adequacy and reliability for survey

The data collected and analyzed addresses issues that is relevant to improvement of municipal council savings and credit management. The exercise therefore provides chances for members and officials to assess and evaluate performance and weakness foe improvement. Comprise of qualitative and quantitative data. The quantitative data includes number of people, contribution to the group; the quantitative data summarized shows the goals, activities and outcome of the group. The qualitative data includes procedures that are used by the group to collect savings, shares, manage, benefits, and weaknesses of the procedures and suggest ways for improving the identified weaknesses.

After the community needs assessment the CED expert in collaboration of Umoja group undergo the technical study to assess the organization strategies on savings promotion the following part of this chapter is attempts to analyze and present data and discuss the results of the respondent on promotion of savings information collected from the unity of inquiry. Various reports from the organization were reviewed which and provided some
picture on the organization which regard to its membership, capital collection base, savings behavior, sources of capital, and the trend of savings revenue in a year of operation

1.4. Data analysis and presentation

This section concerns with presentation, analysis and discussion of findings of the study conducted in Umoja ward in Morogoro municipality in 2006. Major areas covered include: study findings, analysis, discussion, conclusion and recommendation.

Participants in the study consisted of supervisory and non-supervisory group members attached to the Umoja saving located in Morogoro Kiwanja cha Ndege ward. A total of 15 interviewers from local authorize 40 community members and 25 Umoja group members were interviewed through focus group discussions. The selection of this group was based on purposeful. All respondent appears for the discussions and interview as planned which give the response rate to be 100%. Regarding gender, 49% of the respondents were males with the remaining 51% being females. Majority (51.8%) of the sample was marriage and 39.7% are single. In terms of ethnicity, the sample involved the local citizen people living in Kiwanja cha Ndege ward. Regarding education, a majority (56.6%) had primary level qualifications:

The situation of lacking appropriate unit for savings and proper income generating projects is observed at Kiwanja cha Ndege ward during participatory planning
methodology conducted in 2005 by the community under the facilitation of Municipal experts. The results of the exercise showed that 65% of intervened household are poor, and 34% fair a, and 1% best placed with abilities to afford comparatively good living standards. However, this information is one of the factor that encourage Umoja group to establish savings and credit

The above data demonstrated the situation analysis surveyed in Kiwanja cha Ndege ward during the participatory planning showing 65% of intervened households being poor, and 34% fair, and 1 % best placed with abilities to afford comparatively good living standards. However, this information is one of the factors that encouraged the Umoja group to establish savings and credit scheme as a source of employment for self realization self employment, and community involvement in permanent potential income generating activities capable of reducing poverty affecting its members

The findings then come up with the organizational strength, weakness and challenges for the group to consider in their implementation. Stakeholders involved in the process included founder group members, officials from CBO, partner organizations, financial institution and an official of the Municipal authorities. At the discussions various report from Umoja group were reviewed which provided some picture on the organization with regard to its membership, capital collection base, savings behavior and the trend of savings revenue. The followings are institutional problems exposed by the group during the needs assessment exercise performed, being ranked on priority table 1.2
This study covers 83 respondents comprised of whom 14 were from the Municipal authorities, 25 of Umoja Group, 40 being community members and 4 coming from financial institutions. The report formulated was success in the sense that it covers 100% representation of targeted for interception as distinguished Table 1.3

Table 1.3 Sample size

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Number of respondents</th>
<th>Total number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local authorities leader</td>
<td>14</td>
<td>83</td>
<td>17%</td>
</tr>
<tr>
<td>Umoja Members</td>
<td>25</td>
<td>83</td>
<td>30%</td>
</tr>
<tr>
<td>Community</td>
<td>40</td>
<td>83</td>
<td>48%</td>
</tr>
<tr>
<td>Financial representative</td>
<td>04</td>
<td>83</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: A Study conducted in Morogoro Municipal, Kiwanja cha Ndege ward, 2006
1.8.0. Description of respondents on education, sex, marital status and age

1.8.1. Education of respondent

The results of data on respondents education back ground showed that 97% of them educated at different level. Those under 2.4% have no formal education. This means that most of the people interviewed for fact-finding are educated of which 56.6 % being primary school graduates, 26.5% having secondary education and 8.4 % holder of higher academic qualifications. This means that 97% of target group completed formal educations therefore have knowledge on issues of the national development. See Table 1.4
1.8.2 Sex of respondent

The results from the finding showed there is a balanced representations as the whole initiative was gender balanced exercise, with interviewed being 51% represented female and 49% male an indication that the information given in this study are gender sensitive see Table 1.5

As most women have a traditional savings experience before joining the group their skills and knowledge on savings adopted and utilized by the organization to improve joint strategies and implementation status. Experience backed by professional knowledge acquiring through training and workshop both results into positive involvement that empower practitioners to move well to the next stage of better performance in their enterprises.

The trend from Umoja savings shows an improvement indicates that most of women members in Umoja group have a good trend on contribution of shares, savings and entree fees that amounted to Tshs.350, 000 as compared to Tshs.150, 000 contributions from the men by June 2006. The group met this kind of improvement as results of coherent sensitizations made by it on the residents to take action to solve their poverty.

As mentioned above the finding showed that many poor people in the area use quite different ways to solve their poverty. Municipal Council officials in cooperation of CED practitioners play an important role in this context, especially on making public and leader’s aware on savings.
Table 1.4 shows education background of respondents

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>83</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Primary</td>
<td>47</td>
<td>56.6</td>
<td>56.6</td>
<td>56.6</td>
</tr>
<tr>
<td>0-level Secondary</td>
<td>22</td>
<td>26.5</td>
<td>26.5</td>
<td>83.1</td>
</tr>
<tr>
<td>A-Level-secondary</td>
<td>5</td>
<td>6.0</td>
<td>6.0</td>
<td>89.2</td>
</tr>
<tr>
<td>Higher Learning</td>
<td>7</td>
<td>8.4</td>
<td>8.4</td>
<td>97.6</td>
</tr>
<tr>
<td>Adult Education</td>
<td>2</td>
<td>2.4</td>
<td>2.4</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: A Study conducted in Morogoro Municipal, Kiwanja cha Ndege ward, 2006

Chart 1.1

Table 1.5 shows sex of respondent

<table>
<thead>
<tr>
<th>Name of respondents</th>
<th>Sex of respondent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>Umoja members</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Leaders</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Community members</td>
<td>24</td>
<td>19</td>
</tr>
<tr>
<td>Total</td>
<td>42</td>
<td>41</td>
</tr>
</tbody>
</table>

Source: A Study conducted in Morogoro Municipal, Kiwanja cha Ndege ward, 2006
1.8.3. Marital status

The results in table 1.6 and chart 1.3 shows that 43 out of the total respondent are married, 33 single, 4 widows and 3 divorced. In that case the data are not biased for single peer group.

Table 1.6 Shows marital Status of respondents

<table>
<thead>
<tr>
<th>Name of respondents</th>
<th>Marital status of respondents</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Marriage</td>
<td>Single</td>
</tr>
<tr>
<td>Umoja members</td>
<td>20</td>
<td>4</td>
</tr>
<tr>
<td>Leaders</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Community members</td>
<td>17</td>
<td>21</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>43</strong></td>
<td><strong>33</strong></td>
</tr>
</tbody>
</table>

Source: A Study conducted in Morogoro Municipal, Kiwanja cha Ndege ward, 2006

1.8.4. Age distribution of respondents.

Respondent to this study are males and female of the age between 18 – 79 years. However, the age between 26 -33 is the major group represented in this study followed
by category number 1, which represents age 18-25. These are the active groups in daily production activities at different level of social life.

Table 1.7 shows the age distribution of the respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>18-25</td>
<td>37.3</td>
<td>37.3</td>
<td>37.3</td>
</tr>
<tr>
<td></td>
<td>26-33</td>
<td>36.1</td>
<td>36.1</td>
<td>73.5</td>
</tr>
<tr>
<td></td>
<td>34-Above</td>
<td>26.5</td>
<td>26.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>83</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: A Study conducted in Morogoro Municipal, Kiwanja cha Ndege ward, 2006

Chart 1.3

1.9.0. Description of Umoja group members on age sex and marital status and education

1.9.1. Age distribution of Umoja members

Umoja group members are mostly in the age of 18-32 few being from 26-32 and rest ranging above 33 years. They are all active enough with capabilities towards effective
production. In the circumstance, need to focus to these potentials groups, as they are the potential forces to be deployed towards poverty reduction endeavor

1.9.2. Sex of Umoja members

The above data shows that group comprises about 44% female and 56% male sex respectively as indicated in Table 1.9 and pie chart 1.1 it is a gender sensitive organization with 46% female members having family responsibilities. Generally it is realized that most women have a traditional savings before joining the group their experience utilized by the organization to improve joint strategies and implementation status. Experience backed by professional knowledge acquiring through training and workshop both results into positive involvement that will empower practitioners to move well to the next stage of better performance in their enterprises.

Table 1.8 Shows age of Umoja group members

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age between 18-25</td>
<td>14</td>
<td>56.0</td>
<td>56.0</td>
<td>56.0</td>
</tr>
<tr>
<td>Age between 26-32</td>
<td>8</td>
<td>32.0</td>
<td>32.0</td>
<td>88.0</td>
</tr>
<tr>
<td>Age between 33 and above</td>
<td>3</td>
<td>12.0</td>
<td>12.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: A Study conducted in Morogoro Municipal, Kiwanja cha Ndege ward, 2006
Table 1.9 shows sex of Umoja group members

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>Female</td>
<td>11</td>
<td>44.0</td>
<td>44.0</td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>14</td>
<td>56.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>25</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: A Study conducted in Morogoro Municipal, Kiwanja cha Ndege ward, 2006

1.1 Pie chart shows the sex distribution of Umoja members
1.9.3. Education of Umoja members

Majority of group members are primary school leavers such low level of education is one of the factors that make its members not to have smooth management operation on savings and entrepreneurship. The group lacks creativity; innovation and capability to cope with development challenges and capital mobilization.

It is quite encouraging to note at this juncture therefore, that the sensitization launched on Umoja group has produced good results to the tune of 1,200,000 contributed to the common investment basket by its members and improve their income and saving on capital. The following quotation was taken from one of the Umoja member who is engaging in bicycle hiring at the area.

Hilda Ngaisa says, “Before joining the group I didn’t know how to utilize the loan effectively. But after this short experience and orientation skills on entrepreneurship in Umoja group now I can afford to improve my bicycle hiring projects hence to improve savings and increase my income and repay the loan confidently.

Table 1.10 shows Education statuses of Umoja group members

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult Education</td>
<td>2</td>
<td>8.0</td>
<td>8.0</td>
<td>8.0</td>
</tr>
<tr>
<td>Standard seven</td>
<td>15</td>
<td>60.0</td>
<td>60.0</td>
<td>68.0</td>
</tr>
<tr>
<td>O-Level</td>
<td>4</td>
<td>16.0</td>
<td>16.0</td>
<td>84.0</td>
</tr>
<tr>
<td>A-Level</td>
<td>4</td>
<td>16.0</td>
<td>16.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: A Study conducted in Morogoro Municipal, Kiwanja cha Ndege ward, 2006
1.10. Projects undertaken by Umoja members:

According to the discussions held almost every member of Umoja was engaged into one of the project as an income generation activities, see in Table 1.12. Also many of them that none had permanent business premises, they said the Municipal authorities did not want to allocate them with permanent areas as they were not recognized such a situation resulted into their shifting from one place to another with poor system of recording to find viable market within and outside their ward.

Table 1.11 Income for Umoja members

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid high income (100,000-500,000)</td>
<td>1</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Average income (60,000-99,000)</td>
<td>10</td>
<td>40.0</td>
<td>40.0</td>
<td>44.0</td>
</tr>
<tr>
<td>Low income (10,000-59,000)</td>
<td>14</td>
<td>56.0</td>
<td>56.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: A Study conducted in Morogoro Municipal, Kiwanja cha Ndege ward, 2006
Table 1.2. Types of business undertaking by Umoja members

<table>
<thead>
<tr>
<th>Business</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chicken</td>
<td>1</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Kiosk</td>
<td>17</td>
<td>68.0</td>
<td>68.0</td>
<td>72.0</td>
</tr>
<tr>
<td>Transport</td>
<td>3</td>
<td>12.0</td>
<td>12.0</td>
<td>84.0</td>
</tr>
<tr>
<td>Hiring</td>
<td>3</td>
<td>12.0</td>
<td>12.0</td>
<td>88.0</td>
</tr>
<tr>
<td>Tailoring</td>
<td>1</td>
<td>4.0</td>
<td>4.0</td>
<td>88.0</td>
</tr>
<tr>
<td>Voucher selling</td>
<td>3</td>
<td>12.0</td>
<td>12.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: A Study conducted in Morogoro Municipal, Kiwanja cha Ndege ward, 2006
1.11.0. Different strategies applied in savings mobilization

1.11.1. Management strategies:

In this Study the researcher identifies procedures used by the Umoja savings group in operating its various management aspects. Operation includes planning, decision-making, implementation of the plan on savings mobilization, recording and reporting through organization meetings. Based on the results of the study Table 1.13 the survey indicates that 20% of respondents were not satisfied with the decision process in the group. On the other hand 80% of them satisfied with the initiative reached by the Umoja group on decisions making process. This is an indication that it has established a good set of making decision mechanisms issues of concern to the organization.
Based on the presented data it does appear that the group’s decision processes have an element of full membership participation, commitment and transparency. However, there was a great need to continued training and advises to Umoja management on technical aspects.

Table 1.13 Responses from the respondents on decision-making

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Satisfactory</td>
<td>20</td>
<td>80.0</td>
<td>80.0</td>
<td>80.0</td>
</tr>
<tr>
<td>Unsatisfactory</td>
<td>5</td>
<td>20.0</td>
<td>20.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey conducted in Morogoro Municipal, Kiwanja cha Ndege ward, 2006

Chart 1.8
1.11.2. Savings and collection strategies

25 group members, 8 leaders in the ward and precinct confirmed of the organization to have strategies to mobilize savings from its members. Some of which include sensitization and fund raising process to raise resources from members and other stakeholder. It does appear that most of these people have abilities to handle properly their savings only that their organizations management requires strengthening in terms of operational skills to maintain proper handling of records and close supervisions of duties of each members.

Collection in this study means revenue collected from the members. The Umoja financial viability much depends on its member contribution, creative special events, donations and its volunteers. Nearly 75 percent of all funds are generated from contribution raised between June and November when farmers have harvested their crops. During discussion all 25 registered members interviewed were conversant with the adopted model for collection of savings, and that accounting procedures is in place at the organization.

Table 1-14 Responses about recruitment of new members

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>Satisfied</td>
<td>34</td>
<td>41.0</td>
<td>41.0</td>
</tr>
<tr>
<td></td>
<td>Unsatisfied</td>
<td>49</td>
<td>59.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>83</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Survey conducted in Kiwanja cha Ndege Morogoro Municipality, 2006
1.11.3 Recruitment of new member’s strategy

The respondent indicated that there is a low movement for looking new members. A result shows 2 members (8%) say the initiative was good and 22 members out of 25 (92%) say that the movement are still poor. This question directed to Umoja members only. From the above results the study found those sensitizations for new members are not well performed although there is a good trend for membership. Meetings organized for sensitization. In general terms many group members admitted that there was a slow pace in sensitization for new members. Those with negative views had the following reasons

- Meetings organized for sensitization were not properly conducted to involve all possible members within the area.
Many people were so busy with business that it became difficult for some to attend meeting called

1.11.4. Frequency of meeting strategy

Data shows formal meetings is well attended with an average of 20 members compared to 15 members of the ad hoc meetings. Given the data in Table 1.13 respondents indicated that there was an indication of transparency and good governance on the group. However, there was a need to improve the knowledge and skills of management and members to understand and to be responsible in the arrangement of meetings. For that matter to abide by and follow institutionally arranged action plans having good concern on the respects of their organization. Members are also interested in all development process and show commitment. Apparently all members showed positive response to the initiatives in place towards improving their organization status quo in all development areas

Table 1-15. Responses on a number of meetings held and average attendance per meeting held

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>Total</th>
<th>Attendance per Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal</td>
<td>4</td>
<td>6</td>
<td>10</td>
<td>15-20</td>
</tr>
<tr>
<td>Ad hoc meetings</td>
<td>2</td>
<td>5</td>
<td>7</td>
<td>7-13</td>
</tr>
<tr>
<td>Total Average</td>
<td>6</td>
<td>11</td>
<td>17</td>
<td>9-15</td>
</tr>
</tbody>
</table>

Source: Survey conducted in Kiwanja cha Ndege ward, 2006
1.12.0. Savings obstacles identified by the respondents

The study intends to identify the obstacles of savings that affect the Umoja group. The responses of group members regarding this question are indicated in table 1.16. Poor savings collection and poor extension services ranked as some of the main problems facing Umoja group they all scores 5 point out of 25 followed by low sensitization and low knowledge on entrepreneurship. This information suggests more efforts required to be taken by the stakeholder to build technology capacity of members and staff on savings and entrepreneurship skills so as to facilitate their skills and experience towards progress of activities.
The community group discussions commented that weak sensitization efforts as the public and fewness of membership in some organized group is part of the cause of slow progress in most saving and credit organization in the municipality.

Table 1.16 Responses on savings obstacles identified by Umoja members

<table>
<thead>
<tr>
<th>Savings obstacles</th>
<th>Respondents</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor savings collection</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Low sensitization</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Inadequate extension Services</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Inadequate number of members on</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Inadequate knowledge of entrepreneurship</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Mind change</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Lack of permanent office</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: A Study conducted in Morogoro Municipality, Kiwanja cha Ndege ward, 2006

Chart 1.11
1.13. Strategies to overcome the obstacles

All responses obtained from the respondent are of the views that such need immediate action in the areas of training mobilization, and management techniques with the greatest plans on the poor majority self awareness against poverty perils see table 1.15 and 1.16. Members and Leadership training, strengthening extension services on savings and credit services are the major suggestion from members to overcome the gaps

Table. 1.17. Responses on the strategies suggested by all respondents to be adopted to improve the savings situation

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership training on operation</td>
<td>18</td>
<td>21.7</td>
<td>21.7</td>
<td>21.7</td>
</tr>
<tr>
<td>Extension services</td>
<td>18</td>
<td>21.7</td>
<td>21.7</td>
<td>43.4</td>
</tr>
<tr>
<td>Educate members on savings</td>
<td>9</td>
<td>10.8</td>
<td>10.8</td>
<td>54.2</td>
</tr>
<tr>
<td>Members Sensitization</td>
<td>28</td>
<td>33.7</td>
<td>33.7</td>
<td>88.0</td>
</tr>
<tr>
<td>Strategic plan</td>
<td>8</td>
<td>9.6</td>
<td>9.6</td>
<td>97.6</td>
</tr>
<tr>
<td>Entrepreneurship Training</td>
<td>2</td>
<td>2.4</td>
<td>2.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>83</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: A Study conducted in Morogoro Municipal, Kiwanja cha Ndege ward, 2006
Table 1-18 Umoja members suggested strategies to improve their savings

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leaders training</td>
<td>6</td>
<td>24.0</td>
<td>24.0</td>
<td>24.0</td>
</tr>
<tr>
<td>Community sensitization</td>
<td>9</td>
<td>36.0</td>
<td>36.0</td>
<td>60.0</td>
</tr>
<tr>
<td>Extension services</td>
<td>1</td>
<td>4.0</td>
<td>4.0</td>
<td>64.0</td>
</tr>
<tr>
<td>Collection of savings</td>
<td>2</td>
<td>8.0</td>
<td>8.0</td>
<td>72.0</td>
</tr>
<tr>
<td>Entrepreneurship training to members</td>
<td>3</td>
<td>12.0</td>
<td>12.0</td>
<td>84.0</td>
</tr>
<tr>
<td>Financial management</td>
<td>2</td>
<td>8.0</td>
<td>8.0</td>
<td>92.0</td>
</tr>
<tr>
<td>Local authorities provide permanent premises to SME</td>
<td>2</td>
<td>8.0</td>
<td>8.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: A Study conducted in Morogoro Municipal, Kiwanja cha Ndege ward, 2006
1.14 Findings compare to those of other surveys

The survey was related to other findings and indicated the needs for having proper members capacity building, formalization, involvement and sensitization of stakeholders towards the group vision, mission and objectives

1.15 Implications and recommendations

Implications or Results: The study implies that at least there is a community based savings and credit scheme with some activities being performed on self-motivated initiatives. However, for the endeavors continue it is necessary to address the identified weaknesses and establishing a wide range of activities that will encompass a proper financial management system and increase memberships. This is to go together with training on entrepreneurship, market knowledge and skills to assist operators in market information for income generating pursuits.
CHAPTER 2: PROBLEM STATEMENT

This chapter presents the problem statement, based on the study findings of the community needs assessment conducted in 2006 at Kiwanja cha Ndege ward. Furthermore, give an account of target group and stakeholders affected by the problem. Finally, state the project goal and objective that address the identified problems.

2.1. Problem identified

Low capital among youth was increasing to the extent affecting youth developments in the societies. Pius Ngw’andu in his paper on challenges of poverty presented to African higher universities (2003) commented that poverty “prevents” the poor from participation in economic growth. As it appears one of the main causes of poverty is low income. Earning level necessitated by poor production technology. Secondly, high illiteracy levels as an appendage of poor entrepreneurship skills in the area has also a lopsided weak impact on personal efforts for investment initiation and productivity achievement, with poor skilled majority work force in the area contributing highly work force to fight against prevalence of low capital is a major to poverty expansion on wider scale. This situation clearly makes a vicious cycle for many youth to migrate countrywide for income generation pursuits, and also a rapid population growth coupled with family that allows homes to have many dependants and negative increases of domestic consumptions of family community and national levels.
Weak economic and social production resources situations among our communities in Tanzania are a problem that affects population countrywide with subsistence levels worsening living conditions. As depicted in the Human Development Report (1999), 51% of the Tanzanian population lives on less than $1 per day on the national absolute poverty line. The Tanzania (2002) National Census survey identified an average of 15,000,000 ‘people which is half of the country population” living under such a social and economic atmosphere. The figure includes 5000 youth living in the Municipality of Morogoro.

In the circumstance an initiative for addressing this awkward situation established like MKUKUTA as a priority strategies directed at boosting the country economic performance and people living standards. These initiative developed several positive results a mid minor setbacks, being slowly tailored to improve the status quo.

Despite the existence of 57 savings and credit unions and other financial institutions in Morogoro municipality many people in the area for reasons of poverty face problems in accessing loans. As already highlighted in the previous brief the Umoja Group has been established to redness the situation vide the provision of credit to its members that will empower them to have seed money for private ventures.

A weak financial base among most youth incapacitates them to invest on Income generating activities and is a core problem contributing to poverty in Morogoro. Kiwanja
cha Ndege ward has more than 1,000 youngsters engaged in trivial pursuits, distance hopes of meeting their daily basic living requirements; this number includes those engaged in petty pursuits.

2.2. Target community’s current condition and desired aspirations:

At Kiwanja cha Ndege ward is broadly seen that the majority of residents of all genders are engaged in small income generating activities. These small activities are less promising and sometimes are illegal. As many of these undertakings are short lived some appear to be slow moving for loss of customers, pursuing their operations under risky environments. Such is situation that concerns small business in the area, a minimal portion of which is a contribution of the residents themselves, with larger part being attributed by lack of adequate support from responsible national authorities based in Morogoro. In general terms what is missing are as follows below:

- Inadequate linkage with and function of financial institutions to access loans to small enterprises
- Poor financial management
- Inadequate entrepreneurial knowledge and skills of the self employed to improve their income generation activities
- Shortage of talents/ strategies/techniques in promotion of savings
- Inability to identify permanent and profitable income generation pursuits
- Poor extension services
So far very little attention has been done to initiate effective savings and credit schemes in the area. It does appear from these long standing setbacks that therefore, there is a need to further explores strategies introduced under SACCOS plans to identify potential ways of streamlining the situation with the objective of improving the resident’s economic and social standards.

This study therefore looks at these circumstances objectively, which more focus on assessing the Umoja savings promotion impact to discover procedures and strategies towards enhancing performance of the organization to effectivate its respective member’s power of fully utilizing their investment efforts to raise finance for further income generating activities.

2.3. Background information of host organization

Umoja savings and credit scheme started in 2004 with a group of five people working and helping each in difficulties. In 2005 it changed its status to a savings and credit group with total number of 15 founder and new members.

Formerly, the group was recognized by Community development department as an organization established to improve its members economic situation. After being advised by the CED practitioner they identified a development process and put it in the 2005-2007 plans to formalize the scheme. Currently its contingent stands at 37 members with
20 new names showing interest to join. It is registered with the ministry of Agriculture and cooperatives under the registration Number MG 485, Rule No. of 20/2003 the cooperative authorities.

This group is having interim leadership and is at Kiwanja cha Ndege ward, near the police post they are guided by a constitution so devised as a tool for day-to-day operations. Their services are targeted at economically active but urban poor, with low capital to invest on income generation activities. The organization act a push for youth and adult to organize themselves and facilitate their savings for each to acquire investment capital the need for that would be used as a source of generating income on long term basis.

2.4 Project goal

The project goal aimed at creating employment and increase income of the low income households in the neighborhood of Morogoro Municipality by the end of the year 2007. The goal of the project is to contribute towards making the ward inhabitants free from life hardship. It will raise saving and credit for its members, create an enabling power to them to invest on income generating activities, improve the income of the group members, and reduce their poverty margins. The indicators for measuring achievement of this goal were: the number of new members, organization constitution, registration status and contribution of savings from members.
2.5 Project objective

The project immediate objective is to improve the livelihood of low income neighborhood of Kiwanja cha Ndege Ward in Morogoro municipality through savings management by the end of December, 2007. This was implemented if:

- Awareness raising through organizational capacity building initiative to the group members
- Group legalized to be well versed with required development talents
- Increase number of new members to 100 by 2007
- Increase members income through savings business and soft loans uplifted through investments on income generating activities
- Record keeping, continued collecting more information from the community for evaluation of the project. All these strategic plans are expected to be implemented by 2007.

2.4.3 Stakeholders:

The major stakeholders include the Morogoro Municipal Council, which is imposed with the responsibility of ensuring that all Kiwanja Ndege residents are involved in the programme.

2.4.3.1 Morogoro Municipal Council

Has a role of providing facilitating savings and credit services as well as supporting youth ad poor people to reduce poverty. However, due to limited staff and resources
could not fulfill this task in the council. Therefore, a successful implementation of this project reduces the burden of the council to promote the services at household level. On the other hand, the project contributes to the achievement of municipal objective of improving the livelihood of all members in the Municipality.

2.4.3.2. Ward and precinct Leaders

Ward and precinct Leaders expected that the project continues to improve the income of the household. In the other hand the ward and precinct leaders after sensitization workshop participated fully in mobilizing the residents of Kiwanja cha Ndege ward to participate effectively in savings mobilization.

2.4.3.3. Community

The Kiwanja cha Ndege ward population that includes the families and the ward non-resident’s community that does business in the ward. These will benefit from the project because it provides services on savings and projects which will serve them.

2.4.3.4. Umoja members

Members of Umoja group assuming that, the savings and credit project will improve their savings to improve performance and income.
2.4.4. Project implementation:

The project implemented in stages, with planned strategic taken 18 months. The initiative started by sensitizing group members as well as its local leaders. This process started in March 2006. Community meetings were conducted, also training of the organization members on savings and entrepreneurship skills performed for 20 participants. Preparation and approval of the constitution were done accordingly.

2.4.5. Organization structure:

The group is organized in simple structures, which ensure the participation of all group members and the community whom are beneficiaries. The group is guided by their simple legislation so as to ensure the operations are smoothly implemented. The structure of the project group is started at the top with chairperson. Followed by group a secretary, project Manager and record keeper, then other group members.
CHAPTER 3: LITERATURE REVIEW

This chapter describes different literature consulted in order to analyze the theoretical, empirical and policy contributions on savings promotion from various areas of the world including Tanzania society. The documents were reviewed in terms of relevancy, efficiency, effective, importance, institutional empowerment and sustainability towards poverty reduction.

3.1. Theoretical review

Savings mobilization concept:

Savings are cash or physical products set aside for the future use. Kimaro, (2000) defined savings as a process of accumulation through monetary and non-monetary assets. Therefore people in rural and other low-income communities can save if they are guided and encouraged. Temba (2003) argued that in rural communities, savings are made through traditional credit union group.

According to Temba (2003) she views savings mobilization, as an innovative way of stretching resources, widening partnerships and empowering the poor, and is of the opinion that the more one takes care of own or jointly owned resource, the more resources are entrusted into them/ him/her. He argues that savings mobilization promotes resources maximization, meaning by using appropriate technology, household’s costs can be reduced without sacrificing quality. Ashelle (2000) looks at savings mobilization
trends as involving shorter repayment period, with lengths of amortization needing not be stretched out. He sees it to be a faster turnover as the revolving fund accrued can advance family economic and social status and community development aspiration. Hulme, (opt) contends that poor people can improve their standards of living by becoming micro entrepreneurs and that financial institutions need to support their initiatives with small loans. He also argues that well designed lending programmes can improve the incomes of these people, so much to the extent of their movement away from the poverty line.

WOCCU (2003) revealed that voluntary savings are by for the most frequent sources of funding for microfinance institutions as well as micro enterprise start up and expansion, this is a fundamental approach to sustainable economic development as savings deposits enable households to build the future and prepare for the unexpected emergence. Bartle (2001) gives reasons on why many people want to save, by arguing that they prefers to do so in order to start business enterprise, provide for growing family’s health, education and build houses, buy new equipment, provide credit compensate for uneven income streams.

According to Laurent (2000) people save for different reasons, which include economic, social, political and cultural aspects. To them their ability to do so depends on their earnings and consumptions habits as well as socio-cultural obligations, personal
ambitions and surrounding conditions. It is that belief that savings enable a large portion of clients to access credits.

Kamewe and Koning (2003) review that savings provide an important financial safety net for poorer households in cases of emergency, and play a role in financing productive activities and foster micro enterprises. Also they continue to add that accumulation of savings helps to create a domestic capital base that makes economies less dependant on foreign capital and more resistant to capital market in fluctuations. Therefore there is a large demand for a variety of savings services among low-income people. Chigara and Mutasera (2001) contends that, because of economic hardships press on income levels, with the poor women in particularly finding savings as an appropriate approach of disciplining themselves against husbands or neighbors who could borrow their money and misuses.

Savings promotion is a process of studying the financial behavior especially of the low-income groups in order to understand their behavior and risks involved in dealing with them on financial activities. Micro saves – Africa (2002) project define savings mobilization as a process that involves establishing financial services needs and preferences of the poor. Umoja group needs to have this philosophy based on better market information so as to set and develop good institutionalization strategies for savings from their members.
3.1.1. Relevance to macro economic development

The growth of private enterprise is inseparably linked to the financial sector. Efficient savings mobilization increases the resources available for productive income generating investment. Savings increases the possibility of self-financing while financial intermediaries can channel surplus savings to meet credit demand. According to (Mc Kinnon 1973, 1988, Shaw 1973, Foy 1988) The Theory of Finance speak out against financial repression and argues that increased interest rates boost domestic savings. For Umoja group to increase the volume of savings/capital means should encourages and empower its members to engage into viable economic activities like kiosk, poultry keeping, environment sanitation contract, buying and selling crops. So as to generate enough income that will enable them to deposit money as required as in Table 1.12 that members of Umoja group mostly are youth engaged into small business activities. Through capacity building Umoja members can enter in entrepreneurship that generate good amount of money hence to improve their income and reduce poverty.

According to Cooksey (1995) most of standard definitions, majority of Tanzanian are poor. However the authors have very little ideas about how people experienced poverty in Tanzania. In summary, he notes that although more information is available on the objective measure of poverty, there are still large areas where different observers have come to different conclusions.
3.1.2. Importance of savings mobilization

Savings mobilization according to Renee chao Beroff (2003) have its importance has represent essential elements of the savings discipline that help rural populations resist social pressure and avoid ordinary waste. There are also basic elements that enable a long-term vision for rural populations who continue to live from season to season and lack the capacity to make longer-term plans. Poor households save- in cash, in kind and use rotating savings and credit associations and other forms of financial and non-financial savings and loan association because of limited access to appropriate deposit facilities.

Saving mobilization with a long term vision encourages poor people to participate in savings by providing them with advice on sustainable pursuits and reasonable cost savings methods that perceived to be lower than those of other competitors or money lenders (Ciboria, 1997). Along the same views there were remarks (Kuzilwa, and Mushi, 1997) that savings helps to create employment opportunities to poor rural urban people and that the access to credit to SEs (Small enterprises) leads to the same benefits. Microfinance institutions provides necessary Hulme (opt) Pointed that out of poor people might improve their standard of living by becoming micro entrepreneurs and that financial institutions should support their initiatives with small loans. He also argued that well designed lending programmes could improve the incomes of the people and that of
the poor household above poverty line, skills to microentreprises like education and training.

3.1.3. The institutional perspective

Savings mobilization depends much on appropriate financial institutions and institutional settings. Client will be attracted to save hence increase volume of savings only when appropriate financial products and institutional arrangement are easily accessible. Savings mobilization itself may become a strong incentive to improve the performance of microfinance institutions and contribute to institutional viability and sustainability. The incorporation of savings facilities may induce more demand – driven services and hence improve efficiency and profitability in order to provide a sustainable basis for expansion. Vogel (1984), Adam (1985) and others pointed out those financial institutions mobilizing savings must respond to depositor’s requests for safety efficiency and stability.

Furthermore have (MFIs) to deliver the products demanded at a reasonable price. Because the roles are released in the credit business, the institutions have to convince depositors that they will handle their funds with care and provide them with benefits. So the business of deposit taking should increase institutional efficiency and profitability and strengthen the professionalism of the government structure by introducing greater customer – orientation. Schmidt (1986) concluded that their survival depends to a great extent on the existence of incentive mechanisms and a monitoring system that ensures
decisions taken on behalf of the institution are appropriate. Under that circumstance Umoja group needs a careful adoption to institutionalize the savings strategies to ensure depositors especially small entrepreneurs are convinced and encouraged to invest.

3.1.4. Savings capacity

Saving capacity for client has to be considered by micro finance institutions in mobilizing savings. Adam (1978) argued that development planners and decision makers were long convinced that poor people do not have a significant saving capacity. The neglect of savings mobilization in poor population segments of developing countries was explained by low income resulting in a low savings capacity for rural households and a high propensity to spend economic surplus on social and religious activities or consumption.

Formerly, the perception of low savings formerly was grounded in the limited money deposited by the poor in formal financial institutions. However, for several past years practitioners have realized that this was attributed to inappropriate deposit facilities and institutional structure and not the low income (Von Pischke 1984; Robinson 1994).

It was observed that savings groups, money keepers and in-kind savings absorb a great portion of the poor savings capacity. (Cohen 1986; Bouman 1977, 1984, 1990, Von Pischke 1984; Fernando 1991, Aid 1991) particularly rural households are induced to save during harvest periods when income streams are higher than consumption levels. In
order to raise capital more savings is required from members therefore the Umoja group should have to develop good and workable strategies.

According to Doligez, (1996) savings mechanism can be in kind savings, hoarding, ROSCAs, Mobile bankers, Liberian clubs and Small mutual funds. Therefore successful mobilization of institutional savings can only be ensured by the existence of demand-driven savings products offered by appropriate institutional structure. Gupta (1996) and Arderner, (1995) said that macro savings have strong gender implications. Experience indicates that women are very reliable microfinance clients, and demonstrate more discipline than men in making regular savings deposits and loan repayments. They further add that an adequate supply of micro savings facilities will therefore supply much-needed services to women, especially considering the fact that women represent a large share of the poorest segments of the population and often pursue independent economic activities. Therefore micro savings enable women to enter the financial system by building their own financial security. While this strengthens women’s economic and social independence, it also widely recognized that funds managed by women have a greater effect on the welfare of the entire family. Umoja group in membership allowed women to join so as to strengthen this strength having women to manage the savings and economic independence of the members.

For that reason Schmidt (1986) concluded that their survival depends to a great extent on the existence of incentive mechanisms and a monitoring system that ensures decision
taken on behalf of the institution are appropriate. Schmidt/Zeitinger (1994a) commented that, a viable and sustainable financial institution must cover the costs of operations, loans loss, capital (the costs of savings mobilization and/or borrowed funds) and inflation with the income they generate. Frequency of account movement, average deposit amounts, administrative costs for branches, retail outlets and deposit rates of interest contributes to the specific costs of savings mobilization. Therefore in order for the institutions to be viable and sustainable, loan interest rates must be high enough and administrative and other costs low enough to ensure that, income covers all expenses.

3.1.5. Ways of accumulating savings

Mutesasira, (1999) suggested three ways by which small savings can be accumulated to large sum of money, which even Umoja group need to be aware of it. These includes; a) savings up (SU) whereby low-income groups that lack safe and reliable opportunity to save are assisted to put aside lots of small savings amounting to excessive over a time. b) Saving Down (SD) whereby a loan is used as a saving for repayment. This however, yet it is of a very high cost for borrowers when they pay for emergency. c) Saving through (ST) whereby savings are collected on a continuous basis and the amount is given to the saver at some point. Given these different ways of savings Umoja group is required to adopt the same way of accumulating a large amount of savings from its members and term a credit scheme so that at the end of the day it will be able to provide credit services required by its members.
Given the narration above the Umoja group adopted a savings up methodology (SU) whereby low-income who lack safe and reliable opportunity to save are assisted to put aside lots of small savings that can amount to large amount over a time and invest for income generating activities. All in all the success of the organization generally lies on the Organizational Commitment. No strategy to reach and assist the poorest will succeed without total management commitment. The leadership of an organization must choose strategies, which suggest the poorest clients as its priority and make that objective known to them.

3.2. Empirical literature review

Saving mobilization in Tanzania has been encouraged through various informal strategies. Informal sources of credit in Tanzania are various and have contributed positively to the initial capital for entrepreneurship development. Several micro finance services are currently offered in Tanzania covering a wider spectrum of operations that include credit delivery, training and supervision of the productive activities of small business owners. Saving mobilization, this is a service that could support and make these services more sustainable has been forgotten. For small-scale entrepreneurs, savings mobilization service shall be a means of enabling them to earn incomes that may enhance their economic strength and hence unchain them from the vicious cycle of low saving, low investment and low income.
Temba (2004) on its study (MEDA conducted in Mbeya and CREW Tanga) The study was looking if there is a link between entrepreneur's level of savings and the level of investment. The question was whether savings were a condition before one was eligible for credit. Savings for entrepreneurs were taken as indicator for measuring how the borrowing costs influenced the development of entrepreneurship. The study observed that 72% of the initial capital originated from entrepreneur savings. Automatic the conditions before getting loan from MEDA and CREW was owner's savings. According to these institutions savings determine the amount of loan each entrepreneur would get, and that in order for the scheme to prove the trustworthy of the borrowers he/she must have a given amount of savings in his/her account.

MEDA is an NGO based in Mbeya that offers credit to micro enterprises and small entrepreneurs. It has three approaches for delivering credit to the MSEs one being an individual lending credit system that needs savings and a guarantor to pledge any assets that are not movable as collateral. While CREW is a pilot credit scheme for productive activities of women in Tanzania, it was established in 1989 and implemented by Ministry of Community Development Gender and Children with the objective of mobilizing savings among women and provide loans (WDF). From this scheme the one who want to get loan, is supposed to fulfill the followings conditions; Savings (Tshs 1,000,000/= payable to the group account), Ownership of a business, Guarantees for the loan (10% of the loan), Must posses a bank account, and Provision of physical collateral.
It is on that bases the Umoja group emphasize the member to focus on establishing their capital first as collateral for sustainability

Furthermore, all the surveyed entrepreneurs had business expectation they wished to attain through small pursuits and hence it was the reasons for taking the loan. One of the requirements of the entire lending schemes model studied is to have a client’s deposit. Therefore savings mobilization has been taken as a possible way of enabling the MFI's to sustain them. Also before borrowing money the borrower must prepare and present a sound cash flow. The schemes have managed to reach 80% of their clients and they have succeeded to borrow money through the mentioned conditions.

Lessons from the two credit institutions is that micro finance institutions have to encourage their members to save more money to increase the group capital if they want to lend big amounts of credit for income generating activities. Also that the amount of savings have to be the indicators for the members to request for loan; The more the savings made by the members to ensure sustainability of the group the more the money loaned for investment. Therefore Umoja group project has to adopt the same lending model to improve savings mobilization in its process.

Hulme and Paul Mosley (1996) Advocate that since the 1980s development theorists thought the provision of small loans to micro-entrepreneurs is an effective policy instrument as examined through the use of seven case studies. Detailed comparative data
are presented from: Bangladesh, Bolivia, India, Indonesia, Kenya, Malawi, and Sri Lanka. Twelve institutions from these seven countries are examined, with the studies following a broadly similar format: historical and institutional background, financial performance over time, direct effects on incomes, employment and technology, indirect effects on other borrowers and lenders.

CGAP and GTZ (1998) show that around the world, poor households save in various forms and for various purposes. Although empirical evidence suggests that the poor would deposit if appropriate financial institutions and savings facilities were available, little progress has been made to establish MFIs as full-fledged financial intermediaries. In fact, today most micro-finance institutions (MFIs) offer on credit and savings mobilization remains the forgotten half of micro-finance.

This has resulted in poor financial performance of RFIs, forcing dependency on subsidies that exhausts government budgets and deprived other sectors of funds. Although there is no specific formula for creating successful RFIs, factors such as target clientele and current socio economic conditions will help establish an appropriate operational approach. McDonald (1997) mentioned that inadequate credit evaluation, poor enforcement and loan collection, expensive administrative procedures, and a lack of financial discipline by both clientele and institutions, are contributing factors to many failures. It is for that reason that Umoja group needs lesson to build a strong institutional
capacity for good savings that might encourage new members to join it and increase contribution shares on regular basis.

As it is evident information on the credit constraints are still yet to be known by many people in Tanzania, a situation causing many groups to have same problems during institutionalizing their savings. This is evidenced in the poor rural households. Surveys conducted by IFPRI and its collaborators in nine countries of Asia and Africa (Bangladesh, Cameroon, China, Egypt, Ghana, Madagascar, Malawi, Nepal, and Pakistan). The studies gives a general picture on the results for appropriate public intervention to strengthening rural financial markets; and draws conclusions about areas where resources may best be spent. The authors using this information describe how often indigenous institutional arrangements by savings clubs and lending networks to small retail shops and input dealers have succeeded in tailoring financial support to the poor. Moreover, the study describe on what enables many informal institutions to provide sustainable financial services that some banks and cooperatives in the formal sector institutions fail to provide.

In Tanzania theoretical work surveyed indicated that there is a link between the entrepreneur’s level of saving and level of investment. The question here was whether savings were a condition before one has eligible forgetting credit. Saving the entrepreneurship was taken as indicators for measuring how the borrowing costs influenced the development of entrepreneurship. Bagachwa, (1983) conducted a study in
Arusha observed that family savings accounted for about 85% of the initial investment in small business development initiatives. The study further observed that 725 of the initial capital originated from entrepreneur savings. One condition before getting loan from all the sampled credit institution was the owner’s savings. This evident is one of the angles in Umoja insist in their constitution and vision for reaching good livelihood members should raise their capital and use that capital to invest in income generating activities for reducing poverty.

According to a study conducted by Beachwear (1993) in Arusha region, concluded that self-financing has been critical in development of SSEs sector in the region. In the artisan sector, that is non-factory type of SSEs, personal and family savings accounted for approximately 85% of the initial investment. While loans from informal sources accounted for 12% of the funds invested in the artisan sector, loans from banking institutions accounted for only 3% of the total funds. The corresponding figures for the non-artisan SSE were 65%, 10% and 15% respectively. In 1993 they established that over 80% of the funds used for expansion in the whole of SSEs sector were reinvested profits. This indicates that SSEs were starving or excluded from institutional that needs credit, Family and personal savings or profits were the main sources of their finance.

According to the IFAD program, Regional loan committees established to scrutinize smallholders had saved Tshs 58.3 million. Despite the initiatives by the project in mobilizing savings, one of the major specific issues causing difficulties in this respect,
include the Spirit of savings mobilization that are said to be still low. For this case to facilitate the mobilization of the Savings among youth development the Umoja should take this as a serious entry to its implementation and need to take clear mechanism for involvement of stakeholders to simplify the process. McCrory (1994) in his study on small metal working firm in India showed the potential skilled enterprises suffering from the inadequacies of finance and also that while the SSEs willing to start show difficult financial position

Chuta, (1985) in Siera Leon reveals that self-finance had been importance in the development of SSEs. The study indicated that personal and family savings accounted about 80% of the capital used to start up SSEs and almost 90% of the funds used were as reinvested profits.

Sattaa, (1997) in his study on financial sector reforms and development of financial intermediaries in Tanzania 1985-1997 came up with the following results. 90% of population in Tanzania depends on agriculture and small-scale production. However the present formal banking institutions have not addressed much on the financial needs of the rural population and SSEs. Thus, there is a need for establishing a financial system that will cater the aspirations of the rural and micro enterprises whose operations have been adversely affected by the distant attitudes of mind of the commercial bank of rural areas. In so doing support is required from various stakeholders including the government to provide an enabling environment, regulatory and supervisory framework.
For that matter the commercial bank, NGOs and other financial Institutions are required to develop to innovative methods for reaching the majority of Tanzania while maintaining their profitability.

To this end, if SACCOs are to improve and operate efficiently and expand their role in the provisional of financial services to the poor target, especially youth in rural and urban they deserve to be backed in the areas of appropriate capacity building and self capital initiation, members training on savings and credit implementation, and financial management. This would enable them to upgrade their current knowledge of all levels of business management and skills, which would in turn contribute to their organization business sustainability, effectiveness and efficiency. The issues of capacity building facilitate and strengthen integration in the financial systems and their growth and development, and enable them to develop into capable institutions subject to the Banking and Financial Institutions Act of 1991. The whole issue of financial linkage is an important one if SACCOs are to be effective in handling the demand for credit at the targeted poor people.

SACCOs are very simple financial institution that fit well with the socio-economic milieu of the rural and urban poor community as a whole. Hence, they are better placed in innovating and developing indigenous financial products relevant to the communities they serve. With their emphasis on lending, mobilizing savings and management at local level, SACCOs appear to be a very promising mechanism for delivery of financial
services to the youth poor who can work energetically throughout the country. In view of their proximity to their clients, the operating and transaction costs of SACCOs are relatively low. Furthermore, being organizations formed by beneficiaries themselves, the latter feel a sense of ownership in their respective SACCOs and, hence, ensure that operations are conducted according to established criteria and procedures - this has resulted in more effective operations mirrored also in reduced risks in lending and repayments.

Finally, SACCOs are democratic institutions where members have a voice in the policies of the organizations, particularly regarding the setting of interest rates on savings/loans. In this respect the Umoja needs to improve its cohesiveness on improving own financial bases through strengthening savings mobilization patterns. Umoja should demonstrates a team work capability, and be an active financial service that responding directly to the needs of its members.

According to CRDB (2004) believes that capacity building is a major step towards strengthening and increasing savings mobilization of the microfinance institutions. In view of this contention, assessments of the capacities of selected SACCOs were conducted by the bank, following also situations that existed in the MFIs, such endeavor came up with feelings that MFIs had the following shortcomings:

- Inadequate knowledge of banking services and therefore poorly managed marketed and priced.
• Poor office organization and staffing.
• Lack of strategic planning and focus on growth most of which being poor quality in terms of productivity.
• Lack of understanding by officials and members of the legal requirements of rural financial institutions.
• Weak internal controls and financial systems a situation that creates room for mismanagement of resources.
• General lack of knowledge of microfinance best practices as well as lack of teamwork among committee members.

3.2.1. Lessons learnt from the CRDB microfinance initiatives were

- That appropriate design and training focusing on the right target can bring about better management, increased growth and quicker savings mobilization.
- Regular and close follow-ups by well-trained committed and dedicated staff can enhance training effectiveness.
- Adopting a commercial approach as compared to social/welfare approach brings about quicker and more sustainable results in the microfinance institutions from SACCOs or MFIs to micro banks
- A trained and enlightened membership appeared to be more productive when they participate effectively in the affairs of their MFIs
- The MFIs effective training can keep pace with development when it becomes continuous.

As it is apparent, challenges face African approaches to poverty reduction include easy and constructive approaches to poor communities with greater focus on the establishment of SACCOs organizations of their own concern that will greatly improve their social economic needs broadly, but specific touches on youth aspirations for personal advancement. Provision of appropriate assistance to them through donor efforts in supporting of their collateral endeavors is a step towards boosting joint action towards fighting poverty and ensuring balanced development in communities. For that matter, Umoja group needs to focus more on mechanism which will enable its members self realizing rather than dependent syndrome.

According to Chigara and Mutesasira (2001) argue that most of the informal savings mechanisms were closely liked to the formal financial system. For example, savings clubs, burial societies and ROSCAS. As all cumulate the small amounts and then deposit them with a formal institution e.g. a bank or funeral insurance company or use the money they accumulate in order to meet a loan obligation with Muftis. It is noted that over the years ROSCAs have changed in size, term in response to the adverse effects of inflation on the savings. There are more daily/weekly than monthly ROSCAS with five members, these includes housing cooperative and burial societies and are highly
organized with close linkages with formal financial institutions, however the link is not as structured and greatly restricts the services the members obtain.

Savings are viewed as a way of accumulating small amount of money that can be accessed for the future need. As the economic hardship press on the income levels, the poor particularly women find savings as a way of disciplining themselves to save for lean seasons. From the study we come to understand that in order to increase/or win savings mobilization, a person have to know why people make savings and where these savings are deposited. Although poor people are saving their money in the informal financial mechanism, at the end of the day this money is deposited to the bank for security purpose, therefore there is a link between informal and formal institutions and that each have to use effectively the existing link to achieve what they intend.

3.0. Policy review:

CRDB policy believes that, microfinance is a vital tool in poverty reduction and recognizes that many of the poor can save, invest and repay their loan. But most of them have no access to formal financial institutions. Therefore the objectives of this policy are to reduce poverty among the poor through saving and credit support to boost the capital for members of the savings group (SACCOs). For that reasons CRDB is committed to provide support to the SACCOs and other rural finance sector in order to benefit the rural and urban poor. CRDB committed to speed up savings to those people whom met
the conditions. The initiatives taken by the bank contribute to sustainable financial institution as well as building a conducive policy and regulatory environment. It is true that this commitment of the bank is opportunities for Umoja group to apply and use to promote their capital for investment.

The Tanzania National Micro Finance Policy of 2000 (NMFP), The policy stipulates that the government considers microfinance system as an integrals part on this financial sector that fall within the framework of its Financial Sector Reform Policy statement of 1991. The overall objectives of this policy is to establish a basis for the evolution of an efficiency and effective micro financial system in Tanzania that serve the low segment of the society and thereby contribute to economic growth and reduction of poverty by establishing a framework within which microfinance operation will develop:

- Laying out the principles that will guide operations of the system.

- Saving as a guide for coordinated intervention by the respective participants in the system and

- Describing the role of the implementation agencies and the tools to be applied to facilitate development.

The policy gives a priority to efforts towards savings services and state that these are beneficial services for low-income groups. Savings protect households against period flow income. The policy emphasizes on a need to store the value accumulated from
profits until they can be invested for earning higher returns. This calls for a need for developing informal and formal financial services that will assist in coordinating the mobilization of savings from low-income households. The policy guide the opportunities which Umoja group can be applied and benefited on their operation hence managed to achieve their intention of promoting capital by developing savings – mechanism which in one way or other will make sure the stated amount of savings to be deposited by members weekly or monthly will be deposited as required.

The banking and Financial Institution Act 2004 of Tanzania: Ministry of Finance. The government recognizes the following important guideline for efficient sustainable operations of SACCOs. As savings based institutions, regulation and supervision is necessary once the institution reach more that a small group of members. As savings based institutions, it is important to ensure that lies of credit for loan able funds do not undermine incentives to promote savings. Pricing policies for SACCOs should promote savings and allow sufficient interest rate spread for the profitable operations of the SACCOs. In the process of strengthening SACCOs, it is important that they either become or are linked to professionally manage financial institutions. Thus, it is envisaged that stronger SACCOs will evolve into community Bank, join together to form cooperative banks or alliances with other financial institutions. The dream of Umoja group in future is to acquire both a trust fund and later a member of community bank.
The National Investment Promotion Policy (1996) of Tanzania: Under the Financial Institutions section 4.1.3. of the Act elaborate that financial mediation is a prerequisite for Economic growth and development because it facilitates efficient mobilization and challenging of savings into investment. This role presumes the existence of diversified financial institutions and instruments as well as enabling environment as dictated by social economic and political factors. In order to further strengthen and develop the financial system to better serve economic growth, the government will put in place appropriate incentives and institutions, which will instill saving habit by the general public and enhance sustained pursuit of savings. Also the government and public institutions will encourage the adherence to financial discipline as well as promoting financial intermediaries to serve the poor. The lesson to Umoja group is that there were a need to work with government from the beginning to win their services and political support. It on that base the survey need to explore the weakness and advice on it to management to adjust.

Cooperatives Development Policy (2000) under this policy the government recognizes the importance of savings and credit and state that the establishment of SACCOs has been established mostly in town and working place. The initiation has intended to save money that could enable them to buy shares and thereby increase the capital of the societies, although some groups could not access credit. In order to solve the problem of liquidity among members according to the policy, the government committed to encourage the formation of SACCOs within the area of operation. The government will
continue to provide technical assistance such as trainings, extension service, and link with financial institution and create conducive environment to enable SACCOs and MFI to win savings mobilization likes what Umoja is intended to increase savings and credit services as required. Furthermore the policy shall continue to capacitate savings and credit groups through trainings by the municipality official to enable the process fruitful.

The National Strategy for Growth and Reduction of Poverty (NSGRP-2005) the strategy recognizes the prevalence of poverty in urban areas especially in low and unreliable incomes, the unemployment, urban vulnerable groups and those in informal sector. The policy having realized the acute problem unemployment suggested to the local authorities to establish a committee that will influence youth to self-employed through developing special youth funds for income generating investment. The policy calls for initiatives of self-employment in agriculture, business and informal sector (self–Income generating activities). It on that bases if the Umoja group succeeded to promote capital can benefit with their members to have self-income generating activities.
CHAPTER 4: IMPLEMENTATION OF THE PROJECT

This chapter is concerned with the implementation of the community project. The project was implemented by following the guidance of project design and management, whereby the organization started by identifying the organization needs, identification of the problem and design the 18 month project implemented under the supervision of the CED expert known as savings and credit promotion in Umoja group. According to the meeting held between group members and CED student during need assessment; the community proposed to promote the savings and credit project for resource mobilization from both within members and external sources. The project implementation addresses the recommendations made by the study during the needs assessment conducted in the ward.

The study findings revealed that, capacity building for Umoja members and stakeholders is necessary to enable them to plan and manage their project, handle financial management aspects, secure marketing information and make quality savings. Furthermore, the study suggests that a project proposal write up is crucial to enable the organization mobilize funds within and outside the organization. Yet a well established financial management strategy is required to mobilize and manage funds properly. Finally, a clear definition of roles and responsibilities of different project stakeholders was paramount to improve the project. For that matter, the project implementation plan contains activities suggested during the community needs assessment.
4.1. What is the project goal?

The project goal aimed at increasing income of the low income households in the neighborhood of Morogoro Municipality by the end of the year 2007.

The goal of the project is to contribute towards making the ward inhabitants free from life hardship. It will raise saving and credit for its members, create an enabling power to them to invest on income generating activities, improve the income of the group members, and reduce their poverty margins. The indicators for measuring achievement of this goal were: the number of new members, organization constitution, registration status and contribution of savings from members.

4.1.1. Project objective

The project objective aims at mobilizing capital of the low income households in the neighborhoods of Morogoro municipality for investment on income generation activities to improve income by 2007

4.2. Specific objectives

The project was implemented to achieve the following specific objectives:

4.2.1. Develop and approval the constitution of organization

4.2.2. Promote and formalize the group through registration

4.2.3. Empower 20 members on savings and entrepreneurship/business skills
4.3. Project outputs & products

In implementation, the project managed to achieve the following outputs:

4.3.1. Constitution developed and approved for registration.

4.3.2. 20 Members are trained on basic steps for entrepreneurship

4.3.3. New Members are increased from 10 by 2005 to 100 by 2007

4.3.4. Amount of group capital increased from 100,000 in year 2005 to 1,00,000 (2007)

4.3.5. Increased capacity of community based organization and other stakeholders in planning and management of savings and credit strategies.

4.3.6. Established and operational savings and credit group at Kiwanja cha Ndege ward in Morogoro municipality.

4.3.7. A simplified financial management system established and operational.

4.4. Inputs

The project employs/inject both human and non human resources in the implementation

The project utilizes its own sources of funds from member’s collection fee. The project costs include: purchase of materials, and office operations costs. The project is managed by executive committee; Technical support is provided by part time CED facilitator and municipal officials the community development and cooperative officers.
4.5. Staffing pattern

The project involves a leading committee and technical person and community members. The committees and group chairperson is overall in charge of the project implementation.

4.6.0 Implementation plan

The project implementation plan has focused on accomplishing the project output through (i) capacity building whereas, the major emphasis was involvement of members and stakeholders on project planning and management of the SACCOs, (ii) organization constitution development and registration of the group (iii) review and identifies potential strategies to solicit funds (iv) development of financial management mechanism and (v) development of ME framework, implementation of monitoring and evaluation of the project progress.

4.6.1. Umoja and other stakeholders training

The training needs assessment was planned to be conducted between January and June, 2006 in order to identify the type of education needed by members and other stakeholders. The design of the training program followed by the actual sensitization program on savings and credit mobilization to leaders and community members. While Umoja members exposed with entrepreneurship training, taken place in the months between April - June, 2006
4.6.2. Constitution preparation and registration

Constitutional preparation was intended to enable the group to establish a guideline of the organization. The constitution also defines member’s roles and responsibilities of each actor and different stakeholders to improve the services. The final draft of a constitution presented to the general meeting for approval and submits for registration to the cooperative registrar all this process would have been completed by the end of December, 2006.

4.6.3. Review and development of financial mobilization strategies

This activity was planned to be conducted on 2006. The objective of this exercise was to enable the CBO to have well developed financial strategies, which include: sources of funds, procedures for budgeting preparation and approval; procedures for collection and disbursement of funds; recording and maintenance of books of accounts, banking procedures and control of funds including internal and external auditing.

4.6.4. Participatory monitoring system

The monitoring exercise was intended to assess the progress of the project implementation on quarterly basis and make adjustments where necessary. The monitoring planned to design a simple monitoring system of the project by September, 2006.
4.6.5. Project evaluation

Evaluation of the project was planned to be conducted towards the end of the project in December, 2006. Both summative and formative evaluation would have been conducted to assess the achievement of the project goal and objective. The descriptions of the project implementation plan are summarized in table 4.1.

4.7. Project implementations

The project implementation involved preparatory stage; in this stage the members are mobilized to understand the project. The project proposed to have sensitization programme, legalization of the group and training. The constitution of the group and registration certificate was in place, strategies for resource/ funds mobilization in order to enable the group to implement the planned activities also was identified.

The project is ongoing, as some of the activity has started since January. The group members in collaboration with the support from stakeholders such as community, Municipal Council, Financial institutions and CED student did the implementation of the project activities. The major activities that have been implemented during project period see table 4.1
Table 4-1 Project implementation planning summary:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Duration</th>
<th>Resources Required</th>
<th>Responsible Person</th>
<th>Planned Delivery Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conduct Community needs assessment</td>
<td>1 months</td>
<td>Stationary Fares, Meal</td>
<td>CBO CED Facilitator</td>
<td>January , 2006</td>
</tr>
<tr>
<td>Constitution preparation and approval</td>
<td>2 month</td>
<td>Stationary Funds Refreshment</td>
<td>Chairperson CED Facilitator</td>
<td>April, 2006</td>
</tr>
<tr>
<td>Awareness meeting of the precincts and Ward leaders</td>
<td>3 days</td>
<td>Stationary Fares, Meals</td>
<td>Ward Executive Chairperson CED Facilitator</td>
<td>May, 2006</td>
</tr>
<tr>
<td>To assess the Project progress</td>
<td>2 days</td>
<td>stationary</td>
<td>-CBO -CED Facilitator</td>
<td>June 2006</td>
</tr>
<tr>
<td>Sensitization meetings to the community</td>
<td>2 month</td>
<td>Stationary Fares, Meals</td>
<td>Cooperative officer</td>
<td>June, 2006</td>
</tr>
<tr>
<td>In-house training of members on savings and Entrepreneurship skills</td>
<td>5 days</td>
<td>Stationary Fares, Meals Refreshment</td>
<td>Community, CDO -Members -CED</td>
<td>July, 2006</td>
</tr>
<tr>
<td>Registration of CBO</td>
<td>3 Month</td>
<td>Fees Fares</td>
<td>-CBO, MCO -CED facilitator</td>
<td>Dec 2006</td>
</tr>
<tr>
<td>Conduct Participatory Monitoring</td>
<td>Quarterly</td>
<td>Stationary -funds</td>
<td>-CBO, MCO, CDO, CED</td>
<td>Dec 2006</td>
</tr>
<tr>
<td>Project Evaluation and presentation</td>
<td>2 weeks</td>
<td>Stationary Fares</td>
<td>-CBO -CED</td>
<td>Dec 2006</td>
</tr>
</tbody>
</table>
4.8. Staffing

Project staff comprises of a voluntary member a chairperson, secretary and members. The project staffs were supported temporarily by CED facilitator for 18 months. The job descriptions of staff are as follows:

4.8.1. Functions of a Manager

The project manager is an overall of day to day project activities. The manager facilitate participatory planning and budgeting, organize fund rising activities for the organization, supervise implementation of plans, prepare progress and financial reports and facilitate monitoring and evaluation exercises.

4.8.2. Functions of secretary

The project secretary is an overall actor for communication of the CBO, Meetings arrangement, networking with other stakeholders and keeping record of the organization. Also the secretary supervises the records kept by the project. Prepare performance report and submit to the executive committee and general meetings

4.8.3. Function of record keeper

The project bookkeeper maintain financial records of the project; record all transactions on the books of accounts; prepare monthly and annual financial reports and present to the executive committee; receive collections and make payment as authorized by the project management following established financial management guidelines.
4.8.4. The role of CED facilitator

A student of Master of Science in Community Economic Development of the Southern New Hampshire University and The Open University of Tanzania was engaged by CBO as a part time facilitator and adviser to the Umoja CBO.

The terms of reference for the CED student were as follows:

(i) In collaboration with Umoja members and other stakeholders, facilitate participatory project design, implementation, monitoring and evaluation.

(ii) Facilitate a participatory process of constitution development including development of vision and mission statements as well as facilitating registration process.

(iii) Facilitate review and development of potential financial mobilization strategies and management system.

4.9. Budget

The project has a total budget of 1,950,000, the resource of meeting this budget was obtained by contribution from the community, Municipal. The project was designed to operate on cost sharing basis whereby Umoja group contributed a total budget covering office rent. The CBO prepared a project proposal to secure funds from members and other sources. The summary budget is shown in the table. The funds were not adequate to finance all the planned activities, therefore the CBO has made contact with funding organizations such as CRDB to look for additional funds to finance the planned activities. So far external funds have not been secured yet.
Table 4.2.: Estimated project budget

<table>
<thead>
<tr>
<th>No</th>
<th>Category</th>
<th>Amount</th>
<th>Budget items</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Members contribution</td>
<td>2,000,000</td>
<td>Training</td>
<td>500,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Technical advise</td>
<td>200,000</td>
</tr>
<tr>
<td></td>
<td>Other sources</td>
<td>1,000,000</td>
<td>Consultancy services</td>
<td>800,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Travel fares</td>
<td>400,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Bills and office expense</td>
<td>200,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Credits to members</td>
<td>900,000.</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>3,000,000</td>
<td>Total</td>
<td>3,000,000</td>
</tr>
</tbody>
</table>

4.10.0. Actual implementation of the project

The actual implementation of the project implementation plan is described as follows:

4.10.1. Activities 1: Increased capacity of community based organization and other stakeholders in the promotion of savings and credit strategies

Training needs of CBO members, community members and other stakeholders were identified during the needs assessment in 2006. Training design has been developed and used in training of 20 members of Umoja members. Ward and precinct leaders were trained and community members on awareness of savings and credit. These activities have been achieved by 95 percent.

4.10.2. Activities 2: Legalization of CBO to have a vested legal status

Between February and April 2006 CBO members have met and discussed the draft of their constitution. In May the constitution was approved and submitted to the cooperative officer at the Municipal for the registration process. The Task was
implemented and achieved for 100%. However, the registration process took time to be attained. Eventually the CBO was registered with registration Number MGR.485 since the constitution was in place.

4.10.3. Activities 3: Recruitment of new members.
So far the CBO have managed to recruit 32 new members by December, 2006. However, an assessment of sensitization to recruit more members has done, and suggestion was given to emphasize the awareness to the community to join the savings. Activities under output 3 have been achieved by 45 percent.

4.10.4. Activities 4: Financial mobilization, collection and management
Under this area the CBO managed to review and suggest different financial strategies to support the collection of member’s contribution and other sources. The CBO managed to set financial procedures, control and management system. The CBO members have agreed to submit the collateral to the record keeper regularly to boost the capital. Procedures for credit services put in place. It has been agreed that the annual budget should be prepared and approved by general meeting of the organization.

The management of Umoja managed to put and use books of accounts such as receipt book, payment voucher and cash books. The members have agreed that the executive committee will be responsible for internal auditing and external auditing will be done by responsible authorities like cooperative office or any reputable organization under the
cooperative act 2002. Monthly financial reports prepared and submitted to the loan committee and general meeting. Activities 4 have been achieved by 75 percent.

4.10.5. Activities: Community benefits from the CBO service

Through monitoring and evaluation exercise an assessment of community benefits from the savings promotion activities have been made. This activity has been achieved by 100 percent.

4.11.0 Lesson learnt.

Participatory dialogue and involvement of stakeholders leads to the achievement of the organization to conduct sensitization meetings and acquire legal status. The dialogue enhances the organization to develop savings strategies; leader’s commitment to mobilize savings and make follow-up mechanism to member’s on savings.
CHAPTER 5: MONITORING AND EVALUATION

This chapter detailed on how the monitoring and evaluation of the project was conducted so as to assess the progress and performance of the project. The analysis was done basing on the project implementation plan and achievement of the intended objectives based on monitoring indicators. The chapter describes relevant key tasks for Monitoring and evaluation, roles and responsibilities of different actors and resources needed to facilitate the process and achievements. The Monitoring and evaluation system proposed follows closely the structure of the organization.

5.1.1. Monitoring

Monitoring is the process of routinely gathering information on all aspects of the project (CEDPA, 1994:57). Monitoring and evaluation was done to supervise the resources allocated for the implementation. During monitoring adjustment made to ensure the day-to-day activities that intended into the plan are articulated in time towards achievements of the overall objective. It was through monitoring and evaluation plan the organization managed to collect relevant information regarding to the project information.

Monitoring plan was developed with the purpose of helping the organization to assess day-to-day activities performance. It was done daily as it is a continued assessment of the performance. On savings, membership recruitment, organization operation management. During the follow up exercise various information on the implementation were collected and analyzed. Activity monitoring plan was developed for the purpose of
assessing the implementation of the activities according to what it has been planned against actual implemented. The evaluation report agreed advised the group to develop new savings strategies that should fill the gaps identified during the implementation.

5.1.2. Monitoring indicators

They broadly fall into four types of indicators

5.1.2.1. Input indicators: measuring weather financial commitments and disbursement have reached the budget levels against specific action. These were captured through routine information system at the group. Trend in the contribution of shares and savings in the group is also an important output/outcome indicator.

5.1.2.2. Process indicators: measuring weather the actions set out in the work programme has been completed on time and within the budget limit. These indicators were captured through routine activity implementation at the group level. And the monthly and quarterly report on financial and physical.

5.1.2.3. Outcome indicators: These measure changes in services delivery and use, improved community awareness on savings and credit, improved enterprises. There information collected from administrative sources and supplemented by the study done by the CED technical team

5.1.2.4. Outcome/output impact indicators: These measure the saving promotion project impact on sector growth, in achieving the overall objective of poverty reduction. These indicators were measured to see if the project will contribute to poverty reduction
Table 5.1 Project activities monitoring

<table>
<thead>
<tr>
<th>Activities</th>
<th>Duration</th>
<th>Methods</th>
<th>Current Progress</th>
<th>Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Introduce the project to the community.</td>
<td>First month of the project start up</td>
<td>-Review minutes -Discussion</td>
<td>-Official courtesy call and other process done</td>
<td>Assure provision of information on project implementation to the members</td>
</tr>
<tr>
<td>2. Conduct sensitization meeting to group members and leaders</td>
<td>First three month</td>
<td>-Review training material -Review the trainees register</td>
<td>-Venue and the members attended the training</td>
<td>Encourage them for more practical participation</td>
</tr>
<tr>
<td>3. Conduct meeting for constitution of the group</td>
<td>Fourth month</td>
<td>Review different policy</td>
<td>Members attended the meeting</td>
<td>Legalization of the group encourage more participation and recognition</td>
</tr>
<tr>
<td>4. Sensitize community on the importance of savings</td>
<td>6th month</td>
<td>Observe the group meeting records</td>
<td>Ongoing sensitization process should exist within the community</td>
<td>To create awareness to ensure sustainability</td>
</tr>
<tr>
<td>5. Conduct in-house training to members on entrepreneurship skills</td>
<td>6th month</td>
<td>Observe the attendance And group training report</td>
<td>Effective management of project</td>
<td>Each member assigned to work in management of the project</td>
</tr>
<tr>
<td>5. Monitoring &amp; Evaluation</td>
<td>4th, 5th, and 6th, 7th, 9th, 12th month</td>
<td>Physical verification, Report of the study</td>
<td>Savings contribution, New members, legal status</td>
<td>Fund mobilization</td>
</tr>
<tr>
<td>6. Annual evaluation</td>
<td>Dec 2006</td>
<td>Physical verification, Study Report</td>
<td>financial &amp; Human</td>
<td>To review the success and obstacles for future plan</td>
</tr>
</tbody>
</table>

Source: Plan designed during needs assessment 2006
5.1.3. Monitoring questions

i. Is a plan conducted accordingly?

ii. How are the established institution frameworks functioning?

iii. How effectiveness is the savings mobilization system done?

iv. To what extent the savings are stored?

v. What are the communities’ benefits from the project?

vi. What are the responses of the community?

Number of planned and implemented training, Number of trained people, Functioning of defined roles and responsibilities of each stakeholders, Adherence to collection of savings schedule and resources allocation and utilization, Amount collected/ generated, Number of members, Trends of new members to the group, Number of active members, Amount generated by individual’s member, Amount saved to date, Share and entrée fee contributed trend

5.1.4. Expected output for monitoring

- Information on community perception on savings and credit promotion
- Opportunity and challenges identified for improvement

5.1.5. Participants in monitoring and evaluation

The respondents comprise of members of the Umoja, and other stakeholders Municipal officials from Planning, Community Development, cooperatives, financial institutions and ward and precincts leaders
5.2 Monitoring methodology

This section covers the methodology applied in carrying out the monitoring exercise. The monitoring methodology focuses on sampling procedures, data collection methods and results.

5.2.1 Sample size

The sample size was determined using non statistical method, whereby the respondents were selected using purposive sampling due to the fact that they possessed special information needed for monitoring purpose. The selected respondents comprised of 4 members, 2 community members and 2 precinct leaders.

5.2.2 Sampling techniques

Non probability sampling techniques was used in selecting the respondents of the monitoring exercise. Purposive sampling method was used in selecting the respondents due to the fact that it enabled the monitoring team to select respondents who had knowledge on the issues that were monitored.

5.2.3 Data collection methods

During the monitoring exercise, primary and secondary data both were collected, analyzed and discussed based on established mechanism for information.
5.2.3.1 Focus Group Discussion (FGD)

This method was selected due to the fact that: information and opinion from members, it is suitable for discussing sensitive issues and useful for relating the range of opinions and benefits on the topic of enquiry. A focus group discussion (FGD) is an in depth field method that brings together small homogenous groups, usually 6-12 persons not exceeding 15 members to discuss a topics on a given agenda. During the monitoring, the focus group discussion was employed in gathering the views of member’s sensitization, potential income generating activities, CBO management and decision making.

5.2.3.2 Documentary and record review

Document review within organization program and other documents having the same focus were reviewed and some monitoring guide developed specifically for day to day operational. This method was selected due to the fact that most of the information required is in records of the CBO; therefore the methodology is easiest and applicable for data collection. However, the methodology not applicable to some indicators likes members and community perception on savings trends.

5.2.4 Timing

The monitoring exercise in this project was planned to be conducted on weekly and on quarterly basis.
5.2.5. Data analysis and findings.

Collection of data was done based on monitoring plan and project log frame prepared. In executing this exercise the team spent two weeks to gather information. Umoja group in Kiwanja cha Ndege ward was selected as a case study. Manual data recording was done by group members and later entered in the computer by CED student for security and easy analysis and access. Data Processing was done by using word process specific on qualitative analysis. A report was developed and shared by all stakeholders for conclusion and developing action for the future of the project. The final monitoring report was then filed in the project file for future references.

5.2.6. Monitoring results

The monitoring exercise intended to assess the level of staff knowledge and skills required to perform project tasks such as planning and management of savings promotion, awareness raising, keeping records as well as examining the performance trend of project in general.

The results of the discussion with 8 members of the monitoring team revealed that a certain extent the interim leaders are capable of preparing and handle the savings strategies and developed procedures. The bookkeeper who done the daily transactions records in the receipts book, payment voucher and store ledger is not capable for the work, she/he need more coaching on the recording of the transactions in the cash book and ledger entries.
Based on the group discussion results, it can be said that the leader who work on day to
day activities have inadequate knowledge and skills in savings mobilization, promotion
and operational more training is needed to make them knowledgeable on planning
strategies, financial record and management and marketing of their income generating
products.

5.2.7. Acceptability and applicability of monitoring information
The findings of the monitoring exercise were used to improve the project performance:
Generally, it was agreed by both the technical team and Umoja members that the results
of the monitoring exercise provided useful information for making adjustments during
implementation to improve the savings and credit project in Kiwanja cha Ndege ward.
## Table 5.2. Monitoring Plan

<table>
<thead>
<tr>
<th>Categories</th>
<th>What to Monitor</th>
<th>What Record to Keep</th>
<th>Who collect data</th>
<th>Who use data</th>
<th>How to use Information</th>
<th>What decision to make</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work plan activities</td>
<td>- When did the activities start &lt;br&gt; - Availability of resources &lt;br&gt; - Resource persons &lt;br&gt; - When to finish</td>
<td>- Quarterly work plan</td>
<td>- Committee - Ward CDO</td>
<td>- Group - Municipal council - CED adviser - Other interested parties</td>
<td>- Influencing the availability of resources</td>
<td>Reschedule activities &lt;br&gt;- Deployment of resources as required</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost and expenditure</td>
<td>The budget vs. expense fund collection</td>
<td>- Expense ledger. &lt;br&gt; - Receipt Bank transactions</td>
<td>- The community financial committee</td>
<td>- The committee, municipal, the project coordinator</td>
<td>Make sure that fund are available to facilitate the project execution</td>
<td>Authorize payment recheck the budget &lt;br&gt;Project revision &lt;br&gt;Determine funding strategies</td>
</tr>
<tr>
<td>Staff and supervision</td>
<td>Attitude, knowledge and skills of members on savings, Education level. Job performance</td>
<td>- Performance reviews &lt;br&gt; Feedback from member training</td>
<td>- Committee and the technical team</td>
<td>- Technical team and the supervisor</td>
<td>Motivate members, job/working allocation</td>
<td>Disciplinary action, replacement</td>
</tr>
<tr>
<td>Results</td>
<td>- No of leaders sensitized &lt;br&gt; - No of group members trained &lt;br&gt; - No of people attended the community sensitization meetings</td>
<td>- Attendance list &lt;br&gt; - Minutes of the meetings &lt;br&gt; - Training report</td>
<td>- The community committee</td>
<td>- Municipal Council - NGOs - Other interested parties</td>
<td>- Ensure that objectives are realistic and achievable &lt;br&gt;- Assess the quality of training that was conducted.</td>
<td>- If need arise, revise the objectives to make them more realistic and achievable.</td>
</tr>
</tbody>
</table>
5.3.0 Evaluation

Evaluation by definition is the process of gathering and analyzing information to determine whether the project is carrying out as its planned activities and the extent to which the project is achieving its stated objectives through these activities (CEDPA, 1994:61).

Evaluation was basically based on the implementation of the highlighted upgrading needs, during evaluation it was looked at whether the project objectives were addressed during the implementation. In this study evaluation was categorized into two summative and formative evaluation

Summative evaluation was primarily focused on measuring the achievement of the project goal and project objective. The summative indicators measured include: number of members recruited, savings collected, income earned, and number of members trained on entrepreneurship and savings skills. While for formative evaluation the focus was looked into suggestions and recommendations designed to strengthen the project performance.

5.3.1 Specific objective of evaluation were:

(i) To assess the extent to which the project has achieved the objectives.

(ii) To examine the extent to which the project has achieved its goal.
(iii) To identify the constraints which hinder the achievement of the project goal and objective?

(iv) To suggest measures that should be taken to overcome the constraints in achieving the project objectives.

5.3.2. Evaluation guiding questions

1. Number of meetings held in the month (if meetings were not held, explain why)

2. Topics of meetings held.

3. Problems encountered during the Training.

4. Visit by technical service or others (explain)).

5. Is there a demand for the new members?

6. What are basic requirements for improving groups’ performance or solving problems?

7. Did you think supervision help in solving group problems? If yes, explain how

8. Did the Management committee fulfill its role? Θ Yes/No

2. Are the internal regulations respected Θ Yes/No?

3. Does the group keep good records Θ Yes/No?

4. Are the different operations carried out correctly? Θ Yes/No

5. What changes are observed in the community as the result of sensitization?

6. What changes have been brought as a result of established institutional framework?

7. How successfully the management system performs on savings mobilization in the area

8. Effectiveness of savings and income generating activities
Observations

Was the objective of the meetings attained? Yes / No

Did the participants understand the purpose of the meetings held? Yes / No

Did the Trainer encourage member participation? Yes / No

Did the Field Trainer ensure that proper procedure was followed? Yes / No

Did the Trainer allow the Committee to run the meeting or

Did s/he tend to dominate? Yes / No

Problems observed and solution recommended

5.3.3. Indicators

Application of planning and management skills to institutionalizing the group

Participation of stakeholders in understanding and support to the institutionalization

Performance of different stakeholders, Check if the constitution is in place, Existence and application of bylaws, Appropriate system of preparing work schedule, Amount of money cash collected to date, Income level for individuals from small projects rendered, Number of IGA established after. Information sources for evaluation questions from training evaluation report, Progress Report, Participatory-monitoring reports, minute of the meetings
5.3.4. Steps for conducting evaluation

Objective and activities reviewed by the management, and in the general meeting with all stakeholders. Assessment done to measure achievement of immediate objectives, output and activities and to identify Benefits and cost of the project, during the review focus group discussions and group discussion were made. Observation in the field conducted to observe behaviour of members and physical projects implemented by members. Evaluation team participated in evaluation of the project comprising several stakeholders. The following are the area evaluated

5.4.0 Methodology and techniques used to conduct evaluation.

Research was conducted with the objective of assessing the progress of the project for the management and stakeholders to be informed and appropriate measures to be taken when necessary. Monitoring data was collected by using simple and reliable method as follows:

5.4.1. Observation.

Field visits to the project area done by a researcher and local authority’s leaders to assess the ongoing activities. It was an opportunity for the researcher to assess the situation in the ground and come up with first hand information. The observation was done with other group member as a participatory process which also gives the group members opportunity to see, and discuss and gives some recommendations. The advantage of this method were to enable CBO members and leaders to build the culture of visiting and
exchanging experiences on the project and also enable them to know and see physically what is happening in the project rather than basing on performance reports.

5.4.2. Review of secondary data.

Through this method written materials reviewed to collect information and data pertinent to this project. Project documents such as meeting minutes and training reports was reviewed as source of information. Trainee attendance list and meeting register was used to reveal the participation of the target people. Account records were also visited under the assistance of cooperative officer to ensure proper financial records are kept and bank statement of account are well maintained. The techniques are useful as it helps the researcher to get the written support on the project.

The application of this method enable the research to enrich research data collected and also to confirm some information collected during interview and discussion with target beneficiaries. Document review analyzes existing records and other documents not gathered or developed specifically for evaluation. This method was selected due to the fact that records were tailored to the program, therefore save time and costs in data collection. However, sometimes it may not be available or applicable to some indicators.

5.4.3. Group discussion.

Discussion with group members and trainees was another method that was used to collect information about the project activities specifically on training and equipment
provided by the project on how it going to achieve their individual objectives. The discussion also focused on the quality of training that was offered by the project. This method was used as it was participatory and enables to reach many people at a time.

In evaluation meeting the group of 25 beneficiaries including CBO members was organized for the meeting with the evaluation team. The participants were both men and women as gender was observed the meeting was organized for one session and facilitated by CED expert. The CED expert was managed to facilitate the session, it was active discussion, the participatory methodology applied led to proper time management and reliable information was obtained from the group. The CBO secretary was responsible in recording all the discussions.

5.4.4 Structured interview

Interview was used to collect opinion from communities and leaders who benefited from the meetings conducted by the group. This method was used to enable the community to give feedback to the group for further implementation action. The application of this method based on its flexibility to explore more information basing on monitoring check list that was provided to researcher. This method was selected due to the fact that: all respondents have opportunity of being asked the same questions, it is relative easy and quick to create code and interpret. On the other hand, enables the researcher to examine the level of understanding of the respondents.
5.4.5 Data analysis

Responses to the structured questions were summarized, categorized and coded for easy entry into computer software statistical package for social science (SPSS) version 11.0 that was used to analyze and process the data. Descriptive statistical method such as frequency distribution was employed in computing and analyzing the study results. In most cases cross tabulation was used to summarize and analyze the responses of respondents.

5.5.6 Timing of evaluation

This evaluation exercise was conducted once at the end of the project period on December, 2006.

5.6.0. Presentation and discussion of findings emanated in evaluation

5.6.1 Achievement of the project goal

The evaluation was intended to assess the achievement of the project goal which aimed at mobilizing savings to increase income of the low households in the neighborhoods of Morogoro Municipality by the end of 2007.

19 respondents equivalent to 76 percent interviewed said that, in average the project goal has been achieved due to the fact that 37 members have been recruited and participate on savings promotion. At the same time the respondent agreed that the amount contributed by the members is in the progress trend compared to year 2005 were the amount
remaining at 100,000 currently was 1.2 million. The evaluation findings indicate that the project goal has been achieved to a certain extent due to the fact that more members have recruited in the project and participate in the process.

5.6.2 Achievement of the project objective

The evaluation was intended to assess the achievement of objective which is to improve the livelihood of low income neighborhood December, 2007.

About 22 respondents’ equivalent to 73 percent attended the discussion said that in average the project has achieved its objective Other 8 respondents, about 26.7 percent revealed that the project objective has not yet achieved as many members still their incomes yet to be improved.

5.6.3 Achievement of project outputs

The evaluation was intended to assess the achievement of project outputs. The Capacity of Community Based Organization in Management and operationalize the financial mobilization strategies. The evaluation was interested to assess the impact of leadership training to performance of Umoja savings financial mobilization strategies.

5.6.4. Legal status and management institutionalization

The evaluation was interested to assess the organization performance if it is enough to meet the desired end. The results from respondent indicate that 96.7% respondents
satisfied with the frequency of organization meetings conducted and 100% satisfied with
the constitutional approval. However, on the sensitization work planned to mobilize
community 50% of the respondents were not satisfied with the performance made. This
is an indication that more emphasis required to deliver the knowledge to the
beneficiaries. The results in table 5.3 Indicates 100 percent interviewed said that the
roles and responsibilities of key players especially Umoja leaders on developing the
constitution are followed and achieved. Furthermore, respondents were satisfied with
the meetings conducted by the organization.

<table>
<thead>
<tr>
<th>Description</th>
<th>Satisfied</th>
<th>%</th>
<th>Not satisfied</th>
<th>%</th>
<th>Do know</th>
<th>%</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members meetings</td>
<td>29</td>
<td>96.7</td>
<td>1</td>
<td>3.3</td>
<td>0</td>
<td>0</td>
<td>30</td>
<td>100</td>
</tr>
<tr>
<td>Sensitization meetings</td>
<td>15</td>
<td>50</td>
<td>15</td>
<td>50</td>
<td>0</td>
<td>0</td>
<td>30</td>
<td>100</td>
</tr>
<tr>
<td>Constitutional approval</td>
<td>30</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>30</td>
<td>100</td>
</tr>
<tr>
<td>Record Keepings</td>
<td>15</td>
<td>50</td>
<td>10</td>
<td>30</td>
<td>5</td>
<td>20</td>
<td>30</td>
<td>100</td>
</tr>
<tr>
<td>Stakeholders involvement</td>
<td>24</td>
<td>80</td>
<td>5</td>
<td>16.7</td>
<td>1</td>
<td>3.3</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: evaluation conducted in Morogoro Dec 2006
5.6.5. Evaluation on the output

From the review, made between June and December 2006 shows that the organization managed to implement the goal as indicated below. Currently the group succeeds to get the legal status under the cooperative act. 12 Umoja members applied for permanent premises for their business at Mawenzi market place. Moreover out of 20 Umoja members trained on entrepreneurship 6 managed to establish new projects and 4 managed to improve their income generating activities on getting market and increase the production. New 12 members are recruited by the group, the current status the group has 37 members and 15 people show commitments to join the group. This is an indication that people have sensitized and understood the massage.

However, Views of Various Stakeholders at the organization meeting held to review the performance of the Project concurred that the outlined strategy to promote savings and reduce poverty in the Kiwanja cha Ndege ward constituted an appropriate response to the concerns and views of the poor, as evinced by the report produced at the meeting. The participants at this evaluation meeting also made complementary observations concerning the need to improve efforts on issues: addressing the problem of unemployment among youths in urban areas; they recommended concentrating on financial mechanism and strategies developed by the group to meet the needs of the “small” business and farmer to improve their “micro” and small and medium enterprises.
Participants in the evaluation realized the mechanism developed as inculcate a sense of self-reliance among poor members hence to increase financial capital to their investments. However, financial and technical support (including extra funding from National and international debt cancellation and other forms of international support) for programs aimed at reducing poverty is invited to top up and promote the group initial capital. The members requested to translate the implementation already been launched, the preparation of strategies for certain areas such as legal contracts and marketing and entrepreneurship education so as to make them more competent on implementation of the group responsibilities on planning and prioritization, implementing, and monitoring.

Further suggestion from the evaluation towards saving promotion project was; improving human capabilities.

5.6.6. Lesson learned from evaluation

It is proposed that Saving Promotion implementation should work for 18 month in the first phase. An evaluation carried out by the major stakeholders review all quantitative and qualitative data collected during the implementation period, thus using the monitoring system as the basis for its work. The additional information also generated through interviews with key informants conducted by the CED expert. The results of the evaluation presented at the meeting for decision makers and at stakeholder. The information presented serves to inform or create aware to the design of the next phase of the project strategies on savings promotion.
5.7. Project sustainability

This section presents the sustainability elements that affect the host community and viability of the project. Furthermore, describes the sustainability plan and institution plan of the project. “Sustainability” is a term with very broad sense that has different interpretations into different situation. Nevertheless for this document sustainability means a measure of extent to which primary stakeholders of development will continue to pursue its objective for longer after the project timeframe.

The analysis of the project sustainability was done in meeting in a participatory way during community needs assessment exercise, and reviewed during the evaluation. The analysis was done by looking at the interventions, existing resources, actor’s roles and potentialities, capacity building needs, collaboration and ways of strengthening collaboration.

5.7.1. Financial sustainability.

In order to assure project sustainability, the project in the first step has developed strategies for training the members on all process of planning and implementation so that in future they can guide themselves on entrepreneurship strategy; this element ensures sustainability of the project. The aspect of income generating activity within the project and the cost contribution, contributes to the project sustainability, the project its nature is sustainable as the amount contributed /vested by the members as initial capital through shares and savings ensure sustainability of the project business skills, entrepreneurship
that will enhance the continuity of the project. The registration of the organization made it legally recognized and ensures its access to financial services from financial institutions.

5.7.2. Institutional sustainability.

The project is within the organizational capacity of the implementation, while it providing reasonable scope of capacity building on managerial aspect skills. The composition of organization members are of various talents which enhance the potentialities to the organization. The advisory role from the Municipal community development department and cooperative department contribute to the project development. The project takes into account social cultural values and norms challenging youth and indigenous people in Morogoro Municipality, cultural and norms like those attached women and youth not recognized in their development are considered during the project design. The project put emphasis on strengthening savings groups and income generating groups so as to enable them to mobilize resources after sensitization and training on business skills.

The existence of different development actors within the project area such as financial institutions and NGO is an opportunity to the organization to network and enhance their capacity for resources mobilization for sustainability. Furthermore, the project is a self-initiated project in the sense that some of the residents of Kiwanja cha Ndege decided on
their own initiatives to start this project. In the logical sense the project it is a demand from the group themselves.

5.7.3. Political sustainability.

The participation of community leaders during project need assessment facilitated the support from the local authority and the legality of the project operations. Moreover, in terms of cooperation the organization managed to build a good relationship with local government and political authorities since the inception of the project, this relationship assist the group in implementation of their plan. The project is in line with government policies and poverty reduction strategy, national vision 2025 and the Millennium Development Goals.

5.7.4. Social elements of sustainability

The project social sustainability depends on the conformity of the project intervention emanated from the target group and community norms and values. Moreover, the social sustainability builds in community willingness to contribute for the services.

5.7.5. Institutional future plan

The project currently has not yet managed to raise enough funds to effectivate the operational of the organization. However, the CBO planned to look for more fund basing on the identified strategies.
<table>
<thead>
<tr>
<th>Evaluation Objectives and Questions</th>
<th>Sources of Information</th>
<th>Location</th>
<th>Data Methods</th>
<th>Collection</th>
<th>Responsible</th>
<th>Remarks/output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conduct sensitization meeting to ward leaders on the importance of savings</td>
<td>Minute of the meeting</td>
<td>Ward level</td>
<td>-Focus group discussion</td>
<td>-files review</td>
<td>-Umoja leader -MCO -CED</td>
<td>Ward and community sensitized on savings and credit knowledge</td>
</tr>
<tr>
<td>Prepare and approval organization constitution</td>
<td>-Minute -Survey</td>
<td>-Ward -Org. level -MDC</td>
<td>Review the files</td>
<td>-Interview</td>
<td>Umoja leader -MCO -CED</td>
<td>Organization constitutional was in place</td>
</tr>
<tr>
<td>Conduct 2 sensitization meetings to communities members at Kiwanja cha Ndege ward</td>
<td>-Minute -Report</td>
<td>-Ward -Org. level -MDC</td>
<td>-Review the files</td>
<td>-Interview -Focus group Discussion</td>
<td>Umoja leader -MCO -CED</td>
<td>20 Leaders and 200 community at Kiwanja cha Ndege oriented on savings and credit formation</td>
</tr>
<tr>
<td>Conduct 2 in house training sessions for organizational operation</td>
<td>-Minute -Survey</td>
<td>Org. level</td>
<td>-Review the files</td>
<td>-Interview</td>
<td>Umoja leader -MCO -CED</td>
<td>20 Umoja Members trained on entrepreneurship knowledge and skills</td>
</tr>
<tr>
<td>Group registration</td>
<td>-Files, -certificate</td>
<td>Org level</td>
<td>-File</td>
<td>-Interview</td>
<td>Umoja leader -MCO -CED</td>
<td>To own a legal status/ certificate was in place</td>
</tr>
<tr>
<td>Explore whether the project provides employment to the community</td>
<td>.Group members. .Files .Community</td>
<td>Org level</td>
<td>-Interview checklist</td>
<td>-Discussion -Reviewing framework</td>
<td>Umoja leader -MCO -community -CED</td>
<td>People employed themselves and perception on savings and income generating activities in the group</td>
</tr>
<tr>
<td>Explore whether the savings group is effectively and efficiently operate</td>
<td>Minutes committee community</td>
<td>Ward .Organization level -MDC</td>
<td>.Interview -Discussion -Observation -Reviewing</td>
<td></td>
<td>Umoja leader -MCO -community -CED</td>
<td>Different purpose the project is on line with community needs.</td>
</tr>
</tbody>
</table>
CHAPTER 6: CONCLUSION AND RECOMMENDATIONS

This chapter is concerned with a concluding remarks and recommendations from the research finding. The purpose was to identify the strategies employed in savings mobilization and activities implemented by Umoja group its relevance to the economic empowerment of youth income generating activities.

The findings showed that, inadequate education and skills contributed to low income of the majority of youth in Morogoro Municipality, while community norms of not recognize the role of youth also mentioned as a factor that contributes to affect the development of them. This was identified during focus group discussion and response to the checklist used to interview the respondents.

Although the findings indicates that low level of education as a contributing factor to low income, this might also be due to low capital invested in the project as well as inadequate of business skills. Inadequate capital for investment and access to credit was also a limiting factor. Youth in Morogoro therefore indulged themselves in unpaid petty business which forced them to be dependency; this situation contributes to the increased number of youth without formal activity to do.
6.1. Conclusion:

The mobilization of local resources through members contributions provide positive incentive to promote local ownership and responsibility towards increasing project sustainability and therefore making the poor people to take advantage of project benefit longer.

For the Umoja members, involvement in this research afforded impetus to articulate and test out some of their conceptions regarding their roles on savings promotion, to instigate and trial fresh ways of working, and to review emerging issues associated with integrating technical know how within their practice. For the research team, the study provided a window onto the development of practitioner thinking about savings promotion and strategies to emphasize during sensitization of the savings and credit in the communities. Moreover, these adaptations, though gradual, appear to be healthy. Follow-up study of the participation of members indicates that they have not only sustained the approach-supported practices reported here and further developed them over time, but that they have also introduced these approaches to their colleagues members.

Based on the community needs assessment, project implementation, monitoring and evaluation results, it can be concluded that the project goal and objective have been achieved to a certain extent. This is justified by the monitoring and evaluation result
which indicates that about 78 and 88 percent of respondents indicates positive trends on the savings promotion by December, 2006.

6.2. Recommendations:

Results of the study revealed that though the group is trying to perform its task, still there is a need to improve the management operational system. The solution to the managerial problems facing Umoja group needs a holistic approach that will integrate efforts CBO, government machineries, other NGO, and the rest of private sector each to play its own role in collective efforts towards poverty reduction

As indicated in the discussion earlier low human power capacity on leadership skills for mobilization and management technologies is affects the group performance. Inadequate working capital for the group is another cause for slow performance results, since most of members earning are being essential to satisfy domestic demands, with poor daily earning normally not sufficient to satisfy basic demands.

Further setbacks that confront the organization to achievement are as outlined below:

- Collaboration among stakeholders responsible for savings and credit not adequate to the extent of making the group fail to attain some of the activities planned for the year
- Insufficient records keeping techniques, financial management skills among Umoja leaders
- Inadequate extension services, marketing information and lack appropriate skills among Umoja members in handling income generating projects are some of the factors for poor income.

The above situation therefore calls for a joint effort between partners at which multisectoral approach should be applied to ensure effectiveness of extension services on the roles to ensure effective results in-group performance, The dependency on external assistance is a hindrance to local initiative and resource mobilization in Tanzania. The savings and credit knowledge should be taught from primary school to enable local citizen to change their mind and increase level of savings. Getting children involved from the school should be encouraged to build capacity of people to save for the future.

In establishing strong SACCOs there is a need to differentiate some criteria for promoting various forms of Savings organizations. While advocacy organizations may represent minority groups; organizations that are involved in social service delivery and development projects should be subject to a different set of criteria and possible utilize focused group for sensitization and search for new members
6.3. The following are some of potential strategies recommended to improve the savings in Umoja organization:

6.3.1. Poor education on part of the clients – Majority of the members of Umoja were found to have lower primary education level, this contributing to non-expansion of their capital and business. The Training program require to capture inter alias, basic book keeping and accounting, formal business skills, savings, entrepreneurship knowledge and skills to make them engage themselves actively raising their savings and into profitable economic activities.

6.3.2. The group management should encourage and strengthening members to participate in planning, implementation and evaluation of the performance through regularly meeting; the meetings enhance the self-individual evaluation to repay the loan.

3. Higher level; training should be undertaken as early as possible to Umoja leaders specifically on savings mobilization techniques, sensitization and communication, data and record keeping, and report writing.

6.3.4. As mentioned in the discussion of this study Participatory Monitoring and Evaluation system should be strengthened to ensure the effectiveness and efficiency of the existing strategies and the overall performance of the organization

6.3.5. The need for technical assistance, especially organizational and financial mobilization must be critically assessed and where it is needed, it must be fledged on time. As indicated in the data that the Municipality has run with cooperative staff shortage.
6.3.6. The design and preparation of the SACCOs like Umoja must be on broad based stake holder’s participation.

6.3.7. It also suggested that the organization critically look at the following in order to improve the savings and income generation activities

- Adding in the plan of action regular meetings with members. Such meetings will make it easy for participants to review and collect remittances.

- Practicing rules and regulation agreed on in the constitution so as to maintain discipline within the organization and to ensure that all members are active. The practices of rules and good conduct of leaders make members committed and responsible.

- Strengthening networking with financial institutions and other stakeholder to boost the organization effectiveness. Resources Mobilization and Co financing strategy experiences to shows development programs pointed towards needs for co financing of investment and services delivery via own commitment, and of need be through contributions from beneficiaries.

- Train committee members to improve financial record and management.

- Employ a qualified financial manager to keep and control the records

6.3.8. Gender and Capacity Building strategy, Women comprise more than 50 percent in the area. The programme will deliberately support them through training adoption strategy to maximize their opportunities to participate in income generating activities,
and through provision of revolving funds they will be positioned to maximize resources available to increase and own dependable income. Gender sensitization also assist members group in the household specifically the wife and husband to avoid conflicting on the use of money received for capital to invest in the projects and domestic uses.

6.3.9. HIV/AIDS Strategy., HIV epidemic poses a massive threat to communities in urban and rural areas. Its impact on production is enormous and so serious that all forces of development need to be applied to reduce its spread. Preventive measure for that matter need to be applied to Umoja members to avoid the money saved for income generating activities and revenue collected from the project to be spent for members affected with HIV/AIDS in their families.

6.3.10. Advocacy and Network program Strategy, Advocacy and networking is another strategy that the organization would employ during the process. In that case the meetings, which are intended to take place in all precincts of the ward, were aiming to sensitize communities to adhere the objective of the organization. Creating community awareness and providing information about Savings and Income generation activities should be strengthened so that all community members (men and women) know about the importance and joining the savings and credit scheme.
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