

**Southern New Hampshire University
&
Open University of Tanzania**

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**Enhancement of Capital Mobilization Skills for
Rural Economic Development Projects**

Case Study of WACOD – Women in Kisarawe District, Coastal Region, Tanzania

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Southern New Hampshire University
&
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Master of Science in Community Economic Development
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**Enhancement of Capital Mobilization Skills for Rural Economic Development Projects:
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A Project on Capital Mobilization Submitted in Partial Fulfillment of
Requirements for Masters of Science in Community Economic Development
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By Clarence Kipobota

Certification of the Supervisor

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I hereby declare that this work is my original work and that it has not been submitted for the similar degree in any University.

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Dedication

To my Sweet Mother Catherine Budotela and Loving Memory of my Father and
Guardians the Late Raphael Kipobota, John and Cecilia Banene.

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Acronyms and Abbreviations

CBOs	Community Based Organizations
CED	Community Economic Development
EEP	Economic Empowerment Policy of Tanzania
FAO	Food and Agriculture Organization (UN)
LHRC	Legal and Human Rights Centre
MKUKUTA	National Strategy for Economic Growth and Reduction of Poverty of Tanzania
MKURABITA	Business and Property Formalization Programme of Tanzania
MVC	Most Vulnerable Children
NGO	Non-Governmental Organization
PIMs	Project Implementation Meetings
PLHA	People Living with HIV/AIDS
PMP	Project Management Performance
RDS	Rural Development Strategy of Tanzania
RFSP	Rural Financial Service Programme of Tanzania
ROSCAs	Rotating Savings and Credit Association
SACCOS	Savings and Credit Cooperative Societies
SME	Small and Medium Enterprise Policy of Tanzania
SRS	Simple Random Sampling
VEO	Village Executive Officer
WACOD	Women and Community Development Organization (Kisarawe District, Pwani Region, Tanzania)
WEO	Ward Executive Officer

Abstract

Poor people, especially poor women in Tanzania have very limited access to financial services. They do not have financial capital. Social capital is also not well organized and utilized. Additionally they have limited ability and skills to find ways of accessing financial opportunities to meet their plans. Because of that, their economic and developmental projects tend to fail or become indefensible¹. This Project focused, in particular rural women because experience has shown that they are hard working and good planners. But they lack capital and skills because of socio-economic backgrounds. They do not own assets that would have been sources of capital. Moreover, saving from their produce is almost impossible because they produce little.

For them to survive economically, they have to opt for funds from other sources. Banks have conditions, very difficult for them to adhere to; in fact they lack potential assets which would have been used as security for loans from the Banks². The remaining option is to fundraise from donors the process which is also cumbersome to them. They have to convince donors. Their level of literacy is very low. Therefore they hardly secure funds from donors. This Project at hand, which took WACOD – Women Organization of Kisarawe District, Tanzania as a case study has explored alternative means of mobilizing social and monetary capital from within the community itself.

It has been found that, sustainability of rural development groups does not necessarily depend on financial resources. Secondly, locally available means of mobilizing capital, if

¹ Musleh-ud Din (2002) **Social Capital and Economic Development: Case Study of Northern Resource Management Project in Pakistan**. PIRE: Pakistan, Page 32.

² Zak, P and S. Knack (2001) “*Trust and Growth*” **Economic Journal**, 111

utilized effectively shall sustain economic development projects in rural areas. Some of the alternative capital mobilization strategies explored are *Harambee*, *Upatu*, *Umoja* and *Kopa na Lipa* Traditional Schemes. *Harambee* means public solicitation of human and financial resources. *Upatu* is self-saving or rotational saving credit scheme. *Umoja* means merging of business ventures and then create a pool or basket fund for contributions. *Kopa na Lipa* means informal way of borrowing and repaying basing on fraternity relationship.

Executive Summary

This project aims at addressing the issue of capital mobilization for economic development programs by the Community Based Organization (CBO) in rural areas. It is an attempt to develop and enhance fundraising and resource mobilization skills and institutions for rural people specifically women development groups. One women group, MUDUGU - WOMEN AND COMMUNITY DEVELOPMENT ORGANISATION (WACOD), Kisarawe District, Coastal Region Tanzania *carefully* chosen³ to illustrate experience of this kinds of women group.

This is a non-governmental, non-profit, and non-partisan organization established and registered under the laws of Tanzania in 2001⁴. The organization was started as an income generating group in 1996 but later in 2001 the group changed its objectives in order to match the contemporary situation and became a CBO with the objective of, *inter alia*, supporting community in social, political and economic programs. It is both a service and technical provider⁵.

The intended community of this work was the said CBO itself as a direct target group and its beneficiaries who are the Most Vulnerable Children (MVC), People (Women) Living with HIV/AIDS (PLWH) and other women who are working in various economic

³ It meets all criteria of the study: It is a CBO, It is a development oriented group. Funds and Fundraising strategies, as indicated in the statement of the problem, to them is a major problem which hinders they capacity to run designed project.

⁴ Registration Number *SO No. 11232* under Societies Ordinance of 1954, on the 17th of November, 2001.

⁵ Primarily its works are based democratic development, gender equality and equity, poverty eradication, human rights, civic education, health and education for children and women.

activities in Kisarawe District. Initially, WACOD was expected to benefit 29,094⁶ people of these groups when it was initiated. But now, owing to the increase of population the number is expected to be 33, 000 to 40,000 by the year 2008. Additionally, as it is indicated in the plan of implementation, other stakeholders such as local government leaders are also benefiting from the work of this CBO. Another target of this project is all CBOs with similar problem and setting as WACOD all over the country.

This work aimed at addressing the problem of insufficient techniques to fundraise (mobilize capital) for economic development programs by CBOs. Provision of monetary subsidies to the CBOs is necessary due to the fact that self-sustained ways of running programs have proved failure. More emphatically, the focus was on women groups because they have been disadvantaged by number of factors including cultural marginalization. Therefore, because of the fact that monetary subsidies are stimulant to what they are aiming to achieve economically, then it is important for them to understand and adopt strategies for mobilizing capital. This was the gist of this work.

The current condition of this CBO is not good as far as financial status is concerned. It has three sources of income. The first one is membership fee which is Tanzania Shillings 10,000⁷ – paid as subscription for membership once and for all. The second source is economic activities (have been mentioned in the main text of this Project Paper), which have never produced adequate profit, and lastly it also applies for grants, loans and

⁶ Statistics from their first proposal/ concept paper submitted to CARE International in 2001.

⁷ Less than USD 10; because USD 1 is equal to an average of Tanzania Shillings 1,250.

subsidies from the donors. Their desired condition, according to their plans is to fundraise (get capital) and then initiate small projects to sustain themselves.

Therefore the goal of this project work was to improve their fundraising strategy in order for them to accomplish their development goals. It was a two years project (2006 to 2007). The main objective was to facilitate them to understand, explore and make use of both external and internal sources of income as capital mobilization processes. This has been sufficiently achieved. Moreover, the focus was not limited to monetary capital alone. Social Capital has also been taken into account.

There are various traditional ways of fundraising “from empty” pockets which this work has explored and recommended for use. The traditional fundraising strategies can be used alongside the national microfinance policies, strategies and plans. It is hereby recommended that, for the national microfinance policies to be successful in rural areas, both traditional and modern strategies need to be simultaneously implemented.

The traditional capital mobilization strategies identified by this work are of two folds. The first one is based on monetary capital and the second one is social capital. Despite the fact that the emphasis has been on monetary capital strategy this work stresses on the need to make use of social capital as well which in return can produce monetary capital. Some of the strategies explored, as have been briefly explained in the abstract and detailed in Chapter One of the Project Report, are the *Harambee*, *Upatu*, *Umoja* and *Kopa na Lipa* Schemes. More details of them are in the main text.

Chapter I

Community Needs Assessment

The focus of this project or study was on the socio-economic development groups in rural areas. In particular, the concentration has been on alternative fundraising strategies for the said groups. WACOD, a hosting CBO was used as case study and origin of the idea of this project work. One of the challenges which this CBO faces is insufficiency of fund to finance its planned activities as well as to be used as capital for enlargement of its business ventures. The project implementation was preceded by a study of the general situation of Kisarawe District. The aim was not only identifying a problem but also to identify social, economic, political and other patterns that have a direct and indirect influence to the research problem of this project. Therefore, issues such as geography, demography, culture and traditions, economic activities, administrative patterns such as decision making processes and the like, as have been explained below, were taken into consideration during a need assessment.

1.1 Location, Geography, Demographics and Socio-Economic Situation of Kisarawe District

1.1.1 Location and Geography of Kisarawe District

Kisarawe District is located along the coastal belt eastern part of Tanzania. This District is situated between Latitude 6° 5° and Longitude 38° 15°. It is 1000m above the sea level¹. Kisarawe District is one of the six districts of the Coastal/Pwani Region. Other districts are as shown in the table below². It is bordered to the North by the Kibaha

¹ The Report of Kisarawe District Profile for the year 2006, Page 1.

² See Figure 2

District, to the East by the Mkuranga District, to the South by the Rufiji District and to the West by the Morogoro Region. Kisarawe District is divided into 15 administrative wards namely; Cholesamvula, Kibuta, Kiluvya, Kisarawe, Kuruhi, Mafinzi, Maneromango, Marui, Marumbo, Masaki, Msanga, Msimbu, Mzenga, Vihingo and Vikumbulu.

A map below shows Pwani Region's Districts and how each one of them borders the other. Kisarawe District is highlighted in different color for clarity purposes.

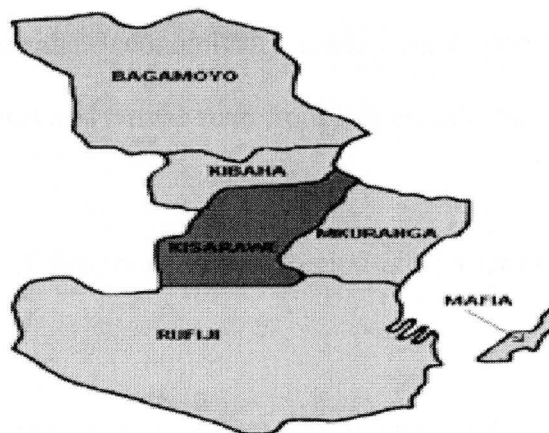


Figure 1: A Pwani Region's Map indicating the location of Kisarawe District
Source: URT Government Website – Tanzania

The nature of geographical location commands the people of the area to involve themselves in fishing, timbering, cattle keeping and farming. The hosting organization, WACOD as shall be explained in detail below, is found in this District specifically in Sungwi Sub-division of the said district. In Kisarawe District, there are three big forests which borders the District. These are the Pugu, Kazimzumbwi and Ruvu South forests. There is also the Mzinga River, which supplies water for domestic use and irrigation, mostly vegetables garden. Agricultural activities in Kisarawe District depend on the

rainfall of an average of 1000mm per annum. Its temperature varies from 28° to 30° with mean temperature of 29°³.

1.1.2 Population

According to the last 2002 Tanzania National Census, the population of the Kisarawe District was 95,614⁴. A total population for Pwani Region is 889,154. The most populated District of Pwani Region is Bagamoyo with more than 230,000 residents. Mafia is the least populated District with only 40,801 residents. One of the factors for this differentiation is business opportunities and circulation of money. Bagamoyo District is situated in a more adventurous place economically. It has tourist attractions such as the ancient buildings, luxurious hotels and tarmac road from Dar es Salaam.

The population sizes of the six Districts of Pwani Region are summarized in the table below.

The Coast/Pwani Region's Population			
The 2002 Tanzania Population and Housing Results Population by Sex, Number of Households, Average Household Size and Inter-censal Growth Rate			
		Male Total 440,161	Female Total 48,993
	Bagamoyo District	114,699	115,465
	Kibaha District	66,291	65,754
	Mkuranga District	91,714	95,714
	Rufiji District	98,398	104,704
	Mafia District	20,716	20,085
	TOTAL	889,154	

Figure II : A Population Size of Kisarawe and other Districts of Pwani Region

Source: www.tanzania.tz/2002Census.html

³ The District Profile *Ibid* Page 1.

⁴ The 2005/2006 research titled "Mabadiliko katika Sekta ya Afya" ["Reforms in Health Sector"] by the then Ministry of Health of Tanzania records a total of 100,932 people of Kisarawe District as to 2006. Reference www.districthealthyservices.com

The overall growth rate of population of the Coastal Region is 1.4% per year means that the competition to exploitation of natural resources for economic development is also steadily increasing. In Kisarawe District alone, there has been an increase of more than 5,000 people within three years. That is from 2002 (95,614) to 2005 (100,932). The estimated population size for the year 2006, according to the Kisarawe District Profile of 2006, was 102,783 people.

1.1.3 Income, Social Services and Poverty Level

In Kisarawe and other districts of the Pwani Regions, agriculture is the most important sector in terms of employment and income. Most men and women are farmers⁵. But the production is low. This is caused by number of constraints such as lack of an access to a more productive, appropriate technology, including reliable low-cost implements, whether condition and lack of capital to farm in a more reliable way.

For women in particular, their actual income mostly depends on small-holder farming and cash crop farming; subsistence forestry and charcoal production; artisanal fishing; small-scale trade selling of fish, coconut, cassava, maize and retail goods and handicrafts. Most families in the Kisarawe District are involved in more than one economic activity. Common food crops in this District are cassava, legumes, sorghum, sweet potatoes, millet, bananas, fruits, and vegetables. The major cash crops cashews, and coconuts. In coastal communities, coconut is the most important cash crop in terms of land area, in production and number of farms.

⁵ According to the Kisarawe District Profile of 2006, about 99% of the population are Peasants who are engaged in small-scale farming. About 10% of the population are employed by the local government, parastatals, and private sector.

According to the research conducted by the Ministry of Health of Tanzania in 2005/2006⁶, 48% of the people of Kisarawe District are living below poverty line which is one United States Dollar per day. As for healthy infrastructure, the survey for this work has found that, there are 1 District Hospital, 3 Healthy Centres and 20 Dispensaries⁷ in this District. The under-five mortality rate is 192 per 10000 births. The roads are seasonal one especially from rural areas to Kisarawe Township where there is big open market.

1.2 The Customs, Traditions and Habits Affecting the Economic Situation

Men in Kisarawe District dominate decision making processes in the family including issues of production and income. This is because of the long existent beliefs of Wazaramo and Wandengereko tribes that men are superior to women. The women's work patterns, economic and social activities are all influenced by family structures, traditions, environmental and technological conditions and above all by the decision making process and the control of resources.

Sometimes, decisions made by women cannot be implemented because they do not control the resources necessary to implement those decisions. Men are the ones who decide on how much land should be allocated to the growing of different crops; how much money should be spent on the purchase of tools of production and farm inputs; and how much labor should be invested in the different crops grown. This tight control of

⁶ The documentation of the Research findings is called "District Health in Tanzania" under the *Mabadiliko katika Sector Sekta ya Afya Programme of the Ministry of Healthy*. The document is also available at www.districthealthyservices.com.

⁷ Out of which 14 of them are owned by the government and the rest are owned by religious institutions.

money and resources by husbands is not normal because all major means of production including land and livestock from which cash can be generated are owned by men.

Because of this situation, women in this District adopted a strategy of engaging themselves in economic group activities such as WACOD which do not have an implication to the assets of the family. They therefore engage themselves in small activities such as weaving, tailoring, pottery, preparing and selling food (*Mama Ntilies*), brewing and selling beverages. Most of the young girls are employed as waitress in bar and hotels while boys are carrying on petty businesses in the open market of Kisarawe town.

The pattern of social working groups especially for economic development activities can be analyzed by considering the nature of the activities they are doing as individual groups and the locality within which the group is established. Some of them such as *Mama Ntilie* (food vendors) are organizing themselves in accordance with the street they are coming from. Some of them are family friends or relatives. On the other hand, they can also be analyzed by looking at the social status; for instance, the primary school teachers have their own sort of economic groups such as *Upatu*, whereby one person remits certain amount of money to others until next month when his or her turn comes. There are also Savings and Credit Cooperative Societies (SACCOS) organized in accordance with the nature of the working class. For instance, in Kisarawe District, there are SACCOS for primary school teachers, bankers, and market-business people and so on.

The economic groups that have been pointed vary from formal to informal ones. That is, some of them are registered and recognized by the District Council of Kisarawe but others have been formulated in fraternity basis of friend-hood, neighborhood, clan-hood, working-mates and so on. As it will be explained in the coming chapters, the question of informal and formal groups is crucial when it comes to the issue of using the status of those groups as one of the requirement of securing a loan/capital from the financial institutions or getting a grant from donors. About 98% of these economic development groups, according to this finding, are informal groups.

1.3 Governance of Local Affairs: The Power Structure

Kisarawe District is a local government which generally dominates the community through the national laws which govern it. According to the *Local Government District Authorities) Act*⁸, Kisarawe as a District has the following levels of governance namely; the District Sub-division called *Tarafa*⁹ in Kiswahili, the Wards mentioned above¹⁰, Villages¹¹ and in some villages, the ten-cell leaders. CBOs are not accountable to the government, however, operates in accordance to the laws of Tanzania and by-laws¹² of Kisarawe District and Pwani Region. On the family level, of course, it is a man/ husband, mother and children. Besides, there are local and religious leaders who have also an influence especially in matters relating to customs and religion. Therefore, there are “*Wazee*” (elder men), Sheikhs, Imams and Pastors.

⁸ Cap 287 of the Revised Edition 2002 of the Laws of Tanzania. See Parts I and II of this law.

⁹ There are four Tarafa namely; Sungwi, Maneromango, Mzenga, and Chole.

¹⁰ Five Wards in Sungwi, three in Manerumango, four in Mzenga and three in Chole Division.

¹¹ This District has a total of 74 registered villages. 22 villages in Sungwi Division, 17 in Maneromango, 19 in Mzenga and 16 villages in Chole Ward.

¹² Section 152 of Cap. 287 *Ibid*, empowers District Council to make by-laws for the District Council.

1.4 Kisarawe District as Targeted Community

The reason why WACOD of Kisarawe District and apparently other CBOs need fundraising skills and strategies (capital mobilization) is based on the fact that most of the CBOs have two or three sources of income. Most of them depend on Members' Subscription Fees, Grants and Loans mostly from donors and money lenders. The fact that agricultural activities as the back-borne of their survival have failed due to number of reason, the alternative ways of survival is necessary for people to sustain their living. In this way, non- farm activities such as petty trading and tailoring are now used as means of generating income and development groups are used to facilitate availability of what they actually need.

This project focused on rural area because it is where the vast majority of the poor, according to the Government Development Vision 2025 live. Most of them are women. Most of the women (groups) in Kisarawe District, who were targets of this work, are peasants although there are few of them who are fishermen and petty traders. Low paid work does not help them; they are the one who actually feed the family. Additionally women typically work more hours per day than men do. Work is often at the expense of schooling. That is why they are the one who are more illiterate and poor. Yet most of the groups like WACOD, UWKMN¹³ and the like in Kisarawe District as said above are very small in terms of size and finance. They are unsustainable and unsupported as well. They are headed and operated by unskilled¹⁴ people without strategic, operational or action plans.

¹³ Umoja wa Kinamama Ntilie (The Union/ Association of Women Petty Food Venders).

¹⁴ "Unskilled People" in terms of Organization and Financial Management, Planning and Development.

Geographically, Kisarawe District receives less than 1000mm rainfall annually. It means that the place is almost dry. The burden of draught and famine is upon women. In this way again, the little that they have is spent for the family. Apparently the level of education, oppression and discrimination incapacitate them to accumulate finance for capital. Furthermore, they are ignorant of how and where to get subsidies in a form of loan, grant or otherwise. Few like WACOD who have idea of foreign grants do not as well know how to extract them¹⁵. They have no internet facilities where they could surf donors online; they do not know English to sit around the table with prospective donors. In short they lack sufficient fundraising skills and strategy. This is what actually the really need. That is, forge alternative strategies of securing funds and avoid donor dependence. After all, in most cases the funds from the donors are strictly for non-profit activities.

1.5 Research Methodology for the Community Needs Assessment

1.5.1 Introduction: Methodology

The method used was Survey¹⁶ especially at the stage of need assessment. The survey was conducted in Kisarawe District between December 2005 and February to September 2006. This survey, as the research process, involved number of subcomponents herewith

¹⁵ Out of 11 proposals prepared and submitted to various donors such as CARE, World Vision, UNDP, etc only one was successful. They have also recently (September 2005) won grants from CIVIL SOCIETY FOUNDATION of 5,000 USD.

¹⁶ According to Arlene, Survey is a method of collecting information from people about their ideas, plans, background and so on. It is one of the components of research methods. [See Fink, Arlene and Jacqueline Kosecoff (1985) **How to Conduct Survey**. Sage Publications: London, *Page 13*].

called *Designs*¹⁷. As for sample of participants, the selection was randomly done but based on the criteria of diversity of socio-economic activities. Therefore, the participants came from all socio-economic sectors in Kisarawe District¹⁸. Paragraph 1.5.5 details more information about the sampling. The survey was conducted by one person, the researcher but assisted by four members of WACOD, the hosting organization. It also involved one Social Worker of Kiluvya and Kisarawe Wards¹⁹. Additionally, there were daily volunteers who were picked randomly but basing on the criteria listed below. The surveyors used cross-sectional survey design because of the nature of information needed at the stage of needs assessment. Cross-sectional design usually provides portrait information as they are at a single point of time. The aim of needs assessment was to collect socio-economic, legal and political information within short period of time and this is why cross-sectional design was preferred most. Oral and written interviews were used. However, oral interview was mostly preferred because participants were more comfortable to talk than to write on themselves. That is, the response rate was recorded high in face-to-face interview than that of written questionnaires²⁰. The same questions were used to all people participated in the interviews²¹.

1.5.2 Survey Tools/Instruments Used

The tools or methods used during the survey are; (1) Direct Observation; (2) Key Informant Interview; and (3) Sampling. The *In Depth* and *Open Ended Interviews*

¹⁷ Design here means the way in which the survey environment is controlled or organized. It covers issues like time limit, frequency, the number of sample, etc. All these are relevant factors in designing a survey.

¹⁸ See *Table VI* annexed herewith.

¹⁹ Ms. Rehema Mlay.

²⁰ See the last paragraph of Subsection 1.5.5 of this Project Report for more explanations.

²¹ See *Table/ Figure Vb* annexed herewith on the Contents of the Questions Used During the Interviews.

methods used to make the findings valid and reliable because their applicability has been an attempt to reduce the non-sampling errors by paying a close attention and therefore putting a person at ease. It also allows a surveyor to ask questions in a number of different ways, the techniques which reduced chances that the questions were misunderstood. The surveyor also used closed-ended questions especially for members of the local development groups. A total number of 79 people were interviewed. The Survey Design was *Cross Sectional Survey* because this research was done at once and not repeatedly.

The tools were translated into Kiswahili, the national language of Tanzania because it is the language which majority of Tanzanians understand. For instance, it was explained to them that “*a purpose of this survey is to collect data and information about capital mobilization strategies for economic development in Kisarawe District*” – in Kiswahili it was translated as “*lengo la utafiti huu ni kukusanya taarifa na maelezo kuhusu mikakati ya upatikanaji wa mitaji itumikayo katika shughuli za maendeleo kiuchumi katika wilaya ya Kisarawe*”. The following are the types of the survey instruments used;

1.5.3 *The In-Person Interview and Observation*

The in-personal interview was initially conducted through written questionnaires. But this tool was considered not effective basing on the experience acquired during the need assessment phase of this project. People were reluctant to avail information through written questionnaires. Alternatively, the researchers and surveyors had to use oral interviews plus other methods as have been indicated below. The Oral Interviews were conducted through both open-ended and closed-ended questions. However, in analysis of

these questions, the two groups were analyzed and confined into one set of finding. The open-ended questions were squeezed to fit the closed ended questions' answers in order to make the analysis work easy.

The survey information was also collected through observation, record review and literature review of empirical studies as have already been indicated in previous sections. The observation was through physical visitation of various areas of Kisarawe District during when the survey was carried out. Various documents such as the plans, statistics and the like of the hosting and other organizations were perused during this process.

1.5.4 The Number and Contents of the Questions Used During the Survey

A total of five main questions²² and other subsidiaries were asked during the survey to get the information. There were two sets of those questions. Set one was for open-ended and the other set was for close-ended questions. Both, as it has been stated above, were translated into Kiswahili as well. The questions were pre-tested to other people who were not prospective interviewees. Before the pre-testing, there were seventeen questions, which were eventually clipped down into five major questions. The central issue that guided the formulation of these questions was the issue of efficiency of capital mobilization or fundraising skills for community economic development groups.

The In-depth and Open-ended Interviews is important because it is usually attempt to reduce the non sampling errors by paying close attention and putting a person at easy, asking questions in a number of different ways to reduce the chance that the questions

²² See Table/ Figure Vb enclosed at the end of this Project Report.

was misunderstood, eliciting longer answers from the person to ensure the researcher or the surveyor understand what is being asked²³.

1.5.5 The Sampling

The selection of population sample was randomly done. It was by way of Simple Random Sampling (SRS), which allowed and gave equal chance of being selected and involved in the survey all people who were targeted. The decision of who is to be interviewed and how many was based on the credibility and reliability of that person in his/her position. For wider perspective and balanced information of each of the issues in this research, the Respondents were picked from various governmental and non-governmental organizations.

The categories of people interviewed were peasants, petty businessmen, social/community workers, students, jobless people, bankers, members of the SACCOS, local government leaders at wards and village levels, members of the CBOs and NGOs, elder people and many more others. The total number of people intended to be interviewed orally or through written questionnaires were 94. But a total number of who actually answered the questionnaires and attended the oral interview were 79 people as it has been summarized below;

- Total: Total Number of Interviewees = 79.
- Sex: Female (42), Male (37).

²³ Mikkelsen, Britha (1995) **Methods for Development Work and Research: Guide for Practitioners**. Sage Publications: New Delhi/ London, Page 205.

- Education Levels: Standard VII (38), Form IV (21), Collage (14), None (6).
- Occupation: Farming, fishery, trading (retail), NGOs (Service Provision), Employed, government officials, etc.
- Sample: Simple Random Sampling was used.

The response rate has been 79 out of 94 people interviewed, which is 84.04%. The non-responded questionnaires or number of respondents who did not turn-out was 15 out of 94, which is 15.96% of the respondents who did not answer the questionnaires. The response rates in terms of gender were 53.16% and 46.84 for female and men respectively. Only eleven questionnaires (13.92%) were answered through written form while the rest (89.08%) were by oral interviews.

1.5.6 Psychometrics and Reliability for Survey

To ensure that the questions are relevant²⁴, of quality and will eventually fetch the intended information, the following marks were used, namely; each question was scrutinized to see if it has the intended meaning; standard English and Kiswahili languages were used (to avoid jargons); were made short and clear; ambiguous meanings were clarified prior or during the interview; the questions were made concrete – basing on respondents' experience and finally the questions were arranged in order.

The questions were answered into two ways; orally and in a written form. The open-ended questions were answered orally all of them. This was a very useful way because the surveyors were able to twist around words and phrases to meet the vocabulary level

²⁴ *Psychometric* is the methodology of determining or qualifying the precision of the measurement of quantitative concepts including program beneficiary satisfaction.

of the respondents²⁵. For instance the word “fundraising” was used interchangeably with the words “resource/capital mobilization” In a broad sense of both human and financial resources.

The assistant surveyors were guided to understand the meaning and gist of each and every question before conducting the survey. They were also facilitated on how to record information. To ensure that the survey is administered and interpreted in a uniform way by everyone who administered it, this study designed an interview schedule. Secondly, the questions, those were asked orally, were all put into a written form to avoid the distortion of intended meaning. The survey consumed a total of six months and ten days to finish. However, the recording of data and other information continued to January 2007.

1.6 Description and Statistical Analysis of Data Collection and the Findings

1.6.1 *The Appropriate Analysis: The Descriptive Analysis*

The analysis has been done and presented through the Descriptive Statistics *because* the nature of the information is “**Descriptive**” (Quantitative Information)²⁶, which bases on explanations than statistics. The coding and clarification of information has been done using a *MaxODA* (**Quantitative Data Analysis**) Software²⁷, because it is in conformity

²⁵ This techniques is called “Alternate Form of Reliability”.

²⁶ Qualitative research involves an indepth understanding of human behaviour and the reasons that govern human behaviour. Unlike quantitative research, qualitative research relies on reasons behind various aspects of behaviour. Simply put, it investigates the why and how of decision making, as compared to what, where, and when of quantitative research. Hence, the need is for smaller but focused samples rather than large random samples.

²⁷ All the graphs below have been extracted from the work-sheet of this software after being translated into *Microsoft Excel* (and Word Processing) in order to copy them from the original source – that is from the *MaxODA*.

with the nature of information gathered. To make the descriptive information statistical, it is important to codify some of the most important information, which the findings can be analyzed. Therefore, for statistical presentation purposes, the information obtained was codified to suit the following categories;

1.6.2 Coding (Grouping) of Information

- a. Type of activities mostly done.
- b. Accessibility and management of capital and capitalization of income/profit.
- c. Availability and non-availability (awareness) of basic economic skills example Business management, entrepreneurship skills, etc.
- d. Knowledge and Usage of alternative ways of capital/resource mobilization for economic activity.
- e. Knowledge and usage of major government's socio-economic policies, strategies and laws such as MKUKUTA²⁸, SME²⁹, MKURABITA³⁰, EEP(2004)³¹, RDS³², National Microfinance Policy, 2001, RFSP³³, Unit Trust Fund (2003), etc.

1.7 The Findings

1.7.1 Finding I: Main Socio-economic Activities of the People of Kisarawe District

The summary of the socio-economic activities in categories of kind of activity and involvement of men and women

²⁸ National Strategy for Economic Growth and Reduction of Poverty of Tanzania.

²⁹ Small and Medium Enterprise Policy of Tanzania.

³⁰ Business and Property Formalization Programme of Tanzania.

³¹ Economic Empowerment Policy of Tanzania

³² Rural Development Strategy of Tanzania.

³³ Rural Financial Service Programme of Tanzania.

It was important to study the nature of socio-economic activities because the determination of gender involvement in each of the selected activities for the assessment is vital to understand entries of intervention as far as capital mobilization is concerned. Secondly, the nature of capital mobilization strategy tends to change from one economic activity to the other. For instance, while it is easy to mobilize people to work in one's farm, it is almost impossible to mobilize people to work in one's shop. See *Table VI* on main socio-economic activities annexed for more analysis of main socio-economic activities.

Women, in Kisarawe District are mostly involving themselves in production of commodities of "crafting work". They do tailoring, preparing charcoal and selling the same. Besides, most of them are also organized themselves in groups of CBOs and NGOs. These women groups in Kisarawe District are not feminists for the purposes of fighting for the gender equality. They are for social and economic protection and advancement. The idea of feminism, according to this research, is not popular to these rural women. This is because of the cultural norms of *Wazaramo* and *Wandengereko* tribes which prepare women to be humble to men.

In Kisarawe District, women prefer to organize and form alliance in NGOs because numerous reasons. The reasons are influenced by variety of ways in which women CBOs and NGOs are structured and the aim of each particular group. As for the structural reason for their alliance, the classic model is of a membership organization, co-ordinated in a geographically-defined hierarchy. The membership is carefully and sometimes randomly picked basing on qualifications of sex, age and localities.

Another reason of why do women prefer NGOs and CBOs work is that they feel properly safeguarded and their rights in fields of culture, work, properties, health, marriage and family are protected. Their engagement in economic development activities is steadily decreasing their direct dependence to men as well as reduce female unemployment rate in Kisarawe District. At the moment, there are between 30 to 50 women groups in this District. The number is uncertain because most of them a very informal groups³⁴.

In recent years, about five years a go, there has also been an emergence of women human rights organizations in Kisarawe District. They are, as indicated above, not purely feminist movements³⁵. They are more right-protective movements. That is, most of them (NGOs) operating in Kisarawe District are typically welfare-type institutions, with objectives geared to education, health, family planning, property rights, inheritance, probate and administration issues. A few have been active in promoting small-scale income-generating activities for women. WACOD is one of them. However, these initiatives tend to benefit only a very small number of women and are limited to

³⁴ That is, they are not registered as either CBOs or NGOs. Moreover, others are temporary groups for certain purposes such as during harvest season in May to August, they create women unions for the purposes of marketability of their commodities. For instance, they gather along the main streets in order to create the market/ a place where people could come and purchase the commodities. These kinds of gatherings are very informal but when you go there each one of them has her fixed place of abode in that particular locality for her business.

³⁵ "*Feminism*" or "*Feminism Movement*" is a collection of social theories, political movements, and moral philosophies largely motivated by or concerned with the liberation of women from a perceived or presumed subordination to men. In simple terms, feminists claim feminism is a belief in the social, political and economic equality of the sexes, and a movement organized around the conviction that biological sex should not be the pre-determinant factor shaping a person's social identity or socio-political or economic rights. A large portion of feminists are especially concerned with what they perceive to be the social, political and economic inequality between the sexes which favours men at women's expense; some have argued that gendered and sexed identities, such as "man" and "woman", are socially constructed.

[See <http://en.wikipedia.org/wiki/Feminismwww>].

traditional activities such as sewing, embroidery, carpet-making and small-scale animal husbandry projects.

Economic Development, however, is not seen as human rights to them. Therefore the groups which advocated for other rights such as education, property ownership and the like are not “economic or development” organizations. They are service providers for the purposes of raising human rights awareness. Only few NGOs like WACOD which actually do both human rights (civil, political and social rights) and economic development issues (economic and collective rights).

Generally, this research finds that, most of the women prefer to do socio-economic activities in groups as the findings above indicate. This situation has an impact to gender equality in relation to not only women’s real rights which they are fighting for but also imperatively related to the economic development. They are more confident working in groups than working individually. The step ahead is to make these groups formal so that they can secure funds/ capital from the financial institutions.

Percentage of socio-economic activities of Kisarawe District to show which work is most popular

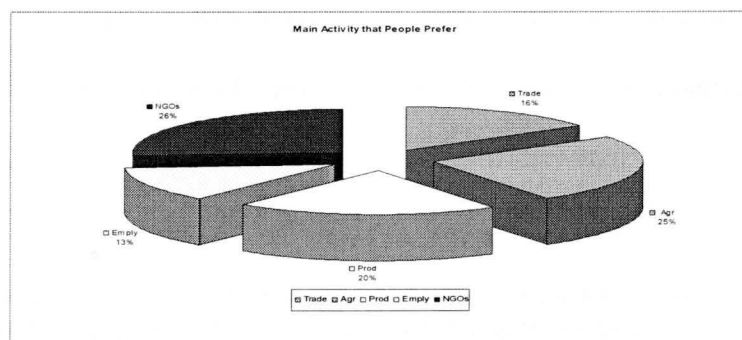


Figure III: Percentage of Socio-Economic Activities of Kisarawe District

Agriculture is the most popular economic activity in Kisarawe District. As it has been indicated above, it is 25% of other economic activities. Despite the fact that it is seen as men's activity majority of who works in farms are women³⁶. Capital Mobilization from agriculture is minimal because the production is for subsistence purposes. The only dependable cash crop for earning income is coconut and sometimes tomatoes and unions which are gardenized on season basis. Therefore there is little saving from agricultural production.

As for husbandry, women's role in livestock production is even greater, as they are often responsible for all aspects of animal husbandry, with the exception of herding and marketing. Hence, they feed and water, gather fodder, and poultry, clean stables, collect dung for fertilizers and fuel, care for the sick, pregnant and lactating animals, milk, make butter, cheese and ghee. According to FAO (2002) rural women spend much time every day on agricultural and domestic tasks, with little time for rest or recreation. As paid and/or unpaid labour, women may spend up to 19 hours a day performing essential chores such as sowing, weeding, harvesting, animal husbandry, cleaning, fetching water and firewood, baking, cooking, sewing, child rearing, etc., to ensure the livelihood of the farming household. Nevertheless, data from the country papers indicates that women are not usually remunerated for their work, with clear disparities in wages between men and

³⁶ Women in this (Kisarawe) District like everywhere in rural areas, spend long hours every day in crop and livestock production. In crop production, they are involved in almost all aspects, with the exception of land preparation and other mechanized and capital-intensive activities. The tasks women perform are often non-mechanized and labour-intensive. Thus, women broadcast seeds and fertilizers by hand, hand weed and harvest, pick fruits and vegetables and carry produce on their back. Women also spend many hours in post-harvest activities such as threshing, cleaning, sorting and grading. [See www.fao.org].

women in most countries of the region. In many countries women are often paid two-thirds or even half of the wages earned by men for the same task.

Additionally, in spite of the labour and income contributions of women to the farming household, men appear to have predominant control over decision-making and the income that is earned. The only money that a woman has a full control of it is the money she has earned and circulates it to the group which she is associating such as the *Upatu* Scheme and SACCOS previously indicated above in this project paper.

Agriculture level in Kisarawe District is not remunerative in terms of profit and saving. The trivial income out of agriculture does not expand the economic base of individual people in this area. Therefore, it can not be relied as a source of capital for any economic activities apart from it serving as subsistence. Subsidy from the government would have assisted them from the vicious circle of low productivity of peasants.

1.7.2 Finding II: Low Accessibility of Capital, Funds or Loans

The general finding is that the accessibility of capital or loans in Kisarawe District is very limited. For instance one lady Hadija Athumani, 36 years old who is standard seven leaver doing food vending (Mama Lishe), said that “*Suala la Mikopo ni adimu sana kupata hasa wenye hali duni*” that is “*Obtainment of a Loan/Credit is very difficulty, especially for the poor people*”. This was an answer to almost 95% of the people interviewed.

The critical issue here is poverty. That is, if someone is economically poor, can not access the loan as a capital because s/he does not have Saving, Assets to mortgage, can not manage to contribute to the SACCOS in order to secure a loan from it and apparently s/he is ignorant of other banking procedures because of the level of education that they have. The table marked as *Table VII* attached at the end summarizes the responses of the people on the reasons for low or lack of access to capital or loan.

The five reasons indicated in the said *Table VII* were hypothesis which drawn from the need assessment which was conducted before the research commenced. They were several reasons but were coded and zipped into those major five. As it was indicated in Figure 4 above, agriculture is one of the most important activity which is done by more than 25% of the people of Kisarawe District but the findings indicates that very few of them (farmers) do actually retain savings out of their produce as “capital” for the next season. The figure below analyses the obstacles in percentage.

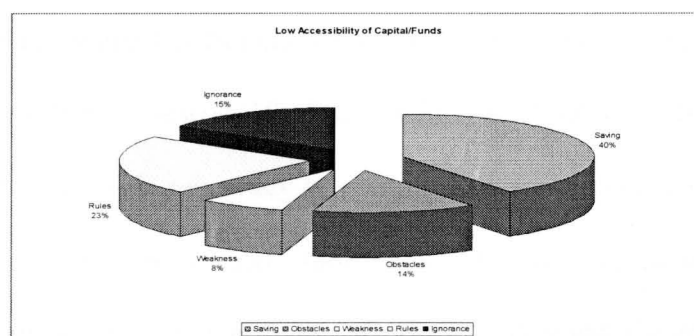


Figure IV: Indicating the Main Obstacle of securing the Loan in Percentage

There are also banking and financial institutions' obstacles for the poor people to obtain the loan from them. For instance, a staff of one SACOSS called KIDESACCOS of Kisarawe District said that, if someone wants a loan from the SACCOS s/he must be a member of that particular branch of SACCOS and to be a member of the SACCOS one is

required to pay for the subscription or membership fee every time. The membership contributions are periodically paid – either in monthly basis or otherwise.

Another obstacle especially for banks is the issue of mortgaging of an asset as a security for the repayment of the loan. More than 60% of the respondents said that they have a plot of land but unregistered one. Despite the fact that the 2004 amendment of the Land Act, 1999³⁷, stipulates that a bare land shall have value on itself. Previously before this amendment, a plot of land without an exhaustive improvement was valueless for the purposes of mortgage or any other kind of disposition. The third obstacle is the rate of interests payable with the principle some. For the business which does not yield enough profit, any income obtained from that business would be used to pay for the principal sum plus the interest.

1.7.3 Finding III: Preference of Saving Services over Credit Schemes by the Poor

In connection to the explanations of above paragraphs, it has been found that most of the low-income people in Kisarawe District choose to use savings services instead of credit services. Among 79 people interviewed, 18 of them which is 22.78% said that, because of unfriendly Bank Rules such as bureaucracy or complicated procedures and high interest rates people do not access credit/ loan from banks. In most cases therefore poor households rely on savings before they have an effective demand for credit from the banks and other financial institutions³⁸. This is one of the reasons of why most of the

³⁷ Cap. 113 of the Revised Edition 2002 of the Laws of Tanzania.

³⁸ A very recent study conducted by the government in April 2007 revealed almost same findings to this Project. The Study conducted by the **Financial Sector Deepening Trust** in July 2006 to April 2007 showed that at least 89% of the people (Tanzanians) did not have a formal banking account. Those who currently borrowing money from the bank, only 4% had personal account from a bank, but nearly 38%

people in this District have joined SACCOS instead of accessing a loan from the banks. Of course, the precondition of securing a loan from a SACCOS is that, one has to deposit some money in order to get a loan of five to ten times of the money (principal sum) s/he has deposited.

A “saving-before-you-borrow” technique is good as it encourages poor people to create savings. There is no way which a poor person can accumulate a capital unless s/he saves in saving entities such as SACCOS or proposed saving clubs which are more simplified than the SACCOS. The expansion of Saving Clubs depends on the deposit made by the poor contributors. The more they contribute, the more the clubs are expanded. This is, according to this research, most stable and accessible funding source.

In Kisarawe District, there are about 6 SACCOS (saving clubs). These are registered ones. But there are also other family and friend-based saving clubs or groups which it is not easy to count them because of the fact that they are informal. This project sensitized WACOD (the hosting organization) through the two trainings, to encourage informal groups affiliated to it to reunite into formal or registered groups. As it has been indicated in other findings of this report, some of the small groups have started to merge themselves for the purposes of registration.

choose to source credit from family and friends. It has further revealed that 90% of Tanzanians are not linked by any banking system (See the **Financial Sector Deepening Trust Report 2007** also Mwondoshah Mfanga “*When 90 Per Cent Tanzanians Vote to Banks, and Yet They Thrive?*” **The Guardians**, Friday April 6, 2007, Page 8).

It is hereby considered that, mobilizing small and micro-savings can contribute to self-sustainability by proving the saving clubs with cheaper funds than those from formal banking and financial institutions. The community has now started to believe that simplified Saving Clubs even at family, friendly or street levels in the village attract depositors and instill a stronger demand-oriented of those Clubs. The way forward as it has been suggested in other findings of this Project Report is that, the legal and policy frameworks³⁹ should be tailored or simplified more to accommodate the peculiarities of these informal Savings Clubs.

1.7.4 Finding IV: Lack of Sufficient Business Managerial Skills

Business Managerial Skills do affect the income and profit of traders. Even if someone is given a capital, she or he would not earn profit out of it if that person does not have the skills to manage the business and more important the money obtained. Profit in any business is important because it creates savings which can be used as a capital for expansion of that business or initiation of other business. For this context Business Managerial Skills has been taken to include the whole process of production and supplying of the commodities for income generating purposes. In this regards therefore, it includes both peasants/farmers and the small scale business enterprises.

³⁹ See the discussion on the **National Micro-finance Policy of 2000** and the *Co-operative Societies Act, Cap. 211 of the Revised Edition 2002 of the Laws of Tanzania* – It has been argued that, the framework does not inhibit the operation of these Saving Clubs but what is needed is more enabling environment for them to mushroom. For instance the policy should make it compulsory for local leaders to encourage initiations of these Clubs within their localities. It should not be by force but by persuasion and guidance.

Because Managerial Business Skills is a wide phenomenon, for the purposes of the analysis of the findings, only numeracy and simple financial management skills have been considered. A table below gives a summary of the reasons in a form of the check-list to evaluate the level of understanding of business managerial skills.

S/No	Check-List of Basic Economic Skills	Score: # people @ per 79	MOSTLY Affected Group	Total
1.	My economic activity is FORMAL (registered <i>e.g</i> Business, Farm, Licensed Fishing), visible address, known to the authority).	-Traders: 19 -Farmers: 03 -Producers: 6	Farmers	28
2.	I did SITUATIONAL ANALYSIS before doing this work (to determine Capital, Market, Profit & Loss, etc).	-Traders: 12 -Farmers: 00 -Producers: 10	Farmers	22
3.	I keep FINANCIAL RECORDS of cash-flows, Profit and Loss, etc.	-Traders: 68 -Farmers: 1 -Producers: 4	Farmers	73
4.	I keep my money (DEPOSITE) in the Bank/ SACCOS.	-Traders: 16 -Farmers: 5 -Producers: 5	Farmers & Producers	26
5.	I get profit, CAPITALIZE (circulate) my income/profit as new income.	Traders: 23 -Farmers: 6 -Producers: 9	Farmers	38

Figure V: Business Managerial Skills' Levels among different Economic Groups

The farmers do not consider agricultural production as a business scheme which they can yield profit and create savings out of it. This is why most of them do not bother to apply business management skills in the production processes. To them what is important is actually the agricultural subsidies and extension services. The figure below shows the statistical information in percentage about the level of awareness of the basic management skills of economic activities as it has been obtained from the primary information of this study.

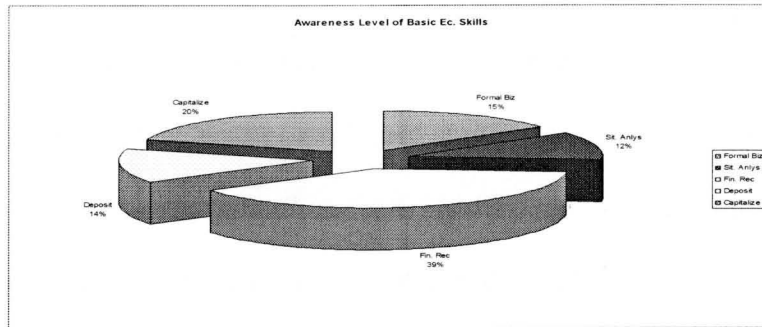


Figure VI: Indicating the Percentage Level of the Business Managerial Skills

However business managerial skills are important for the promotion of any economic activities as scientific researches reveal⁴⁰.

1.7.5 Finding V: Limited Knowledge of the Alternative Capital Mobilization and Saving Strategies

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 microfinance institutions (MFIs) as full-fledged financial intermediaries. In fact, today most MFIs offer only credit, and savings mobilization remains the forgotten half of microfinance⁴¹.

Most of the poor households in Kisarawe District which were interviewed do neither save cash at home nor do they save in bank as paragraph 1.8.3 of this Project Report has shown. Most of them prefer to save in-kind animals, grain, land, raw material and the

⁴⁰ See the explanations of **FAO's Report on Gender and Development of 2005** and the explanatory note of **Beijing Platform for Action of 1995** at Chapter Three of this Project Report. The Beijing Platform declared that, literacy and lack of basic business management skills are part of the reasons why many economic activities fail.

⁴¹ The Focus (1998) **Savings Mobilization Strategies: Lessons From Four Experiences**, No. 1 3 August 1998.

like, and use rotating savings and credit associations and other forms of financial and non-financial savings and loan associations because of limited access to appropriate deposit facilities, among other reasons explained above. The Evidence obtained from the findings of this work and summarized under *table VIII* attached herewith at the end of this Project Report shows that, there are actually traditional or informal ways in which saving is done and capital is mobilized by the people of this District.

The traditional ways of saving and mobilizing capital and others resources do not have strict rules. The underlying principles are confidence and trust in each other. The only factor which is taken into consideration is the “the trust factor”. The proposed community banks which provide credit and saving facilities are created under this formula in other countries as the empirical literatures of this thesis have indicated. A lesson which can be drawn from these informal fundraising strategies is that, community banking activities can be formalized and that traditional fundraising activities and principles would be mainstreamed in to the formal system. For instance, the principle of “confidence and trust” to each other is what actually used by the Grameen Bank of Bangladesh as it has been indicated in previous chapters.

A good illustration of the *Harambee* Fundraising Strategy is what occurred in Kisarawe District on 26 December 2006. Mr. Saul Pera of Manemonango Ward, Kisarawe District, convened a *Harambee* Meeting. He knew that people would not come and participate if he knew from the beginning the intention of that *Harambee*. He therefore labeled it as it is for purpose of “*kucheza ngoma ya unyago kwa binti*” (playing a traditional dance

signifying the maturity of his daughter). Lot of people convened, including the Member of Parliament of Kisarawe Constituency, Honorable Athuman Janguo. After a crowd of people gathered, he announced that, the purpose of this *Harambee* was actually to solicit contributions from the member of public in order to assist him paying the school fee of his daughter who had passed the Standard Seven examinations. He collected more than Tanzanian Shillings 500,000 (about 500 United States Dollars) from the *Harambee*⁴². Therefore is it possible to use these traditional methods to mobilize finance. What is needed is only to change the mentality of the people, to focus on economic issues than traditional dances.

Other common but informal ways of fundraising through traditional means are summarized in table VIII attached at the end. The *Upatu* which literally means “obtaining” advancement of some money to the group member or members as the case may be (one after the other in turns of one month time) was very common until end on 1990s. It was mostly performed by women staying in neighborhood and/or employees of the same office like Primary School Teachers, Nurses in Hospitals and the like. This scheme went dead in those years because of unscrupulous members of the *Upatu* group. For instance, three women who are ex-members of the said *Upatu* explained that, they contribute more than three million Tanzanian Shillings, after about one and a half years, the custodian of their money contribute ran away. The same applied in number of *Upatu* groups initiated during those years. Technically so speaking, these groups lacked financial management. The only underlying principle was principle of trust. That is, the

⁴² See Amri Lugungulo, PST “Baba ‘Atembeza Bakuli’ Bintiye Asome hadi Mlimani” (*The Father begs for his daughter to study up to University*), *Alasili* (Newspaper), 30 December 2006, Page 7.

money is deposited in one person as the bursar who, upon request, pays a member of the group a form of advance of the money contributed and it was possible to take beyond the amount of money contribute. Very few people in Kisarawe District still practice *Upatu*.

The *Kopa na Lipa* (KNL) which means borrow and repay – not necessarily with interest and the *Umoja* (merging of business ventures) schemes are also practiced in this district to date. The KNL is used by businessmen as a way of maximizing the capital. Both small and medium businessmen use this method. For instance, when a businessman travels to Dar es Salaam from Kisarawe District, he can lend some more money from a friend with an agreement that, when he comes back from Dar es Salaam, he will repay the money borrowed after maximum of five days. Mama Said Mwinyihamisi, a business woman is one of the petty traders who utilize this scheme. This is normal practice and widely conducted in this district. Usually the agreement is reached verbally and no record is kept for that purpose.

The lending of “capital” is also done through borrowing of actual merchandises from the stock of the wholesalers or retailers who has large stock. In Kisarawe District they call this “Mali Kauli”. “Mali” means “Property or Commodity or Merchandise” and “Kauli” means “A word of mouth” or “Promise” or “Pledge”. Therefore, Kauli Mali in business context of this people of Kisarawe Community means borrowing a merchandise with a promise or pledge that a borrower shall pay after transacting the commodity borrowed from the wholesale or retailers. Most of the youths who work around the streets in Kisarawe and other districts and cities like Dar es Salaam selling commodities are using

this mechanism. The profit is shared in percentages. The one who borrows get at least 50% of the profit obtained. The two parties in this kind of agreement are friends or at least know each other. In practice, if the borrower is not known to the wholesaler or lender as the case may be, usually the borrower's repayment of money is guaranteed by guarantor who proves that the borrower is trustworthy person. This, however, does not incriminate the guarantor if the borrower runs-off. His obligation will just be to assist the lender to trace the whereabouts of the borrower. If people are guided well with this strategy, say by facilitating them on ways of securing their loans⁴³ through the *Kauli Mali*, it is a very good strategy because it also gives a borrower the right to redemption. That is, a second opportunity to find profit which will repay the defaulted payment.

The *Umoja* scheme is mostly for the purpose of creating the market. For instance, at Mwanalomango village, the youth merged their business of selling tomatoes, onions and second hand clothes at the roadside – the place which was not business centre or an open market at the beginning. The *Umoja* scheme, however, gives each member of the *Umoja* autonomy of controlling his or her business. In some places, there is a “federation” of market-place traders whereby each person who carries a business at that place, is required to contribute some amount of money at the basket fund of the *Umoja*. The basket fund is used as a bank for advancing capital for the needy members.

It should be noted that, the Microfinance Policy of Tanzania discussed in the Literature Review section encourages formulation of these kinds of institutions at village level. The

⁴³ For instance educating them on the importance of drawing up simple contracts/ agreements which would be enforceable in courts of law in case of default.

legal framework also does not restrict anywhere the initiation of financial institutions. Section 22 of the *Co-operative and Societies Act* provides that Registrar may register the following types of societies; (a) agricultural co-operatives which are designed to deal with crop production, purchasing, processing, marketing, distribution, and any such activity as may be provided in the rules and by-laws; (b) savings and credit societies and banks which are designed to deal with the mobilization of local savings and giving credit to members; (c) consumer co-operatives designed to deal with wholesale and retail business amongst members; (d) industrial co-operatives for production, manufacturing and sale of goods; (e) housing co-operatives designed to deal with building, construction and housing programmes for members; (f) livestock co-operative societies designed to deal with the needs of members in animal husbandry, livestock keeping and diary farming; (g) fisheries co-operative societies designed to deal with fishing, processing and marketing of fish and other sea products; (h) producers' co-operatives for agricultural, forestry or other natural products; and (i) such other society as may be deemed appropriate to establish.

Additionally, the operation of those institutions/schemes is vested in the hands of the institutions themselves. They can decide on how to run the institution. Therefore, the local or traditional ways of giving-and-receiving of money in a form of capital can always be agreed upon by the community members themselves.

For instance, the *Banking and Financial Institutions Act, 2006*⁴⁴ (*B&FI Act, 2006*), under Section 2 (5) says that “*The savings and credit cooperative societies and schemes shall be regulated by the Bank in accordance with the regulations made in respect of micro-finance companies (themselves)*”. The interpretation of this section is that, the financial institutions⁴⁵ or financial schemes or intermediaries⁴⁶ can be initiated by the community, devise their internal regulations but should be within the ambit of the law which the Bank of Tanzania (BoT) regulates.

Therefore what is important is to guide the people on how this can be done⁴⁷. Part of the implementation of the activities was to guide them to formalize their groups by providing them with guidelines of registering them under the *NGOs Act, 2002* and the *Co-operative Societies Act*⁴⁸. Note that “Co-operative Societies” according to Section 2 of this law means “co-operative society” means an association of persons who have voluntarily joined together for the purpose of achieving a common need through the formation of a democratically controlled organization and who make equitable contributions to the capital required for the formation of such an organization, and who accept the risks and

⁴⁴ Act No. 5 of 2006 – which aims at providing for comprehensive regulation of banks and financial institutions; to provide for regulation and supervision of activities of savings and credit co-operative societies and schemes with a view to maintaining the stability, safety and soundness of the financial system aimed at reduction of risk of loss to depositors (See the Preamble of this Act).

⁴⁵ “Financial Institution” according to *Section 3* of the *B&FI Act, 2006* means “an entity engaged in the business of banking, but limited as to size, locations served, or permitted activities, as prescribed by the Bank or required by the terms and conditions of its licence”.

⁴⁶ “Financial Intermediation” according to *Section 3* of the *B&FI Act, 2006* means “the lending, investing or placement of funds or securities or both, received, acquired or obtained from the general public or from a well-defined group of persons by way of deposit, borrowing, contribution, premium or in a fiduciary capacity, either for the account of the person receiving such funds or securities or for the account of others”.

⁴⁷ Section 5 of the *Co-operative and Societies Act, Cap. 211* stipulate that the state shall protect the co-operative societies by offering support, guidance and advice.

⁴⁸ Cap. 211 *Op Cit.* Part V of this law provides for the procedures of the registration. Depending on the number of members, the society can be a “Primary”, “Secondary”, “Apex” or/and “Federation”. For instance, according to Section 14 of this law, a Primary Society can be formed by ten or more people (specific skills of members not necessary).

the benefits of the undertaking in which they actively participate. "co-operative financial institution" means a society registered to render banking activities and any other financial service.

1.7.6 Finding VI: Limited Knowledge of Available Opportunities of Capital Mobilization under the Laws, Policies and Government Development Strategies

One of the research questions was to find out whether the people of Kisarawe District especially the economic groups are aware and utilize the available policy and legal opportunities as have indicated and discussed in the Literature Review Section of this thesis. The general finding is that, about 98% of the participants were not aware of these policies and strategies. The implication to this is that, people have not been involved in the development processes. The socio-economic initiations at the community levels are done without specific link to the national strategies and policies. The importance of peoples' participation in the development process has been expounded under *paragraph 6.2.3* of this Project Report. The following relevant socio-economic policies, strategies and laws were assessed to them and the results are as indicated in *Table IX* annexed at the end.

Generally, the above mentioned policies, strategies and laws are aimed at addressing, *inter alia*, the income availability in the rural area. The MKUKUTA, the National Strategy for Economic Growth and Reduction of Poverty, addresses economic growth and poverty alleviation by focusing on income poverty. MKURABITA, the Properties and Business Formalization Programme for Tanzania, targets mostly the informal economic sectors and properties all of which have a direct impact income generation and capital mobilization. Its business formalization strategy is implemented through the

B.E.S.T which is the Business Environment Strengthened for Tanzania. BEST seeks to remove all business obstacles such as difficulties in registration of business entities and hard-stressing taxes.

Other policies such as SME, EEP, NMP, RFSP, etc which were assessed in this study are collectively aimed at, *inter alia*, to guide the management of business, production and marketability of small scale economic groups in the rural area. The NMP specifically emphasis on a need of establishing community financial institutions at the village levels which would act as saving and credit entities for income generated and source of capital for the need people.

1.7.7 Finding VII: General Findings Relating to Social and Cultural Issues which Inhibit Women from Fundraising Process/ Sourcing Capital

Women's access to, and control over, productive resources (especially land, labour, inputs and labour-saving technology) and support services (credit, extension, training and markets) is limited in this District as well just like many other places according to the available literatures. Very few credit-lending arrangements have been set up specifically for women farmers, and only a small number apply for credit from available credit schemes such as SACCOS.

The reasons to this fact are as have been enlisted and discussed above. Other factors which hinder women from effectively sourcing out capital are traditional beliefs and cultural practices of *Wazaramo* and *Wandengereko* tribes of Kisarawe District; a high degree of illiteracy; poor education, as well as women's lack of collateral. A number of encouraging initiatives have been taken by some countries to remedy this situation. For

instance the initiation of Grameen Bank, the community bank, in Bangladesh by Professor Mohamed Yunus, the winner of 2006 Nobel Peace Prize has been very useful to the women⁴⁹.

Although information⁵⁰ on land ownership patterns by gender is scarce in Kisarawe District, what little is available affirms that only a small proportion of arable land is owned by women. Women landowners often prefer to have their land managed by male relatives or transfer land titles to them in return for a portion of the land's remittances or other considerations. Women rarely purchase land and those who own land do so mainly through inheritance of their deceased husbands' estates and rarely from their parents unless the woman was alone in her parent's family.

Extension services, as have been proposed under the RDS, NMP, the *Agricultural Inputs Trust Fund Act, Cap.401* and the *Agricultural Development Fund Act, Cap. 199* designed to target entrepreneurs in the village especially the women farmers are also limited. Most of the respondent about 75% of them said that the extension services do no longer exist in Kisarawe District. They rarely see the veterinary doctors and para-vets. In the past, that is in 1980s they were coming often however majority of them (extension officers) were male, who dealt almost exclusively with male farmers since tradition often constrains interaction between women and outsiders. At the moment, there are CBOs and NGOs but

⁴⁹ See the Empirical Literature for more explanations.

⁵⁰ About the *Village Land Act, Cap. 144*; *Land Act, Cap. 113* and the **Tanzania National Land Policy of 1995**. Sections 3(2) of both Village Land Act and the Land Act provides for equal ownership of land between men and women. Section 3(2) of the two legislations provides that "*the right of every adult woman to acquire, hold, use, and deal with land shall to the same extent and subject to the same restrictions be treated as a right of any man*".

most of them are providing women with training in traditional home-based activities such as childcare and home management, with little or no training in the more entrepreneurial income-generating activities, such as crop and livestock production, agro-industries, protected agriculture, business management and so on. This is why the findings in number three above show men are benefit more than women in business managerial skill development.

Chapter II

Problem Identification

Problem identification for this project involved analysis of what was revealed during a need assessment. It has therefore been an examination of the variables which have been determined in the assessment covered in chapter one. The central issue which all variables lean to is the question of failure of business and other economic activities in Kisarawe District.

Step one of problem analysis was to gain agreement on the problem definition in one simplified single sentence. This was initially done jointly with the members of the hosting organization but later on polished by further analysis after the comments from the course instructors.

The second step was to understand the root causes of the problems as the problem tree below indicates. There were nineteen listed causes and effects surrounding the issue of “lack of capital” which was seen as a core problem after codifying the proposals and ideas of the people involved. After that, the process came out with the analysis of the problem statement⁵¹.

⁵¹ See *Figure III* below.

The third step involved the identification of stakeholders and other related matters. This was then followed with identification of objectives and goal of the project to be implemented.

2. 1 Problem Identification Context

2.1.1 The Statement

“Lack of sufficient fundraising skills and strategies by CBOs has caused most of their planned economic development programs and activities to fail and therefore persistence of poverty in Kisarawe District”.

As stated in the *needs assessment* in chapter one above, this is a chain causation of many factors. If this problem is not clearly addressed women groups/ CBOs will continue to face deficit of money to facilitate their programs. It has also bad effects as it is indicated here-in-under the problem analysis structure. Note that, the lower branches from the central problem are representing possible causes of the problem while the upper branches represent possible effects of the existence of that problem;

2.1.2 The Analysis (Targeting Women)

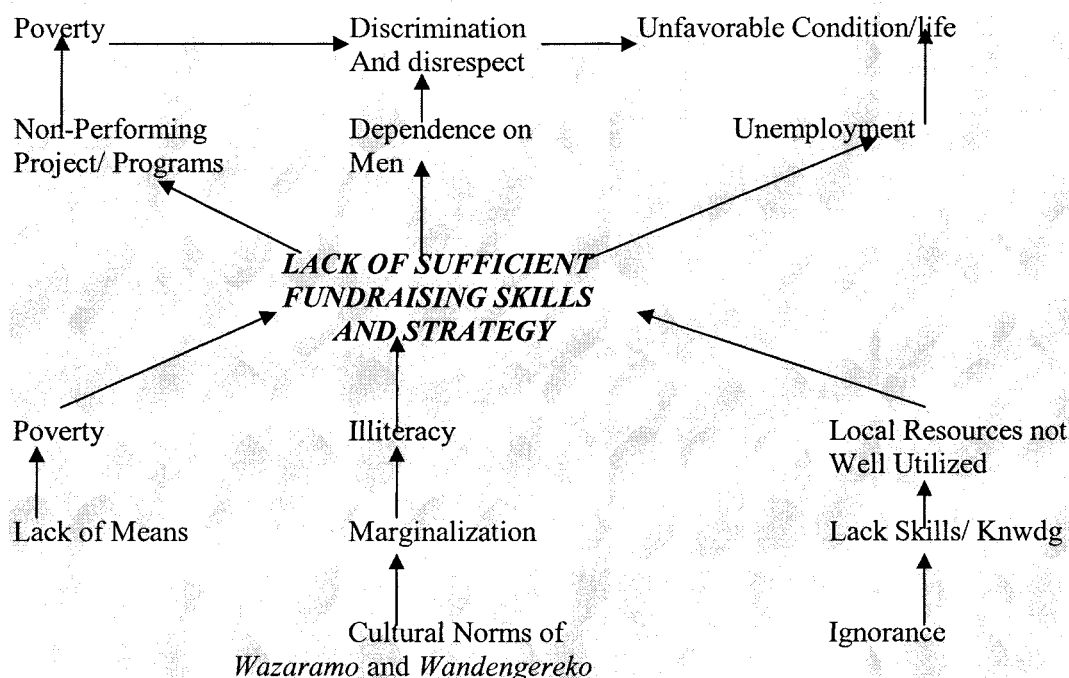


Figure VI: The Analysis of the Project Statement

2.2 The Target Community

The target community of this project at hand was the said CBO itself as a direct target group and its beneficiaries who are the Most Vulnerable Children (MVC), People (Women) Living with HIV/AIDS (PLWH) and other women working in various economic activities in Kisarawe District as indirect target groups. Initially it was expected to benefit 29,094⁵² people of these groups when it was initiated. But now, owing to the increase of population the number is expected to be 33, 000. Additionally, as it is indicated in the plan of implementation, other stakeholders such as local government leaders will also be benefited. Another target of this project is all CBOs with similar problem of fundraising like WACOD.

⁵² Statistics from their first proposal/ concept paper submitted to CARE International in 2001.

2.3 Stakeholders

Number of stakeholders who have been involved are;

2.3.1 Primary Stakeholders

- a. The direct beneficiaries themselves (CBOs) as indicate in the above paragraph.
- b. The Donor Community. The reason why they are involved as stakeholders is that they are actually prospective benefactors⁵³.
- c. Local Government Leaders specifically the Ward Executive Officers (WEO), Village Executive Officers (VEO), Chairpersons of Ward Development Committees, Community Development Officers.
- d. Some of the Project Managers of projects which are currently implemented in Kisarawe District.

2.3.2 Secondary Stakeholders

- a. Government institutions specifically the Ministry of Gender and Community Development and the Vice President's NGO Department.
- b. Private Experts especially in field of environment, macro-economy and micro-economy to include the experts of entrepreneurship skills⁵⁴.

Some of the programs would need government supervision using local institutions within the villages which are available in Kisarawe District such as the Ward Development Committees.

⁵³ Some minor obstacle was said during the need assessment I did. The executive Director of WACOD said that grants are very cumbersome. The procedure is long and the requirements are many. Therefore, the inclusion of this group would address this issue.

⁵⁴ There are involved because they will be useful to address the issue of exploring available local resources as alternatives to grants which are cumbersome.

2.4 The Project Goal

The goal of the project was/is to improve fundraising skills and strategies of local women groups in Kisarawe District in order to make their economic development projects successful and sustainable.

2.5 The Project Objectives

The objectives of the project were as follows;

1. To improve fundraising skills (capital mobilization) and strategies for CBOs of Kisarawe District.
2. To promote and stimulate exploration and usage of alternative funding/financing using available local opportunities.
3. To guide them planning a workable organization management of their projects.
4. To capacitate WACOD and other Development Groups with basic financial/business management (including banking) in order to make them self-sustainable after securing funds.

2.6 Hosting Organization

The host organization for the project was the **MUDUGU - Women and Community Development Organization (WACOD)**, Kisarawe District, Pwani/ Coastal Region Tanzania. This organization, according to its Constitution, has both individual and organizational membership and partners where currently it has four organizations affiliated to it as members and partners. Those organizations include Women Lawyers Association and Small MVC Groups which are doing similar works such as advocacy on human rights, issues of HIV/AIDS, handicrafts and other economic activities.

The expertism that a researcher for this work was needed to provide to the hosting organization to provide guidance and facilitate other affiliated CBOs and individual person in areas of management of the project and fundraising/ capital mobilization. Therefore the first duty was to get them explore available means of capital mobilization in Kisarawe District. Capacity Building training regarding what is capital, what are strategies, microfinance policies, financial, business and organization management were deliberated to the hosting organization. An implementation plan was also drawn together by all people involved.

Chapter III

Literature Review

There are many literatures in the field of community, development, economics and community economic development as well. They are very deep in this field of CED. However, there were very few literatures on the issue of fundraising for CBO. The reason to this fact is not clear but apparently because fundraising is seen as something separate from real service of the organization and therefore less attention is actually given. However, as the matter of fact, fundraising should be a program and activity within any organization. The survival of any organization depends of financial stability in terms of how much it gets and how much does it maintain as its capital to sustain its programs and/or expand its operation.

3.1 Theoretical Literature

*FAO (1993)*⁵⁵ this is the Report which narrates agricultural extension system in relation to gender equality and financial sustainability in developing countries. It indicates that women and landless, the weaker groups in the community have limited access to finance (credit). This is the reason that made them to attempt various innovations to overcome these difficulties. Most of them have come together in groups which again have not been a viable solution.

The Report indicates that fundraising and capital mobilization especially in a form of credit is hindered by fearing of high interest rates on formal credit which is a detrimental

⁵⁵ FAO (1993) **Rural Poverty Alleviation: Policies and Trends**. UN: Washington, D.C pg. 41

to the poor women. It indicates that, rural borrowers who opt to find capital through credits often need loans which are quickly disbursed, small and of short duration to avoid interest rates. The report recommends **Self-Saving Mobilization** within the community as a solution to all these problems. However it does not clarify ways in which the alternatives or self-saving mobilization could be achieved. This project finds that “Self-Saving Mobilization” is actually used by Kisarawe community under a system commonly known as “*Kuzungusha Kipato*”⁵⁶. A work of this project was to devise a formal strategy in which the “*Kuzungusha Kipato* Financial Scheme” could be a formal process which adheres to the basics of financial management such as how to bank the money obtained and how to keep proper records of the money received. All these were taught during the implementation of the project.

*ENDA-Zimbabwe (1990)*⁵⁷ was used as relevant literature to this study. It gives the experience of Zimbabwe’s CBOs in relation to funding. It indicates that, funding is a challenge to most of the CBOs in the county. It is shown that, as an alternative, *Saving Clubs* were/are adopted. In fact they are popular in Zimbabwe. The statistics of the country shows that in 1990 there were 140, members mainly women. These Clubs frequently use their funds for investment purposes such as purchase of agricultural inputs and reinvest again. Despite the fact that the ENDA-Zimbabwe work explores one of the possible alternatives for financial mobilization, it does not go deep inside to explain how

⁵⁶ That means “Circulating Income” – and getting more in return. In fact there is no any profit that needs to be generated. It is, rather, accumulation of money by way of advancing and receiving from others. It is mostly done by people of a certain fraternity and usual between 5 to 10 people. Therefore if someone wants to increase a capital, s/he can ask her/his colleague to advance to her/him part of their profit earned. Then s/he returns the same after sometimes without any interest. In this way, they mobilize capital by “self-financing” each other in the fraternity.

⁵⁷ ENDA- Zimbabwe (1990) “*Women in the Informal Sector; A Zimbabwean Study*”:, in **Environmental and Development Activities**. Harare: WB, Washington, D.C

poor and rural people especially women can form those clubs – taking into account the socio-economic hindrances they are facing in the villages. For instance where could the villagers secure some money needed to finance any activity?

In this thesis, it has been suggested that, since it is difficult to obtain money in a form of cash (for saving clubs), then the community members who are interested to create these Saving Clubs can “bank” crops or animals that they have. There is no need of delivering them physically, what can be done is to have them guarantee in a form of a bond a payment of that animal or crop when it is needed for a certain purpose. This is what other tribes such as Wasukuma are doing. The aim of saving clubs can be to collectively buy things like agricultural inputs when the season comes or to build a shopping centre or an auction or to be used for any socio-economic purposes. In Kisarawe District, the place where this project was situated, has started tried this, so far the assessment has not been done till July of the year 2007. These Saving Clubs are different from SACCOS because in SACCOS one can only deposit money, while the Saving Clubs allow even a deposition of other valuable things.

Another study by FAO which is summarized in the **FAO’s Report on Gender and Development of 2000**⁵⁸ says that, the importance of having cash income increases with the advancement of societies. Many African women undertake income-generating activities in order to sustain their families and have some private income. However, too often, these activities provide only a small income. Moreover, numerous international

⁵⁸ FAO (2000) **Enhancing Women's Managerial Skills for Small Scale Business Enterprises through Numeracy and Simple Bookkeeping Training**. FAO, October 2000.

fora, like the **Beijing Platform for Action of 1995**, and its Regional preparatory Conferences, have highlighted that illiteracy and lack of basic business management skills are part of the reason why many economic activities fail and have therefore incorporated this problem in their Platforms of Action.

The FAO's⁵⁹ recommendation which is relevant to this study and finding is that training courses can enhance the management skills of micro business entrepreneurs and thus not only increase the returns from their productive activities, but also improve their self-esteem, their general well-being and their status in the community. Increased self-esteem helps women and other people in the community to build their confidence and open their perspectives to further development. Moreover, trainings offer opportunities for acquiring a "professional status" and thus, *interalia*, contributes to improving access to formal banking systems or to rural organizations. It is important that social and economic support programmes include managerial capacity building of the individuals/ groups they aim to assist, as this is the only way that such programmes can achieve a lasting effect.

*Wegner et al (1995)*⁶⁰ was also used as relevant literature in as much as it covers Tanzanian situation. This book is a result of the fact finding mission carried out in all coastal regions of Tanzania mainland including the Pwani Region where Kisarawe District is found. The importance of this book to this project is that, it highlights unfinished businesses of the two previously stated literatures. The authors say that there

⁵⁹ *Ibid.*

⁶⁰ Wegner, Susan et al (1995) **Coastal Management Partnership: Socioeconomic Assessment of Tanzania's Coastal Regions**. Working Document: 5006 TCMP, Universities of Dar es Salaam, NEMC and Rhode Island.

are a number of complex and multi-dimensional issues that this preliminary study does not address, but that have direct relevance for coastal resource stewardship, and should be priorities for further socioeconomic research. They include; how the rural poor make decisions on resource use, strategies for coping with poverty⁶¹, and the essential factors that determine the prosperity or poverty of a community the area which this project/thesis has clearly addressed.

*Sharon and Helena (1991)*⁶² stress on the same point that poor people especially women have limited access to financial services because of mixture of both cultural and historical reasons such as social exclusions, inferiority complex and discrimination. Among other solutions that they propose is to make use of informal financial agents such as family/friends, Professional Money Lenders, Pawn-Brokers, trade people, Money Collectors and Saving and Loan Associations. This is what they call **Alternative Credit/Financing**. Some of the proposed alternative financing have been used by Women and Men in Kisarawe District for quite sometimes. For instance there was *Upatu* (advancing and receiving some money to and from others) and currently there are SACCOS. The *Upatu* failed because it was not properly initiated and administered. There was, apparently, no even basic management of their funds collected.

⁶¹ Commented that, at the moment, there is great potential to empower and increase the role of women in the economy and social development of coastal communities. Credit schemes in coastal regions are having an impact on the establishment and strengthening of women's groups, providing them with credit and technology, improving their marketing skills, and thus helping to improve their income earning potential.

⁶² Holt, Sharon and Helena Ribe (1991) **Developing Financial Institutions for the Poor and Reducing Barriers to Access for Women**. The World Bank: Washington, D.C

As for the strategy of sourcing income or grant from donors, the authors are of the view that such kind of (financial) support by itself would not necessarily generate income or profit; without adequate incentives and good planning to make profitable and sustainable investments. They say that the objective of the financial aid should be to make the poor benefit from the opportunity and not victims of the opportunity. It is necessary to consider strings which come with financial aid. Therefore even fundraising strategies should take into account the source and nature of the aid.

*Alilam (1994)*⁶³ holds a view that institution-building approach to rural development problem is necessary because through strong local institutions, rural residents' capacity to determine and control their own affairs can be realized. He said that the institutions for smallholder credit in rural areas are no exception and therefore need to put into context specific rural perceptions. Tracing historical background of why rural people do not opt for kind of credit, the author comes out with a very interesting finding that credit ideology has its history in Africa. The long held contention was that Africans were not "economic men" in the western sense. This was in effect denying any form of savings and credit practices for the so called economized purposes.

Therefore, applying for a loan as capital mobilization strategy was never opted for. The hang-over of this situation still exists. It might be because of lack of assets to be used as securities for repayment of debts or just not interested with this option. This thesis is activation to the need of adopting this strategy. As one of the hypothesis stated, it has been found that there is lack of awareness of other available sources of funds including

⁶³ Aliam Patrick (1994) "*Smaller Credit for Rural Development in Kenya*" in **Africa Perspective on Development** edited by Ulf Himmelstrand, pg. 107

credit schemes from financial institutions. While considering this factor however, it has been suggested in this thesis that, much as rural people do not have viable and sufficient assets to bond for loans, there is a need of mitigating the interest for the repayment of loan. There is really a need of giving rural people special favor. They can be traced for repayment through their local government leaders as the administrative hierarchy above indicates. This has worked out in other countries like Bangladesh. See under below the narration of Mohammad Yunus, a 2006 Nobel Peace Prize Winner.

*Msambichaka and Robert (1979)*⁶⁴ have similar views on the issue of credit for economic development projects specifically credit for agricultural sector in rural areas. This literature indicates that, in the past there was the credit for crops financing and the production credit which both assisted people in rural areas to manage their agricultural activities. Historically, as they explain, African peasants in earlier colonial times had no access to credit. Banks were few and they could not borrow from them since they lacked security⁶⁵. Neither could they borrow from native traders since under the then law⁶⁶ no debt was legally enforceable against the African other than the one holding a specified licence issued by the colonial government.

⁶⁴ Msambichaka, L and Robert Mabele (1979) *"Agricultural Credit and the Development of Ujamaa Villages in Tanzania"* in **Papers on the Political Economy of Tanzania**, as edited by Kwan Kim and others. Heinemann Educational Books Ltd: Nairobi.

⁶⁵ Lack of Security is one of the assumptions which this research was envisaging to find out. During the Need Assessment, it was found that most of the villagers in Kisarawe District do not have securities that they may use to mortgage for a loan from financial institutions. But the present land laws namely *the Village Land Act, Cap. 114* and *the Land Act, Cap. 113* provide that a bare land has value. It means that, one can just use his undeveloped plot of land to secure a loan. In fact, customary mortgage of not more than Tanzanian Shillings 500,000 is allowed under these laws. But the critical issues are how to get the loan and how valuable are village plots of land. All the same, however, people need to be directed because they are ignorant of the procedures. Secondly, there is a need of doing away with the issue of valuable securities for the reasons based on the Bangladesh's experience as explained in this thesis.

⁶⁶ The then *Credit to Natives (Restriction) Ordinance of 1923* – which has now been repealed.

The authors indicate that the colonial government initiated Land Banks and Commercial Banks for purpose of boosting agricultural economy. But only white people qualified for that loan and of course the aim was to get more produce for the raw materials which the colonial government wanted. After the independence of Tanganyika/ Tanzania in 1961, the Agricultural Credit Agency (ACA) was established and took over all assets of the Land Bank. All these were initiations to boost agricultural economic activities in the rural areas.

Looking at this history, this research have explored on available affirmative measures for rural economic groups. For instance, there is the unutilized Agricultural Development Fund established under the *Agricultural Development Fund Act*⁶⁷. Section 4 of this law establishes the said fund and enlists its purposes as to finance by way of loan or equity of fixed investment by parastatal organizations, District Development Corporations, co-operative societies or villages engaged in the production processing or marketing of food products and also finance by way of loan or grant the procurement or purchase of agricultural input by organizations⁶⁸ engaged in the production, processing or marketing of food produce and other related products; the procurement or purchase of equipment or the training of the citizens of the United Republic by or for the benefit of organizations or other public authorities engaged in the prevention or carrying out of irrigation schemes and projects for agricultural development and to facilitate the training of citizens of the United Republic by or for the benefit of the organizations engaged in the production, processing or marketing of food produce and other related products.

⁶⁷ Cap. 199 of the Revised Edition 2002 of the Laws of Tanzania.

⁶⁸ *Ibid* Cap. 199 Section 4.

There is also the Agriculture Inputs Fund⁶⁹ established and managed by the law called *Agricultural Inputs Trust Fund Act*⁷⁰. The objectives of the fund are to make available loans, on such terms and conditions as the Board may determine finances for importation and distribution of agricultural inputs; to finance consultancy services or any technical assistance in relation to acquisition, distribution and use of agricultural inputs; to pay for the costs of administering the Fund⁷¹.

3.2 Empirical Literature

3.2.1 Self-Saving Mobilization

A study of saving in southwestern Cameroon showed 98% of wage earning and 82% of non-wage earning women sampled have been saved by locally established **Self-Saving Mobilization** within the community as the Report of FAO indicated. They used a method of **Rotating Savings and Credit Association** (ROSCAs) whereby savings were collected and the group sum deposited in bank. This could also be done by Kisarawe's women groups. As the findings of this research indicate, the rotating savings and credit schemes are done in Kisarawe District through what they call "*Upatu*" and "*Kopa na Lipa*" schemes. These traditional and informal schemes have been discussed at length in the next chapter of findings. At the moment some of the women groups in Kisarawe District joined themselves in **Savings and Credit Cooperative Societies (SACCOS)**⁷². The SACCOS are established under the law⁷³ in Tanzania.

⁶⁹ "Agriculture Inputs" according to the law (Cap. 401 covered below) includes and means agricultural fertilizers, certified seeds, agrochemicals, drugs and chemicals for livestock, and gears necessary for the application of such drugs, chemicals and agro-chemicals and farms implements suitable for small holder farmers (See Section 2 of that law).

⁷⁰ Cap. 401 of the Revised Edition 2002 of the Laws of Tanzania.

⁷¹ *Ibid* Section 4 (a) to (c).

⁷² "Savings and Credit Cooperative Society" or "Savings and Credit Scheme" are also defined under Section 3 of the *Banking and Financial Institutions Act, 2006 Act No. 6 of 2006* to mean "*a society or*

Note that SACCOS are regarded as "Co-operative Societies" under the *Co-operative Societies Act*⁷⁴. They are associations of persons who have voluntarily joined together for the purpose of achieving a common need through the formation of a democratically controlled organization and who make equitable contributions to the capital required for the formation of such an organization, and who accept the risks and the benefits of the undertaking in which they actively participate. Moreover, the "co-operative financial institution" means a society registered to render banking activities and any other financial service⁷⁵.

3.2.2 Saving Clubs

From Zimbabwe, it is learnt that they have what is called Saving Clubs which basically are aimed at mobilizing funds, invest and then reinvest for economic purposes. This is also a good lesson for this project at hand. It would be implementable even to the people of Kisarawe District. This point has already been discussed above under the theoretical literature. Moreover, **Rural Saving Mobilization Programme (RSMP)**, which is used by rural people in Dominican Republic. As the already mentioned authors Sharon and Helena (1991)⁷⁶ saying, the Rural Saving Mobilization Programme has been successful in Dominican Republic. They have reduced aid and grant dependency. "Passbook Saving Account Facilities" were used and it worked out successfully after being funded by USAID and Banco Agricola (BA). More branches were opened in that country in 1990s.

scheme established under the applicable law for cooperatives or other societies, whose principal objectives are to encourage thrift among its members and to create a source of credit for its members".

⁷³ *The Co-Operative Societies Act, Cap. 211*

⁷⁴ Cap. 211 of the Revised Edition 2002 of the Laws of Tanzania.

⁷⁵ Section 2 of Cap. 211 *Ibid.*

⁷⁶ *Op Cit*

The resemblance to this RSMP, in Tanzania, would be the Community Development Banks such as the Dar es Salaam Community Bank. It also seems that, the way the RSMP are working, is the combination of the working of the SACOS and Saving Clubs. That means, RSMP allows both saving of money and guarantee payment of money as saving in a form of other valuable things as it has been explained above. All these are community's ways of mobilizing capital.

3.2.3 Community Banks without Collateral: The Grameen Bank of Bangladesh

When Bangladeshi Economist Muhammad Yunus, the 2006 Nobel Peace Prize Winner, surveyed a poor village in the mid-1970s and found that all the money borrowed totaled just \$27, he set out to create a new kind of bank - one that would give small loans to the poorest persons, particularly women, without collateral. With just a few dollars, the poor would become entrepreneurs and pull themselves out of poverty, taking Bangladesh along with them. Today Mohammad Yunus, a proponent of microcredit presides over an improbably profitable banking enterprise that is far along in meeting those lofty goals. Today his Grameen Bank is financing multi-projects. For instance more than \$5.7 billion is expended in loans, \$31,000 in education scholarships and he is venturing to initiate a Grameen Danone Foods, which would help lift Bangladesh from poverty by 2015.

That Community Bank has now 6.5 million borrowers, 97 percent women, all in Bangladesh. Annually, they lend out about \$800 million in loans averaging \$130. All the money comes from deposits and internal resources, and 67 percent of deposits come from the borrowers themselves. They do not borrow from the government or have funders or

external lenders. Their policy is simple but different: Nobody should be left behind. They go house to house in an outreach to touch every single poor household. The people actually repay the loan. Their statistics indicate that repayment rate is 99 percent. That is the hallmark of **Grameen Bank** - the reason people take them seriously. They have no guarantee, no references, no legal instrument, and still it works. It defies all the conventional wisdom.

As simple as it is, the question of entrepreneurship is not an issue to this microcredit scheme. What they believe is that bigness (in business) is not the issue. Poor people are the ones who take challenges every day. The guy who sells a hot dog on the street is as much an entrepreneur as anyone else. Getting his \$50 loan to start could be as difficult as finding \$50 million for someone else. All people are entrepreneurs. Some never discover their talent and direction. At the end of every year, the Bank measure success using its indicators. This is done through a survey of poverty condition of Grameen families. The ten indicators are: Do you have a solid roof? Do you have drinking water? Only if all ten questions are answered positively are you out of poverty. Fifty-eight percent of Grameen borrowers have already crossed the poverty line. Bangladesh has been reducing poverty on an average of 1 percent a year since 1990, and since 2000 by more than 2 percent a year. That puts us on track to achieve the Millennium Goals - reducing the number of poor people by half by 2015.

Therefore, they believe that a community can mobilize capital from loan more easily when the loan does not entail conditions/collaterals. It is also found that people can actually repay money borrowed without even forcing them to produce securities for the

repayment. What is needed as it has been stated above, is to use the local administrative processes to trace the borrowers. In Kisarawe District there are even ten cell leaders who could easily allocate the whereabouts of the people in their vicinities. Therefore we can forget billion-dollar development projects in that way.

The proposals that this project have advanced do not differ much from what Grameen Bank of Bangladesh is doing – the only major different is that, while the Bangladesh Community Banking Scheme offers loans without any sort of collaterals, our Community Saving Groups such as SACCOS, *Kuzungusha Kipato* Financial Scheme and others need one to contribute something before benefiting from the service. Therefore, in these Kisarawe District's Financial Schemes, there is a question of “membership” as a pre-condition for the granting and receiving of loan for capital or for any purpose.

3.3 Policy Review

The Tanzania Economic Empowerment Policy (2004)⁷⁷ highlights various areas for economic empowerment of Tanzanians such as land, water, business licences, investments and economic infrastructures. It is relevant to this study because it also talks about “Capital” as one of the driving forces of economic empowerment. It says that, capital availability has been a problem for Tanzanians because of insufficient sources of savings caused by low income. Secondly, because of obstacles which make banks to hesitate to give loans and lack of skills to prepare and supervise development projects. The policy states that it will endeavor to remove economic barriers which hinder

⁷⁷ URT (February, 2004) **The Tanzania Economic Empowerment Policy**. Prime Minister's Office, Tanzania. Pgs. 11 & 12.

availability of capital to the people. However, does not explain the process or mechanisms of removing those obstacles.

The possible strategy that this project would suggest, basing on what have been seen in the field, is that the policy should lessen the conditionality of securing a loan from the banks and other financial institutions. It is possible, as suggested above to create the community saving clubs which would be managed by the community itself through the local leaders and using available means of enforcement. In each of the sixteen wards of Kisarawe District, there is Ward Development Committee known as WADC. They implement other socio-economic programmes – the same could have been for the Community Banking.

As a way of finding a solution to the challenges highlighted by this 2004 Policy, the government of Tanzania in January 2007 disbursed one billion Tanzanian Shillings (1bn/-) to each Region, as part of its empowerment policy, especially through SACCOS. The money, according the government is disbursed to the people through community banks, the National Micro finance Bank (NMB) and CRDB bank⁷⁸. The idea is that people should access the fund through SACCOS. Two critical issues were overlooked. One, people were not prepared to understand what are those money for and how would they manage the same. According to the findings of this research at hand, Community Groups are ignorant of accounting and financial management skills – the reason why they do not realize profit out of their business ventures. Secondly, the one billion to each region

⁷⁸ Bilal Abdul-Aziz “*JK empowers the poor through SACCOS*” **The Guardian** (Tanzania) 4 January 2007 (also available at www.ippmedia.com).

scheme did not resolve the problem of conditionality for the money borrowers as argued above.

In addition to that, channeling the money through the SACCOS means that only members to those entities will benefit out of it. These were the issues during the implementation of the project. Therefore, it is hereby observed that the SACCOS Scheme does not cover all the people if the Economic Empowerment Process has to be done through it. Secondly, the two banks, which were commissioned a work of disbursing the funds, did not waive the banking lending principles. Therefore, obtaining the money from the banks was also a problem.

The Tanzania's PRS (2003)⁷⁹ says that "the government recognizes the central role the private sector plays in the development process in the country. The government has thus been undertaking wide ranging fiscal and structural reforms to foster private sector development in the country. The overarching focus of government policy is to maintain a conducive environment for private sector led growth and development. This strategy was later on transformed into **MKUKUTA**, which is a Swahili language acronym for the **National Strategy for Growth and Reduction of Poverty (NSGRP)**. The NSGRP sets three major goals. One of them is the growth of economy and reduction of income poverty which is attainable through economic growth centred on agriculture and rural development. One of the strategies to attain that is to strengthen the business environment to boost private sector-led growth such as community economic development groups, which this study focused on them.

⁷⁹ URT –PRS (March, 2003) **The Poverty Reduction Strategy**. Tanzania Pgs. 23 & 24.

The Tanzania Government Vision 2025 was a relevant policy document because it is a compass of the government of what level of development the government wants to achieve by the year 2025. It covers all sectors of economy. Specifically on the issue of capital mobilization for development, the vision 2025 indicates that, there is a need to cultivate a culture and habit of saving and investing productively to generate wealth for individuals, household, communities and the nation at large. In the same vein, a culture of wealth creation and accumulation for development must also be reinforced by a culture of maintenance to prevent unnecessary loss of capital stock.

The challenge here is that, sometimes capital is mobilized but the way it is applied into project implementation is a problem. The assumption which underlay this project was the weakness or lack of financial management skills. In Kisarawe District as it have been explained in the coming sections of this thesis, the profit whatever amount it is, in most cases, is diverted into family expenditures. Therefore, securing capital does not necessarily prospering in business if the management of capital is not stressed.

Small and Medium Enterprise Development Policy (2002)⁸⁰ The Policy defines the Small and Medium Enterprise (SMEs) as a nomenclature which is used to mean micro, small and medium enterprises. The SMEs cover non-farm economic activities mainly manufacturing, mining, commerce and services. The SMEs are implemented in Tanzania in the line of the Economic Reform Programmes which have been based on the

⁸⁰ URT – Ministry of Industry and Trade (2002) **Small and Medium Enterprise Development Policy of 2002**, Published by the Government Printer 2002.

philosophy that Tanzania is committed to a market economy whereby the private sector will take the lead in creating incomes, employment and growth.

In Tanzania, the SME sector has been recognized as a significant sector in employment creation, income generation, poverty alleviation and as a base for industrial development. The sector is estimated to generate about a third of GDP, employs about 20% of the Tanzanian labor force and has greatest potential for further employment generation. This Policy stipulates that, the vision of the SME Development Policy is to have a vibrant and dynamic SME sector that ensures effective utilization of available resources to attain accelerated and sustainable growth. It also works on ensuring the developing strategies that will facilitate provision of financial and non-financial services to SMEs. The Policy also considers the importance of promoting the skills of the people. It says that “[t]he Government will promote entrepreneurship development through facilitating improved access of SMEs to financial and non-financial services ...for selected target groups/sectors e.g school leavers”⁸¹.

Its relevance is this study is the point of promoting entrepreneurship to the community. This research finds this as imperative initiative because most of the villagers are Standard Seven leavers and Tanzanian Primary School Education does not prepare people to be professionals of any field. The micro-financial and non-financial issues for rural people are covered in the National Microfinance Policy of 2002.

⁸¹ *Ibid* Pages 13 - 17

The National Microfinance Policy (2002)⁸² states that the government of Tanzania considers micro-finance system as an integral part of the financial sector that falls within the general framework of its **Financial Sector Reform Policy Statement of 1991**. The overall objective of this policy is therefore to establish a basis for the evolution of an efficient and effective micro-financial system in the country that serves the low-income segment of the society⁸³. Furthermore, this policy envisages achieving widespread access to micro-finance throughout the country by involving specialized and non-specialized banks, non-bank financial institutions, rural community banks, non-bank financial institutions, rural community banks, cooperative banks, SACCOS and NGOs⁸⁴.

The important part of this Policy which is actually the same as which this Project has proposed for, is how the micro-finance scheme could be applied to the poor Tanzanian community. Paragraph 3.2 of the Policy stipulates that, the “Best Practice Principle” in the provision of financial services to low income people is to combine commercial financial principles with a variety of ways to adopt service delivery techniques to the circumstances of those people themselves. This project finding has proposed that Kisaware Community has its own traditional ways of money transactions which do not necessarily need one to surrender an asset as a security for repayment of the money rent as explained at length above.

⁸² URT – Ministry of Finance (May 2000) **The National Micro-finance Policy of 2000**, Printed by the Government Printer, Dar es Salaam Tanzania.

⁸³ *Ibid* Page 7.

⁸⁴ Some of these institutions focus on credit, some on savings and others on both.

Another component of Best Practice Principle is the issue of pricing. This policy under Paragraph 3.2.1 states that prices (or interest, if any), should be set by the micro-finance organizations themselves, not by the government, the Bank of Tanzania (BoT) or donors because the community itself has the full knowledge of costs, market faces and its own business strategy that forms the basis for pricing decisions. Other components are gender equality and capacity building to micro-finance institutions in rural areas. The providers of micro-finance services allowed under the policy and financial frameworks are NGOs, SACCOS and other service providers. This means that, the available Kisarawe District traditional entities are not actually prohibited under the laws and policies. They can legally operate according to the wording of this policy.

The Rural Development Strategy (2001)⁸⁵ of Tanzania (or RDS, 2001) was also a relevant literature in this study. It highlights problems and strategies facing rural socio-economic life of the people. It covers issues relating to agriculture, education, infrastructure, gender and others. Specifically on capital or financial mobilization for development groups, which forms the gist of this study, the RDS provides that the absence of well-functioning rural financial markets continues to constrain rural (economic) development. Despite liberalization of financial markets, farms and non-farms entrepreneurs still have unequal access to appropriate credit, savings, insurance and payment services. The RDS also points out the constraints to the development of efficient rural financial markets include; weak legal and regulatory framework that contributes to unclear property rights and inhibits secured transactions and weak

⁸⁵ URT (2001) **The Rural Development Strategy of 2001**: Final Draft, Main Report, 19th December 2001 - Tanzania

institutional capacity of rural and microfinance institutions to expand their services due to poor governance and operating system, low skills and inadequate physical infrastructures.

This strategy suggests that, the promotion of financial services in the rural areas is dependant on number of factors. One of which is the creation of supportive policies, infrastructure and information environment for rural and microfinance intermediaries and their clients to lower transactions costs and risk. The nature of supportive policies is such as the above mentioned Microfinance Policy which came into operation a year after the proposal of the RDS.

Generally, the outlook and suggestion that comes from all these policies relating to this study is that, there is a need of creating financial institution in the community level. Those institutions would act as savings or sources of income by the way of offering credits to the needy. This study at Kisarawe District adopted this idea with the general view that, capital (financial) mobilization needs a saving of money or valuable things in lieu of cash. It is from those savings which are “baskets for capital” where people can secure some money. Additionally, this study as it has been discussed in the empirical literature section, suggests that, the savings in any banking form should not necessarily stick on the requirement of collaterals. This is what has been attempted to be initiated in Kisarawe District by this project.

Chapter IV

Project Implementation

The implementation process followed the initial project set-ups. It was commenced by a work of developing concrete work plan as *Table I to III* attached at the end indicate. The spirit which guided the implementation of this work was involvement of everyone directly or indirectly interested with the project. The implementation process has involved human, financial and physical resources. The following were implements for the project.

4.1 The Project Products and Output

The output of the project had measured through the indicators listed under the “Monitoring” sub-section of Chapter five of this Project Report. The indicators were; two trainings be conducted, consultative meetings be convened before and during the implementation of the project (with community members and other stakeholders) to deliberate the essence of the project to this community and number of alternative ways of mobilizing capital explored. Of those Project Output Indicators, the following Outputs have been realized during the implementation of this project;

4.1.1 Capacity Building Trainings Organized and Conducted

Two capacity building trainings have been conducted as part of the implementation of the project. The trainings were aimed at accomplishing one of the objectives of this project which was building the capacity of the socio-economic groups in Kisarawe District.

Moreover, it was a way of sensitizing them to opt for the alternative ways of mobilizing both social and financial capitals. The target groups were the groups members especially those who are affiliated to WACOD (Hosting Organization).

The first training was conducted in March 2006 and it involved 17 participants from WACOD and the members of WACOD. It covered three topics namely; “What is Capital (Monetary and Social Capitals) – Where and How to Secure it”, “What is Business and How to Initiate it – How to Make a Decision, What are the Criteria of choosing place and Kind of Business and other Basics of Entrepreneurship Skills” and “Guidelines to the Supervision of Socio-Economic Projects at the Community Level by the Community Members”. This was two days training organized by WACOD and facilitated by the CED Student.

The second training was all about management of business, finance and organization/business groups. Participants were directed to understand procedures of formalizing their business entities, the importance of working in groups, basics of developing and maintaining simple ledger accounts and other financial records, importance of creating saving and capitalization of income/ profit and so on. It was also a one day training (because of financial constraints) which involved 24 participants. Almost all of them were trainees of the first training. It was expected that at the end of the two trainings, the trainees shall train others and large section of Kisarawe community will be capacitated.

4.1.2 Consultative Meeting Conducted

One Consultative meeting was convened. This was done at the beginning of the project implementation. The aim of it was to debrief the implementers of the project on the rationale and operationalization of the project. Key implementers were identified and apportioned duties to perform. This was the main agenda. The hosting organization, WACOD, was a focal point. Other three members affiliated to WACOD were chosen as Trainers of Trainers for neighboring CBOs and other informal groups. During the meeting, it was also expected to identify donors who would fund the implementation of the project. This idea was turned down because most of the members said that donors are very reluctant to fund profit-making entities. Therefore, the activity of drafting proposal was not conducted. Moreover, since the idea behind of this project is to identify and utilize alternative sources of capital, the focus was to see what is available within the community itself.

4.1.3 Four Sources of Capital Mobilization have been explored

It was expected that at the end of the project implementation, alternative sources of funding and capital mobilization shall be explored⁸⁶. Through the guidance of the CED student and the capacity building trainings, the community members were guided to think about and search for the available local ways of soliciting funds from the community. As

⁸⁶ This does not mean that they did not exist, rather, it means they have existed for centuries only that they have been ignored because they are too informal if you compare them with the contemporary financial operationalization. A possible second reason is that, the “trust” principle which used a security for borrowing and repayment of money advancement does no longer exist within the community. In the past, the as the respondents said, it was very easy to approach anybody within the village and secure some money. But this is still not a problem because, the available governance structures at different administrative system from the village level would be used to supervise and control any traditional grant or credit system as it has been proposed above.

the implementation of the project went on the following capital mobilization strategies⁸⁷ such as *Harambee*⁸⁸, *Upatu*⁸⁹, *Umoja*⁹⁰, and *Kipa na Lipa*⁹¹. In the Sukuma tribe, particularly the Banyantuzu of Bariadi District, Shinyanga Region of Tanzania, the *Harambee* Scheme is called in a local language as *Bughili* whereby people of a certain age are invited by the members of the household to plant or weed or harvest or otherwise. They are not paid. Therefore even a poor peasant can actually manage to cultivate a large farm which would ultimately give him more crops/income.

In whichever way of mobilizing resources as listed in finding number four above, people involved in this study have been encouraged to capitalize on non-financial resources into a form of money. That, because most of the people in Kisarawe District are poor, then relevant non-financial resources such as volunteer time, experience, manpower, good and materials, training, etc can be tapped at capitalized.

The way forward was therefore to sensitize them (through the trainings) in order to utilize these viable means of mobilizing social and financial capital. The most important thing is that, they have been inspired and convinced by this project that if they emancipate

⁸⁷ See Chapter I and *Table IX* annexed herewith for more explanations about these strategies.

⁸⁸ Public Solicitation of Human and Financial Resources; It is mostly applicable for public activities such as construction of market places, schools, dispensaries and the like.

⁸⁹ Informal way of advancing money to the group member of a certain fraternity and receiving back the principal sum advanced plus the some of money collectively advanced by other members of the fraternity. It is a way of circulating savings accumulated.

⁹⁰ Merging of business ventures and creating a pool or basket for contributions from everyone who is willing to contribute and become a member.

⁹¹ Borrow and repay money, in most cases without interest rates. Here does not mean borrowing from legally established financial institutions, it can be from a friend or other colleagues.

themselves from foreign aid and support of other kinds they will be able to mobilize the resources they need to do the work they think needs to be done⁹².

The reason why people were sensitized to solicit and mobilize funds from within the community itself of Kisarawe District is that foreign funding does not build local support for their (CBOs and NGOs) work, nor does it build a local supporters. As long as people see an NGO or CBO supported by foreign funds, local people will not feel the need to help that NGO or CBO with funds or other kinds of support. They will assume that the organization has money from overseas and that it can do whatever it likes without their support. This work/study was aimed of moving people from this perception. It has been a very difficulty work but through the said alternatives means of mobilizing human and financial resources, people has started to see the importance of it.

4.2 The Project Planning

4.2.1 The Implementation Plan

The Project implementation plan is attached herewith at the end and marked as Table I. There were eleven activities planned to be done. Some of them were to conduct consultative meetings and capacity building trainings. The project implementation commenced on March 2006 and ended February 2007. The resource persons were CED Student (as the project moderator), WACOD Executive Director, other staff of WACOD and other members of that hosting organization. Other resources were the venue – used the WACOD office and stationeries which were bought by the participants themselves.

⁹² Holloway, Richard (2001) **Towards Financial Self-Reliance: Hand Book on Resource Mobilization for Civil Society Organizations in the South**. Earthscan Publications Ltd: London, Page 11.

4.2.2 The Project Inputs

The implementation of the project was initially estimated to use Tanzanian Shillings Ten Millions to cuter the cost of hiring the venue, paying the consultancy, accommodation, administration and other costs. The hosting organization provided the venue for the two trainings, participants for the trainings purchased the stationeries for themselves. No consultant who was hired for that purpose, instead, the CED Student facilitated the trainings through out the project phase. The cost of accommodation was met by each one of the participants whatever the training session was organized; therefore up to the end of the project cost about 1,243 United States Dollars as have been explained in the following paragraphs under this sub-section.

4.3 Staffing Pattern

4.3.1 Human Resource

The implementation of the project has been made possible because of the availability of the following resources. One the Human Resources who were the Project Moderator (Myself); Executive Director of WACOD as Project Manager and 19 Volunteering Project Assistants/ Researchers coming from different CBOs of Kisarawe District. The volunteers are members of WACOD, the hosting organization of this Project. Therefore they were working free of charge as part and parcel of their duties with WACOD. The project was also made possible because of the daily hired motor vehicles (taxis) which eased the in-town and village movements. Records were put in the Computer and handbooks.

4.3.2 Financial Patterns

There was also financial implication to the implementation of this project to cover the cost of food, transport, purchase of stationeries, books and printing cost of some materials. All these were met jointly by the researcher and the hosting organization. Its implementation in terms of trainings, survey of necessary information, meetings and discussion has cost a total of 1,243 United States Dollars. The organization itself did not have a budget allocation specifically for this project. Small amount of money, approximately 200 United States Dollars were contributed by members of this organization (WACOD). However, other contributions were not in a monetary form. For instance the venue for training and discussion was solicited to be for free. Otherwise would have cost more than 500 United States Dollars. Additionally food and drinks during the survey, trainings and so on were paid for by the participants themselves (individually). Were these costs met by the researcher himself, would have cost more than 2,500 United States Dollars.

4.4 The Actual Implementation of the Project

There were eleven activities, which were planned to be implemented as per *Table I* annexed herewith. The implementation plan was rescheduled to accommodate changes. For instance the consultative meeting was not carried in March as previously planned. Instead the Plan for the implementation was prepared during that period. A table annexed at the end (*Table XI*) summarizes the chronological events of project implementation as it was extracted from *Table I* annexed herewith.

4.5 The Implementation Process

The implementation process of this project began as it has been indicated above by convening a brief session to discuss and agreed on the Action and Implementation Plans. See *Table XI* annexed for more elaboration. There were several activities which were used to accomplish the four objectives of the project. Some of the activities done were;

- 4.5.1 Conducted meetings which discussed and brainstormed project issues. There were *quarterly* project implementation meetings as it has been explained in Chapter Five of this project report⁹³. This accomplished objective one⁹⁴ of this project.
- 4.5.2 Conducted two capacity building trainings as have been indicated above and in *Table XI* annexed herewith. The trainings were aimed at accomplishing objectives two⁹⁵, three⁹⁶ and four⁹⁷ of this project work.
- 4.5.3 Preparation of the simplified handbook called “*Mwongozo wa Biashara na Shughuli Ndogondogo za Kiuchumi na Maendeleo*” [“*Handbook/ Resource Book on Petty Business and other Economic Development Activities*”]. This is an on going activity which mainly aimed at accomplishing all objectives. It has been discussed in detail at Chapter Five of this Project Paper.

The Implantation charts are annexed at the end as *Table I* and *Table XI*. They detail information on project implementation.

⁹³ See the sub-section of Monitoring under Chapter V of this Project Report.

⁹⁴ Objective One is about improvement of capital mobilization skills and strategies for CBOs in Kisarawe District.

⁹⁵ Objective Two is to promote and stimulate exploration and usage of alternative capital mobilization skills.

⁹⁶ Object Three was to guide or capacitate them to plan sound organization management.

⁹⁷ Objective Four was to capacitate them to understand and use basic business management skills.

Chapter V

Monitoring, Evaluation and Sustainability

Understanding the condition of the community before the project was initiated has been useful in order to provide a point of comparison for monitoring and evaluating changes that occur during the project implementation and to understand how the research process contributed to these changes. Therefore, monitoring and evaluation were part and parcel of the implementation process of this project. Participatory baseline analysis conducted at the beginning of the project has provided a point of reference for comparison and for understanding change in the Kisarawe District Community.

5.2 The Monitoring

The aim of monitoring process of the project is to find out if and how objectives are being met and are resulting in desired changes and to improve project management and process planning. Monitoring of the project is also useful in understanding different stakeholders' perspectives and allows, through direct participation in the monitoring and evaluation process, the various people involved in a research project to better understand each others views and values and to design ways to resolve competing or conflicting views and interests (Estrella and Gaventa, 1998).

5.2.1 The Methodology of Monitoring

The major monitoring tool used was the Participatory Monitoring Plan⁹⁸ which was used simultaneously with the Project Activities and Implementation Plan⁹⁹. These two tools

⁹⁸ See Table III (b) enclosed at the end also see Figure 7 (Paragraph 5.2.3 of this Project Report).

have been used as Project Diaries in which every implemented activity was recorded to enable communication/ collection of feedbacks and further measuring and reviewing. Participatory Monitoring Plan as a tool is a sub-component of the Participatory Rural Appraisal (PRA) which is a label given to a growing family of participatory approaches and methods that emphasize local knowledge and enable local people to make their own appraisal (monitoring, evaluation, etc), analysis and plan¹⁰⁰.

These tools were chosen because they involve the concerned people themselves and therefore they are sustainable. That is, the local project implementers shall continue to implement and monitor the project even if the project moderator is away. Moreover, it is easy and effective to monitor implementation of activities using the Participatory Monitoring Plan. This plan captures and describes every important element of project implementation such as; what activities are to be monitored, indicators of performance, technical requirements as well as the logistical issues. Therefore, it is easy to monitor a project using this plan and this is why it was preferred for this project.

There were, as said in previous chapters, four CBOs affiliated to WACOD, the hosting organization. These four (informal groups) were project sites and they were all involved in the monitoring process. The monitoring work schedule/ plan was designed in such a way that the relationship and project performance of different groups are monitored using the same Monitoring Plan. Nature of the information monitored is summarized in *Table III (a)* attached herewith at the end.

⁹⁹ See *Table I* enclosed at the end.

¹⁰⁰ WB (1996) **World Bank Participatory Sourcebook**, Page 191.

Others ways of which the monitoring process of this project was done are; Project Implementation Meetings (P.I.Ms) which were conducted after every two months according to the Action Plan/ Project Implementation Plan (*Table I*)¹⁰¹. The P.I.Ms were important and effective because they were used as platforms of learning from each other and agree on way forward having identified challenges.

Additionally, there were also biannual implementation reports which covered the Quarterly Project Implementation Reports, Outreaching Visits Report (Back-to-Office Reports), Accounts and other financial Statements of the project/ CBO, Reports of the training and physical visitation of project in the CBOs identified for the project. The physical visitations were randomly done. The reasons why these methodologies were preferred are that, reports summarize important information of what have been accomplished and also keep record for future measurement of performance or areas of improvement.

All these have been useful and effective because there was no any formality employed; therefore all implementers fully participated because all the methods do not require any kind of expertism. It is therefore that, the participation of implementers of the project at all levels was guaranteed through these methodologies chosen.

¹⁰¹ Project Implementation Meetings (P.I.Ms) were designated and agreed upon as ways of debriefing implementers on the wellbeing of the project. This method was chosen because it is less costful and it was efficient to get the information from different implementers. These meetings were also used as “refresher course” for issues which the implementers rouse.

Monitoring of this project was conducted by the Project Moderator¹⁰² and Executive Director of WACOD¹⁰³ who were assisted by the 19 volunteers. Despite the fact that the time for this project has ended, the monitoring process which has been initiated shall remain to be a *continuous* processes because some of the planned activities such as formalization of informal groups by registering them is still going on after the capacity building trainings of June and September 2006. This has been made possible by the Participatory Monitoring Plan of which every person responsible in the implementation of this project is aware of what goes on and what exactly to do.

5.2.2 Management Information System

To manage and tap the information, there were designated questions which were used as guidelines to gauge the performance of the project. The questions were designed in a participatory ways by all implementers to check the following information namely; time, cost and project's wellbeing. As it has been indicated in *Table III (a)* annexed herewith, the check list questions for monitoring time was aimed at considering whether the project implementation is within the prescribed time. For instance, there were questions like how many days has the activity planned?, when will it be accomplished?; As for the cost some of the questions were how much has been allocated for each activity?, and the like and as for the project performance some of the questions asked were have the project produced expected results as yet according to the implementation plan?, how many trainings have been conducted?, are project implementers still motivated and eager to continue with the project? and so on. See *Table III(a)* and *Table III(b)* attached at the end for more

¹⁰² CED Student was the Project Moderator.

¹⁰³ Mrs. Regina Mulemba.

information. This information was included in those tables because they were necessary to measure the soundness of the project and to make sure that it is not over-running beyond the time limit.

The major challenge encountered during the monitoring process was the challenge of time over-run where by planned activities were not conducted in accordance to the schedule. The reasons for that were firstly, most of implementers of this project as it has been stated above were mere volunteers who were not paid anything. The second challenge was funds to finance the planned activities such as trainings. Therefore, some of the questions which were initially designated to gauge the performance especially in relation to cost over-run were actually redundant/ not used and the budget estimates (see *Table IV*) was not utilized as it appears because each one of the participants as said before paid for his/her cost and there was a free venue obtained for the trainings and meetings. The hosting organization itself did not have sufficient money allocated for this project. However, despite those challenges, the project has produced expected results as it has been indicted in Chapter IV above of this Project Report.

The Monitoring Indicators for this project were as they have been indicated in *Table III (b)* enclosed herewith at the end. The indicators basically aimed at indicating the performance of the project by looking at four components namely; the planned activities, cost and expenditure, the manpower/ implementers and the results.

As for the monitoring of time, the indicator was “number of weeks and/or months spent”¹⁰⁴. As for *Cost and Expenditure* the Indicator for that was “total amount of money spent”. The indicators for the component of Implementers/ Manpower were “number of implementers engaged in each particular activity”, “improvement of their performance” and as for the component of *Results*, the Indicators were; “number of trainings conducted”, “number of People trained”, “Level of participation” and “number of new capital mobilization schemes explored”.

5.2.3 The Summary of Monitoring Process

The goals, objectives for each goal and the monitoring indicator for each objective and the time line are indicated in the table below. Generally the project milestones were measured by the Monitoring indicators and the adjustment was negotiated and approved for the changes to milestones by all implementers. Proposed changes in project were documented and submitted for implementation to the WACOD, the hosting organization. Major check lists were to scrutinize the progress reports. Through out the project two progress reports – very brief ones were prepared. The only adjustment made was relating to time. The time, as have been indicated above changed because of uncertainties on part of the implementers. They had other things to do and sometimes it was difficult for them to reorganize and reschedule their timetables. The table below indicates only the approved changes (of time) which were adopted and used in the implementation of the project.

¹⁰⁴ The Implementation Plan (*Table I*) was arranged in terms of months and not weeks. However, action plans (mini-implantation plans) were designed in weekly basis.

Specific Project Objective	Goal/ Milestone	Activity Done	Time Line	Indicator	Expected Outcomes
<i>To improve fundraising/Capital Mobilization skills and strategies for CBOs of Kisarawe District.</i>	Women groups' fundraising skills and strategies enhanced.	Organized Consultative Meeting and two Capacity Building Trainings.	February and March 2006	Two Trainings conducted.	At least 10 Women Groups (through representatives) has been trained.
<i>To promote and stimulate exploration and usage of alternative funding/financing using available local opportunities.</i>	Alternative financial sources are explored and grant dependency syndrome is reduced	Capacity Building Workshops conducted.	June and September 2006	Women groups start to mobilize funds from alternative sources. 2 Local (alternative) sources of income/ funding are created.	At four alternative sources of capital mobilization (as covered detail in Chapter One – Paragraph 1.7 of this Project Report) have been explored. Locally initiated projects are now <i>sustainable</i> even without grant/ aid from donors.
<i>To assist them to plan workable organization management, which will be effective to fundraise for their planned project.</i>	At least 10 Well organized management CBOs in Kisarawe District are facilitated.	- do-	June and September 2006	Every worker works within the line of his or her responsibility. Numbers of work efficiently done are increased by more than 75%.	Planned activities are effectively accomplished according to the Action Plan. Clear organization structure which defines roles of each staff is adopted by CBOs.
<i>To capacitate them with basic financial management (including banking)</i>	Finances of the CBOs are well managed. Misuse and misallocation	Physical Visitations on project (piloted groups) areas.	June and September 2006	Financial Statements such as cash flow, ledger	Funds of the women groups are secured security.

<i>in order to make them self-sustainable after securing funds.</i>	of resources are controlled.	Developing a Handbook on Resource Mobilization and Organization & Financial Management (to make the project sustainable).	From June 2006 to date – on going process to 2007	and Balance Sheet are maintained and used. CBOs open Bank Account for their respective organizations.	Operation of Business entities is sustainable.
		Frequently reviewed the reports and other documents relating to project implementation.	From April 2006 to January 2007.		

Figure 7: The Monitoring Table

5.3 The Evaluation

5.3.1 Methodology used for Evaluation

Evaluation of this project was done through physical visitation of the project areas. The WACOD, a hosting organization was a focal point. Because of the nature of the project – which is to empower community (through CBOs and NGOs) to adopt and utilize alternative sources of social and financial capitals, it was necessary to use also the CBOs and others members affiliated to the hosting organization to assess the performance. In this way therefore, there were two levels of evaluation process. The first level was internal or self-evaluation (summative) for each of the participating organization in this project. Self-evaluation was done basing on the indicators which were designed by individual organizations (to be applicable specifically for that organization) and the general indicators to be applicable for the whole project in general. For instance the last row¹⁰⁵ of *Table II* annexed herewith was specifically for internal or self-evaluation.

¹⁰⁵ This row covered the objective of “*To capacitate CBOs with basic financial management (including banking) in order to make them self-sustainable after securing funds*”. Its indicators are “*Financial Statements such as cash flow, ledger and balance sheet are used and Bank Accounts and savings for their respective organizations are created*”. See *Table II* annexed herewith for more detail.

That is each of the four participating organizations were required to assess themselves on whether they have started using the simplified financial statements, such as cash flow, ledger and balance sheet. Also whether and when they will open the bank account or create their own ways of savings. This research encouraged them to use entities like SACOSS¹⁰⁶ and/or other alternative ways of treating income such as “*Upatu*” and “*Kopana Lipa*” schemes discussed in Chapter One¹⁰⁷ and *Table IX* annexed herewith at the end.

There was also a guideline on what actually to assess. Basically the whole process of evaluation assessed two major things. Firstly, the efficacy of performance of the said piloted groups affiliated to WACOD, the hosting organization. Secondly, there were other informal groups which were advised to constitute themselves into formal groups. They were capacitated to draw-up constitutions and decide on which avenue of registration they were willing to opt; till the end of this study in February 2007 five informal groups¹⁰⁸ were in the completion phase of preparing their constitutions. Three others were applying for the registration of business names to the Registrar of Companies¹⁰⁹.

¹⁰⁶ Because SACOSS does not need collateral in order to secure a loan for people or institutions which are members to it. Moreover, SACOSS provide interests not like other financial institutions which instead of offering interests they actually charge service charges per month especially those saving accounts.

¹⁰⁷ See more details in Chapter One of this Project Report.

¹⁰⁸ They were still deliberating on the names of the organizations to be registered, the objectives and the structures.

¹⁰⁹ Note that under the law called *Business Names (Registration) Act, Cap. 213* of the Revised Edition 2002 of the Laws of Tanzania – Section 4 of this Act provides for Firms and Individuals to be registered under it. Section 4(b) says that every individual having a place of business in Tanzania can be registered.

Evaluation was *also* done through Project Implementation Meeting - PIM (hand in hand with Monitoring), which were conducted after every two months. Other people who were not part and parcel of the implementation of this project were invited as guests. The aim of this was to have formative (external) analysis of the project. The almanac of every two months was however not adhered to because of unavoidable circumstances faced the Moderator of the project and other implementers. For instance the timing of meetings visa vis other personal programmes of the project implementers. It was therefore done three times only during the study. One of the major challenges that were discussed during the meetings is complication of procedures of formalizing business venture under the laws and procedures. For instance, it needs someone to go to the Registrar's office which is situated in Dar es Salaam only. This has an implication to the transport and registration fee which is not big though.

Another way which the evaluation was conducted was through scrutiny of various project implementation reports. There were issues that agreed upon after every physical visitation of project sites and after every P.I.Ms as said above. More information is indicated in the Evaluation *Table II* annexed herewith.

As it has been in the monitoring process, the major evaluation tool used was the Participatory Evaluation Plan¹¹⁰ which was also used simultaneously with the Project Activities and Implementation Plan. Participatory Monitoring and Evaluation Plans as

¹¹⁰ See *Table II* enclosed at the end.

project implementation tools are part and parcel of the Participatory Rural Appraisal (PRA)¹¹¹.

As it has been explained in detail at Paragraph 5.2.1 of this Project Report, These tools were adopted and used because concerned people are directly involved in both Monitoring and Evaluation processes from stage one of planning to the last stage of evaluation. The importance of involving people themselves is to capacitate them to perform this project and others as well as sustaining the project. The “Evaluation Table of Output and Outcome of the Project”¹¹² describes important elements of project implementation, the objectives, goals, activities, indicators, and the results in terms of outputs and outcomes. As is it is a case in monitoring plan, the said evaluation table eased the process of evaluation by making each component compressed on one chart and this is why this tool was chosen.

5.3.2 *The Performance Indicators and the Evaluation Table*

There were designed indicators which have been used to gauge the performance of this project. The aim of them has been to measure the inputs, outputs, outcomes and impacts for this project on capital mobilization. As indicated in *Table II* annexed herewith, there were indicators for each intended activity which was done to accomplish the four objectives/ goals of this project. Figure 8 below shows performance indicators for each activity planned.

¹¹¹ See Paragraph 5.2.1 above for more explanations of this method.

¹¹² See Figure 8 below.

The Outputs and Outcomes are indicated in the said figure 8 below. The resultants of the trainings and other activities conducted have resulted into a capacity building of the piloted CBOs of Kisarawe District. The findings as outlined in this Project Report specifically Chapter One indicate one impact of this project namely community has been guided to understand and utilize locally available opportunities, which, if would be well utilized shall bring the efficacy of their economic activities. As a way forward therefore, is to continue guiding the communities to adopt, use and implement the proposed schemes under Chapters One and Five of this Project Report.

It has been further learnt that, participatory monitoring and evaluation is the effective way of gauging the performance of the project or any business activity. The way this project was monitored and assessed was in itself a lesson to be used by the participants to this project even at their individual capacities in their respective business entities. The proof for this assertion can be the way they conducted internal survey – which was effective.

Specific Project Objective	Goal/ Milestone	Activity	Indicators	Outputs Achieved	Outcomes Achieved
<i>To improve fundraising/Capital Mobilization skills and strategies for CBOs of Kisarawe District.</i>	Women groups' fundraising skills and strategies enhanced.	Organize Consultative Meeting and two Capacity Building Trainings.	Trains conducted. At least 30% of Proposals prepared by women groups secure funds from donors.	Two Trainings were conducted However no any proposal was prepared as expected because of the reasons highlighted in the main text (Chapter One).	At least 10 Women Groups (through representatives) have been trained and acquired necessary expertism on capital mobilization skills.
<i>To promote and</i>	Alternative	Capacity Building	Women groups	Four	At lest two

<i>stimulate exploration and usage of alternative funding/financing using available local opportunities.</i>	financial sources are explored and grant dependency syndrome is reduced	Workshops.	start to mobilize funds from alternative sources. Two Local (alternative) sources of income/ funding are explored/ created.	alternatives capital mobilization schemes have been explored and initial process of utilizing them has been done – eg. Registering the informal groups to acquire legality of whatever their will be doing.	alternative sources of funds are explored. Locally initiated projects are <i>sustainable</i> even without grant/ aid from donors.
<i>To assist them to plan workable organization management, which will be effective to fundraise for their planned project.</i>	Well Organized Management of at Least 10 CBOs in Kisarawe District in accordance to Principles of Organization Management	- do-	Every worker works within the line of his or her responsibility. Numbers of work efficiently done are increased by more than 75%.	More efficacy in working.	Planned activities are effectively accomplished according to the Action Plan. Clear organization structure which defines roles of each staff is adopted by CBOs.
<i>To capacitate them with basic financial management (including banking) in order to make them self-sustainable after securing funds.</i>	Finances of the CBOs are well managed. Misuse and misallocation of resources are controlled.	Doing/implementing work (practically) together	Financial Statements such as cash flow, ledger and Balance Sheet are used. Bank Accounts and/or savings for CBOs are created.	Simplified Handbook or Manual has been in the process of published. WACOD and other sensitized CBOs started to open banking account and re-circulate capital (after savings) into other business ventures as proposed in Chapter One of this Project Report.	Funds of the women groups and other organizations are secured and income is capitalized (circulated are capital).

Figure 8: Evaluation Table of Output and Outcome of the Project

5.3.3 *The Evaluation Findings: The Formative and Summative Methodologies*

As it has been indicated in Paragraph 5.3.1 above, the evaluation process was done through ways namely; internal evaluation and external evaluation. Therefore, both *formative*¹¹³ and *summative*¹¹⁴ evaluation methodologies were employed. Figure 8 above summarizes the evaluation results in each every objective and goal. The following were the major findings of both formative and summative evaluations;

5.3.3.1 *Goal One: Women Group's Fundraising Skills and Strategies Enhanced*

Two trainings were conducted and at least ten women groups have benefited through their representatives. The contents of the two trainings have equipped the trainees with important knowledge on capital mobilization and business (economic activities) management generally. The knowledge acquired has facilitated a smooth implementation of this project. It has also been easy for the project implementers to monitor and evaluate the project on themselves because the knowledge of the trainings acquired.

5.3.3.2 *Goal Two: Alternative Financial Sources are explored and grant dependency syndrome is reduced*

This project has facilitated an exploration of two alternative sources of income and the donor dependency syndrome has been reduced. Initially, one of the targets of the project was to enhance women groups' capacity to write proposals to the donors; but considering the fact that this would not make their economic activities sustainable (because donor's

¹¹³ **Formative Evaluation** means a project implementer's assessment. That is, it looks generally at how an individual implementer performed on implementing task.

¹¹⁴ **Summative Evaluation** provides information on the outcomes' efficacy – its ability to do what it was designed to do. For instance, the project implementers implemented what they were supposed to implement after the planning according to the Project Implementation Plan (*Table I*). In a sense, it lets the implementer know what they did, by looking how they did.

money is mostly for a specific project and within specified period of time). The project has inspired various groups to start working on registration/ formalization of their groups as one of the proposed way acquiring legal recognition. It should be noted that for them being informal was one of the reasons, which inhibited them from securing loans from financial institutions. Secondly, some of the proposed traditional mobilization schemes are also proposed to be formalized. Paragraphs 1.8.3 and 1.8.5 of this Project Report highlights the importance of initiating Microfinance Institutions (MFI) at village levels. In fact, Section 22 of the *Co-operatives and Societies Act*¹¹⁵ allows registration of various groups including saving clubs at all levels from village¹¹⁶.

5.3.3.3 Goal Three: Well Organized Management of at Least Ten CBOs in Kisarawe District in accordance to Principles of Organization Management

This project has also enabled participating CBOs to enhance their organizational management (OM). For instance, the evaluation findings indicated that, the four CBOs affiliated to WACOD, the hosting organization designed the organization structures and allocated specific duties in each person. The informal groups also designed constitutions which include the name, address, objectives, mission, vision, structure, principles/ values, meetings and so on of those organizations. This was note a case before the implementation of this project. They can now efficiently perform their duties comparing with previous years.

5.3.3.4 Goal Four: Finances of the CBOs are well Managed

¹¹⁵ Cap. 211 of the Revised Edition of the Laws of Tanzania (2002).

¹¹⁶ See *Paragraph 1.8.5* (Chapter One) of this Project Report for more explanations.

This project has also enabled adoption of financial and accounts management skills for the management of income and expenditures. Previously, everything was done arbitrary. But having been taught basics of financial management and accounts, the CBOs involved are now capable of drawing and maintaining simple cash flow statements such as Ledgers, Profit and Loss Accounts and Trial Balances. The manual which is due to be finished (see paragraph 5.4) also includes the samples of these simplified financial statements.

5.4 Sustainability

5.4.1 The Essence of Sustainability to this Project

This project mostly focuses on the capital mobilization and financial sustainability. This has been a focus because of the fact that most of the socio-economic groups in Kisarawe District were stagnating or collapsing and closed down because of lack of profit and capital to initiate new businesses or boost the stunted ones¹¹⁷. The envision of this project was, therefore, to consider where will they (CBOs) secure capital and how the capital and profit obtained will be sustainable.

5.4.2 Sustainability Elements and Plan

The project expected to be made sustainable through the initiation of local saving clubs, income generating units, enhancement of organization management, which will be capable of initiating programs, plan them and manage finances.

¹¹⁷ See Problem Statement in Chapter One of this Project Report.

Moreover, all what have been explored, advised and taught and implemented during the project phase/study such as alternatives to normal capital mobilization strategies, financial/business management (including cash flows, record keeping, etc), customary care, organization management, participatory project circle management, participatory monitoring and evaluation mechanisms, formalization of socio-economic groups (registration, application for business names, etc), capitalization of income, capitalization of non-financial contributions (called “Social Capital¹¹⁸”), marketability of produce, profit management (profit and loss simplified accounting system), and the like has been summarized in a form of a Handbook called ***“Mwongozo wa Biashara na Shughuli Ndogondogo za Kiuchumi na Maendeleo”*** (“**Resource Book on Petty Business and other Economic Development Activities**”), which is still in the drafting process.

Some of the issues that this handbook shall incorporate were not part of the study/project. The handbook is prepared in Kiswahili language, shall have annextures of necessary documents such as samples of Profit and Loss Account, Balance Sheet, Ledger Accounts, sample of Constitution of any organization, sample of organization structure, sample and procedures of registering business names, illustrations and pictures of empirical literatures have also been planned to be incorporated in this resource book. This book shall be launched at the end of September 2007; all people are participating to suggest

¹¹⁸ Though there is no broad consensus on the notion of social capital, the term is generally understood to refer to social networks and relationships built on mutual trust, shared values, and spirit of cooperation and reciprocity. A growing body of research has explored the links between social capital, economic growth and poverty reduction. It is generally argued that social capital improves the quality of social interactions in a society, contributes to worker productivity, and helps reduce transactions costs, all of which influence the process of economic growth. There is now growing evidence that social capital is critical for poverty reduction and sustainable human and economic development (Reference: Musleh-ud Din (2002) **Social Capital and Economic Development: A Case Study of the Northern Resource Management Project in Pakistan**, Pakistan Institute of Research Economics: Pakistan).

what important parts should be included. Its framework was circulated to them for discussion.

5.4.3 The Institutional Plan

Moreover, to achieve sustainability of what have been proposed by this work done the ideas generated must be embedded in the existing social organization and be compatible with local capacity. That is, the idea is a capital for any economic activity in Kisarawe District must come from the community itself and from not from any other source. If any other source will be identified or used, its funds should only be regarded as supplement to what the community has generated. Therefore, the financier of the community projects is actually the community itself through the five proposed schemes discussed in Chapter One of this Report. Herewith, it is insisted to utilize available local opportunity by using the community members themselves.

According to the observational research during the project implementation, poor people are rarely have strong organizations to make their voices heard therefore there was the importance of investing in building the capacity of the local groups. The hosting organization, WACOD, has been prepared as an instrumental in helping other local groups to organize themselves to solve their own problems and to network with others to mobilize resources and design solutions.

At the moment, the proposals contained in this report considered to be mainstreamed within the functioning of the Ward Development Committees (WDC)¹¹⁹. Therefore, if the community work would be the construction of a market area, everyone shall contribute through the “*Harambee*” scheme proposed in this report. If the program would be to enhance the effort of the youth in the community “*Kopa and Lipa*” scheme would be an appropriate measure for that. These local ways can work-out if they are institutionalized within the WDC and acquire the enforceability by the local government. As is has been indicated in Chapter Three, laws and policies do encourage the establishment of these schemes through have not been specifically named by their names as appear in this report.

Social Workers have also picked the recommendations and are working on them. It is also expected that, if these recommendations (explained below) are captured in the legal and policy frameworks, this project shall be *more* sustainable and an illustration for other similar project to be implemented in other rural areas/ districts in Tanzania.

¹¹⁹ WDCs shall play a pivotal role in facilitating the participation of people in whatever is planned according to the suggestions of this report.

Chapter VI

Conclusions and Recommendations

The implementation of this project has been an impetus to the exploration of alternative sources of capital. Participation of different groups or actors was imperative as far as a need of sensitization of those alternatives (discussed in Chapter One) is concerned. At this end, it is hereby found that, the choice of targeted group and venue for the implementation of the project was perfect and has yielded the intended overall objective of empowering community to think beyond normal financial resources for their socio-economic activities. The challenges that this Project Report comes with instigate a need for policy reform as well as further researches in related academic and practical areas.

6.1 Conclusion

A key feature of the project was its focus on programs whereby communities of Kisarawe District are enhanced to mobilize capital and took management of finance and organization of their groups. It targeted capital mobilization because it is what a need assessment of this project directed it to.

The assumption of this project was not to the effect that the communities of Kisarawe District do not have any alternative way of fundraising income for capital; rather, it was assumed, *inter alia*, that because of limited business and finance managerial knowledge and skills, they have not been able to secure income for their designated economic activities. Therefore, this project was aimed at boosting the knowledge and skills that they had.

The broader objective which this policy sought to improve was the improvement of legal and framework which would accommodate the traditional or informal strategies of fundraising, saving and/or providing credit facilities especially from those which have been established in the community localities.

As for the activities, most of them were underpinned by a community participatory approach which contributed to a great deal of social mobilization and made the program interventions more effective and responsive to the needs of the beneficiaries. As the result this project has succeeded in mobilizing and organizing the beneficiaries around common interests in fundraising, organizing and working in groups. Before that the so called “social capital” (discussed above) very latent and rarely used. Despite the fact that the project succeeded in facilitating the participation of the community as said above, there is still a need to work on how will it permanently mainstreamed in the government and social structures. Therefore, there is important way forward for future programs of this nature.

6. 2 Recommendations

6.2.1 Need to Institutionalize Social Capital

Due to the fact that people especially in the village are poor, they can not access loan as capital from formal banking and financial institutions. Their economic situation does not allow them to have collaterals which would be mortgaged for loans in the financial institutions. In this way, there is a need to capitalize their traditional non-financial initiations into income or monetary capital. The explored alternatives of capital mobilization according to this study are ingredients of what it is called **social capital**.

The role of social capital in the process of economic development, growth and poverty reduction is not new at all nor will it be used for the first time in Kisarawe District. It is increasingly being emphasized in the literatures as it has been cited above. Therefore, the first recommendation which this study makes is the adoption and incorporation of “Social Capital” in the Tanzania’s Legal Framework and Financial Policies so that they can acquire a direct reorganization and avoid unnecessary legal complication in the registration and operation processes.

Social capital has many manifestations and thus there is lack of a consensus on an all-encompassing definition. However, a widely accepted notion of social capital terms it as “the institutions, relationships, attitudes, and values that govern interactions among people and contribute to economic and social development” (Grootaert and van Bastelaert, 2002). Uphoff (2000)¹²⁰ distinguishes social capital into two forms: structural and cognitive. The structural social capital refers to social organizations, such as networks, associations, and institutions and the rules and procedures they embody, whereas the cognitive form of social capital is thought to comprise more subjective notions such as attitudes and norms of behavior, shared values, reciprocity and trust. Another important distinction in the concept of social capital is between micro, meso, and macro levels.

¹²⁰ Uphoff, N. (2000) “*Understanding Social Capital: Learning from the Analysis and Experience of Participation*”, in Dasgupta, P., and Stiglitz, J. (eds.) **Social Capital: A Multifaceted Perspective**. World Bank: Washington DC, Pages 10 – 20.

At the micro level, social capital comprises relationships between individuals and households, whereas at the meso level social capital is viewed in the context of communities, clusters of companies, and regions. At the macroeconomic level, social capital refers to the forms of institutions such as rule of law, the judicial system, the quality of contract enforcement etc. The institutional aspects, which have been studied under the rubric of institutional economics. Other concepts related to social capital have also been highlighted and studied in the literature including social capability (Abramovitz, 1986), social infrastructure (Hall and Jones, 1999), and social cohesion (Ritzen, 2001).

A growing body of literature has emphasized the role of social capital in the process of economic development and growth. It is argued that cooperative norms, interpersonal trust and social ties improve the quality of social interactions in a society, contribute to worker productivity, and help reduce transactions costs, all of which influence the process of economic development and growth. On the other hand, the so called institutionalist school of thought (Rodrik, 1998) emphasizes that institutions such as property rights, civil liberties, and rule of law etc. play an important role in the process of economic growth.

It is argued that these institutions reduce information costs, encourage capital formation and capital mobility, and allow risks to be priced and shared, all of which positively influence economic growth. Also, there is a strong view that countries with better institutions and more secure property rights tend to invest more in physical and human

capital, and to use these factors more efficiently to achieve a greater level of income. Econometric studies also show that local associations and networks have a positive impact on local development and the well being of households.

For example, a study of 750 households from 45 villages in Tanzania suggests that social capital makes a significant contribution to household welfare. Using multivariate regression analysis, the study rigorously demonstrates that village level social capital is a key contributor to household welfare while controlling for the size of household, male schooling, female schooling, household assets, market access, and agro-ecological zone (Narayan and Pritchett, 1997). In a study of local institutions in Indonesia, Grootaert (1999) finds a positive and significant correlation between social capital and household welfare. Households with high social capital have higher expenditure per capita, more assets, better access to credit, and fewer children not attending school. The study concludes that social capital reduces the probability to be poor, and the returns to household investment in social capital are higher for the poor than for other segments of the population.

6.2.2 A need to enhance the Local Organizational/Groups' Capacities

Both Formal and informal economic development groups, business entities, CBOs and NGOs in Kisarawe District have weak organization capacity in terms of sourcing funds, managing the same and control the management of their groups in general. Therefore, there is really a need to continue building the organizational capacity in order to enhance the ability of people to trust one another, work together in solving problems, mobilize resources, resolve conflicts, and network with others to achieve agreed upon goals. When

people cooperate and work together, they can overcome problems of coordination, risk and limited information and individual skills. This can be done by the district authorities under the development committees. It can be also done through the Ward Development Committees (WDC) available in each Ward of this District. The manual¹²¹ this is prepared by the researcher of this study shall always be resource book for the capacity building processes.

6.2.3 Need of Community Economic Empowerment and Involvement

The findings as highlighted in *paragraph 1.7.6* indicate that, at least 98% of the respondents and participants of this project work were not aware of key development policies and strategies as have been indicated in *Table IX* annexed at the end of this report. This finding raises a serious issue of community involvement in the development process. The implication of 98% is that, the formulation and implementation of the policies do not include people's ideas, choices and views.

During the implementation of this project, the participants to the project took liberty of addressing these issues. Some of the issues which came out are; adults who missed primary education are left behind in the development programs and yet in other places like Mwonowamongo Ward, some of the decision makers are actually illiterate adults. The second issue in relation to community development, facilitation and participation was that, people are nowadays not guided by anyone from the government like the farm

¹²¹ The "*Mwongozo wa Biashara na Shughuli Ndogondogo za Kiuchumi na Maendeleo*" ("Resource Book on Petty Business and other Economic Development Activities").

managers (Bwana Shamba), vet-doctors and others and the like who used to move around the villages for guidance.

As part of the implementation therefore, the implementers of this project decided to bring this matter out and to advocate for good changes. The aim was and is to sensitize policy makers to involve community in decision making process and implementation of the programmes. The attachments marked as “*newspapers cutting for advocacy*” attached herewith brought forward these issues and received lot of feedbacks from different peoples such as the Netherlands embassy and a lecturer from the Ushirika University College of Tanzania.

It is recommended that, for any programme to be effective and sustainable, people need to be guided and involved in the process. This should be a focus of every programme at all levels of governance. There is also a need to resume the old arrangements of using experts of various professions to guide people in rural areas. At the moment, for example in Kisarawe District, community is not well informed of what it is doing in terms of socio-economic activities.

6.2.4 Need of Adoption of Village Saving and Credit Committees/ Clubs

As it has been explained in Chapter One’s findings and the illustrations under paragraph 3.2 of Chapter Three of this Project Report, financial intermediaries or commonly known as Microfinance Institutions (MFIs) need to be initiated at the village levels. There are

SACCOS¹²² but they are limited in terms of who can borrow from them. The major requirement is that, one needs to be a member to the SACCOS for him/her qualifying for the loan. This is the major challenge of SACCOS.

The Village Saving and Credit Committees/ Clubs (VSCC/C) which this Project is talking about are clubs or committee which are mainstreamed in the Ward Development Committees (WADC). They can as well be initiated and operate out of the WADC. It can be the same as Grameen Bank Credit Scheme of Bangladesh¹²³ especially by adopting the principle of “confidence to each other” and “solidarity” but the VSCC/C can go beyond that by allowing not only credit but also savings. Savings as sources of capital for the clubs can be, as said previously, in a form of money or properties such as crops and animals.

This Project proposes that, each village can elect three to five people who shall supervise the VSCC/C who will be responsible for selecting borrowers and keep records of savings. The decision making can be left entirely on the local government leaders at the levels of Kitongoji (hamlet) or otherwise. Alternatively, each economic group such as farmers, fishermen, traders, etc can have their own VSCC/Cs in accordance with the sub-sectors and register their clubs under Section 22 of the *Co-operative and Societies Act*¹²⁴.

Moreover, a crucial point for these proposed groups to be successful is the issue of capacity building trainings to them as it has been suggested above under *Paragraph*

¹²² See *Paragraph 1.8* for more explanations about SACCOS.

¹²³ See Chapter Three, *Paragraph 3.2*.

¹²⁴ Ibid also see *Paragraph 1.8.4* of this Project Report.

6.2.2. These groups should be left flexible in terms of operation and management. Strict rules would discourage them. Available traditional monitoring tools and administration can be made applicable. At village levels, apart from local (formal) governance system, in Kisarawe District, they do have other tribal and clan systems of administering their affairs. These can be made applicable to the operation of VSCC/Cs as well.

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