

**SOUTHERN NEW HAMPSHIRE
UNIVERSITY
&
THE OPEN UNIVERSITY OF TANZANIA**

**Master of Science in
Community Economic Development (2007)**

**REGENT HOUSEHOLD EMPOWERMENT
PROJECT REPORT**

Submitted by:

Charles Kaliwa Bupamba

SOUTHERN NEW HAMPSHIRE UNIVERSITY

&

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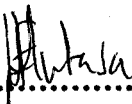
**REGENT HOUSEHOLD EMPOWERMENT
PROJECT REPORT**

Submitted in partial fulfillment of requirements for the
M.Sc. in Community Economic Development

Submitted by: **CHARLES KALIWA BUPAMBA**

SUPERVISOR CERTIFICATION:

This is to certify that I have gone through the Project Report titled “Regent Household Empowerment” and found it complete and acceptable for partial fulfillment of the requirement for the Master of Science – Community Economic Development, of the Southern New Hampshire University (USA) and the Open University of Tanzania.

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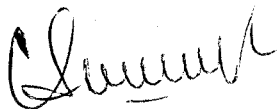
June, 2007

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DECLARATION

I, Charles K. Bupamba, declare that this report for partial fulfillment of the requirement for Master of Science – Community Economic Development, is based on my own efforts and solely done by myself unless quoted for learning purposes as it shall have been stated in the respective sections of the report. I also declare that, this work has not been presented and shall not be presented at any University or any Institution for similar purposes.



.....
Charles Kaliwa Bupamba

June, 2007

DEDICATION

This work is dedicated to my beloved family who gave me unlimited support and encouragement while pursuing the Master of Science in Community Economic Development (Msc-CED) course. Special thanks are extended to my lovely wife, Doris, as well as our wonderful children who were very understanding and tolerant to frequent uncomfortable situations resulting from missing my presence and ultimate affection, while undertaking such an involving course. They worked hard to bridge the gap and ensure every thing was under control and on the right track all along.

May GOD bless them all

ABSTRACT

Regent Household Empowerment (RHE) Project aims at assisting Regent residents to establish and operate their own Cooperative Society by the end of the year 2006. The target community is Regent neighbourhood, comprising of Ursino and Regent Estates, which is located in Mikocheni A area, Kinondoni District. Presently, Regent residents have been experiencing a number of problems among the major ones being inability to access credit finance to meet their capital requirements. The goal of the project therefore is to contribute to the empowerment of Regent Residents socially and economically, to enable them attain their own economic development. The Host organization is Ursino Women Association (UWA), a CBO already operating in the neighbourhood. So far UWA, whose members are all women, is operating as a self-help organization, promoting social services and networking among the local women. Eligible members to the envisaged cooperative venture are all residents (women and men).

Capacity building programs were conducted and founder members admitted. The SACCOS was registered on 25th July 2006, then having admitted 134 founder members. Resources to sustain the operations of the project and the ultimate Cooperative Society, registered in the name of "Ursino & Regent SACCOS Limited", have to a large extent been generated from within the community in the form of members' physical participation and capital/material contributions.

By 31st December 2006, the formal operations of the SACCOs were yet to be commissioned. However, evaluation of the project, as at 31st December 2006, shows that the objectives of the project have to a large extent been attained.

ACKNOWLEDGEMENT

I wish to express my profound gratitude to all parties who in one way or another were involved in the production of this final Project Report.

Special thanks should go to the Chair person and members of Ursino Women Association (UWA), who accepted and introduced me to work with their community and gave me unlimited support, including providing me with the required information and playing a liaison role with the SACCOS and the community at large. In the process it sometimes took their precious time.

Special appreciation is also extended to the Chairperson, Board and members of URESCO for the cooperation I received from them and for having given me the opportunity to work in their organization while giving me unlimited support and guidance wherever necessary.

Appreciation and thanks should also go to Mrs. Veneranda Mgoba, Principal Cooperative Officer from the Ministry of Agriculture, Food Security and Cooperative; as well as Mrs. Rose Mhekwa, Cooperative Officer at Kinondoni Municipal Council; who sacrificed a lot of their time to discuss various issues and provide a lot of guidance to ensure the SACCOS' start up was a success.

Finally I would like to extend my special thanks to all fellow CED participants for their cooperation and networking; to all CED personnel for their valuable services; to all CED lecturers; to my supervisor, Mr. Felician Mutasa, and the Program Director, Mr. Michel Adjibodou who gave me enormous support and encouragement in the whole process of the course, up to the stage of preparing this final report.

ABBREVIATIONS

BCU	-	Bukoba Cooperative Union
CBO	-	Community Based Organization
CED	-	Community Economic Development
CGAP	-	Consultative Group to Assist the Poor
COPAC	-	Committee for the Promotion and Advancement of Cooperatives
CRDB	-	Cooperative and Rural Development Bank
CRMP	-	Cooperative Reform and Modernization Program
DID	-	Desjardin International Development
ESRF	-	Economic and Social Research Foundation
FAO	-	Food and Agriculture Organization
GTZ	-	Deutsche Gesellschaft für Technische Zusammenarbeit
HABITAT	-	United Nations' Human Settlements Programme
HIPC	-	Highly Indebted Poor Countries
ICA	-	International Cooperative Alliance
IFAD	-	International Fund for Agricultural Development
ILO	-	International Labour Organization
KNCU	-	Kilimanjaro Native Cooperative Union
LGAs	-	Local Government Authorities
MDGs	-	Millennium Development Goals
MFIs	-	Micro Finance Institutions
NGOs	-	Non Governmental Organizations
NSGRP	-	National Strategy for Growth and Reduction of Poverty (MKUKUTA)
PME	-	Participatory Monitoring and Evaluation
PRSP	-	Poverty Reduction Strategy Paper
REPOA	-	Research on Poverty Alleviation
REWONA	-	Regent Women Association

RHE	-	Regent Household Empowerment
SAARC	-	South Asian Association for Regional Cooperation
SACCOS	-	Savings and Credit Cooperative Society or Credit Union
SCULT	-	Savings and Credit Union League of Tanzania
SSA	-	Sub-Saharan Africa
UN	-	United Nations
UNDP	-	United Nations Development Program
UNESCO	-	United Nations Education, Scientific and Cultural Organization
UNFPA	-	United Nations Population Fund
UNHCR	-	United Nations High Commissioner for Refugees
UNIDO	-	United Nations Industrial Development Organization
UNRISD	-	United Nations Research Institute for Social Development
URESCO	-	Ursino and Regent Savings an Credit Cooperative Society Limited
UWA	-	Ursino Women Association
VFCU	-	Victoria Federation of Cooperative Unions
WAT	-	Women Advancement Trust
WAWATA	-	“Wanawake Wakatoliki Tanzania” (Tanzania Catholic Women)
WFP	-	World Food Program
WHO	-	World Health Organization
WOCCU	-	World Council of Credit Unions

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EXECUTIVE SUMMARY

Project description and target community

Regent Household Empowerment (RHE) aims at assisting Regent residents to establish and operate their own Cooperative Society by the end of the year 2006. The target community is Ursino neighbourhood, which is located in Mikocheni A area, Kinondoni District. The residents thereof are all eligible for membership in the Project. Non-residents may be admitted on special conditions.

Existing conditions and Problems

Among the problems that have been inhibiting the economic development for the residents is the “lack of access to formal credit finance facilities to meet their capital requirements”. The Current conditions include increasing unemployment among the residents, affecting mostly women as well as youths socially and economically. Empowering the households economically is therefore expected to stimulate development for the entire community.

Project Goals and Objectives

The goal of the project is “to contribute to the empowerment of Regent Residents socially and economically, to enable them attain their own economic development”. The objectives of the project include the following:

- To enhance the capacity of Regent residents as well as UWA's leadership, in terms entrepreneurship and leadership/ management skills, by the end of the first half of the year 2006.
- To facilitate Regent residents establish a cooperative society by the end of the year 2006, in which the Host organization (UWA) and its members will also participate.
- To facilitate Regent residents to access resources in form of finance and skills from well to do and elite members of the community and other stakeholders through their participation in the establishment of the cooperative by the end of the year 2006

The above objectives have to a large extent been accomplished with the Cooperative Society having been registered on 25th July 2006, although the operations were yet to be formally commissioned by 31st December, 2006. Among the remaining issues is the election of permanent leadership.

Conclusion

The project has been need driven, hence desirable by the community. As such, given the encouraging participation in the formation and the interim management of the operations, the ultimate ownership of the project shall naturally be vested in the members. It is highly expected therefore that the project will have a favourable and sustainable impact, socially and economically, on the livelihood of the Regent residents.

Chapter One

1.0 COMMUNITY NEEDS ASSESSMENT

1.1 Project history and Community context

History and Demographics

Regent neighbourhood, the host community, comprising of Ursino and Regent Estates, with an estimated population of 1,000 people, is located in Mikocheni A area, Kinondoni district, Dar es Salaam – Tanzania.

The income status of the households in Regent, could on the average be classified as medium, with the majority of those who are still in employment being at the level of senior officers. On the other hand there are about 30 retired/retrrenched persons, the majority being females, who are residing in Regent, and who have a variety of skills. Ursino Women Association (UWA), which is a local CBO, is the Host organization. UWA was established in 2000, as an informal neighbourhood social/networking group and formally registered as an Association in 2003, with the major objective as per constitution, being – “working together in order to improve members’ social and economic conditions”. Thus since this project aims at improving on UWA’s existing operations, it will be located in Regent, the neighbourhood which hosts the Association.

Social Factors

Ursino residents originate from various cultural/tribal backgrounds. However, except for the few foreigners residing in the vicinity, the residents, like most urban residents, to a large extent share the common Swahili/Tanzanian culture. Some differences could be noticeable in relation to their religious beliefs, especially between Muslims and Christians. However, except for a few extremists, such differences are immaterial when it comes to community undertakings.

As for family and social structures, most of the women, including UWA members, are married with the remaining few being single or widows. Ursino households comprise an average of five people per family, two thirds of whom are adults (above 18years).

Relationship among the people in the community varies from formal to informal depending on the group. Religious groups are characterized by strong but mostly informal relations among their members, street neighbours have close informal relationship. UWA members have both the formal relationship governed by their constitution as well as an informal relationship as a neighbour. As for the Power structure, the Women Association (UWA) is governed using the formal leadership as provided in their constitution. This leadership is independent of ordinary Local Government Authority leadership, which covers the entire community, starting with a ten-cell leader at the grass roots level. On the other hand, National political leaders as well as elders residing in the community, command a respect, which amounts to some degree of informal authority.

Dissemination of official information in the neighbourhood usually takes place either verbally by the responsible person moving from one house to another, by written notices, again distributed house to house or posted on walls or poles at public places.

Communication is sometimes by making announcements through the streets using loud speakers. However, in cases of un-official events, including social and emergence issues like funeral, information is communicated from person to person and mostly through telephone.

1.2 Community Needs Assessment

A Community Needs Assessment (CNA) was conducted to enable the community to identify their needs. This was done through a research on the following approach:

1.2.1 Research Objectives

- i) To enable the community to identify their needs
- ii) To rank the needs in terms of the community's own priorities
- iii) To ultimately assist the community in finding solutions to some of the problems, especially those which happen to be within our level of competency.

1.2.2 Research Methods used

Various research methods were employed in collecting and analyzing the data obtained.

These include:

- Participatory approaches, using interviews and discussions with the CBO's leadership as well as the members. Similar interviews were also held with some community members.
- Observation method which was employed in the process of determining various social factors, including the residents' livelihood.
- Secondary data which had to be consulted by conducting record review at both the CBO as well as the LGAs

1.2.3 Research Questions

Questions used in the process of interviewing the residents of Regent Estate include the following, which were however not necessarily addressed all of them to every person or group being interviewed:

- i) How is life, socially and economically, in Regent Estate?
- ii) What problems are Regent residents experiencing as individuals and as a community or groups?
- iii) Who are the people or groups affected most by each of these problems?
- iv) What problems are you experiencing as an individual in this community?
- v) What are the probable causes for each of these problems?
- vi) What possible solutions could be suggested for each of the problems?

1.2.4 Research Findings

The questions were administered to both UWA leadership as well as the local community's leadership. At the level of individual persons, 5 out of the 20 members of UWA were interviewed, followed by another 15 ordinary members (residents) of the Regent Community.

Starting with the host organization (UWA), both the interviews and the records from within the organization (UWA) revealed that the members were experiencing economic needs which were not being addressed by the organization. In the existing structure, UWA members contribute monthly subscriptions of Tshs. 10,000 each. These are considered as income to the Association and not individual members' savings. There is so far no members' savings scheme. Thus the Association under the above system is continuing to accumulate resources, mostly in the form of cash, which the members and the community at large, have to some extent been benefiting socially but not in economic terms. As such there was already some mounting pressure from amongst the members, for operating a savings and credit scheme to cater for a wider scope of the members' and community economic needs. Records from within the host organization showed that for some time, the demand for the introduction of a credit financing facility for the members has often been surfacing in the CBO's meetings. The introduction of a SACCOS appeared to be the most appealing remedy as far as most of the members were concerned

On the other hand, according to the community's residents and the neighbourhood's local government records, among the problems being encountered by the residents, the following were identified as being critical.

- Poor infrastructure, especially roads
- Poor drainage systems rendering the residents vulnerable to health hazards
- Increasing number of unemployed youths and adults, especially women
- Lack of secondary schools in the entire neighbourhood
- Lack of meetings to discuss developmental issues.

Out of the above list, the residents, including community leaders, have been ranking the infrastructure, drainage and un-employment as the most critical, with the un-employment aspect being attributed to the lack of entrepreneurial venture capital and skills.

1.2.5 Subsequent survey

Some of the residents who were interviewed were of the opinion that the Regent neighbourhood had a good number of wealthy as well as elite residents, which resources could easily be accessed by the un-employed, through the operation of such a community economic venture as a SACCOS, thus not necessarily needing to seek external (Bank) financing. To test this assertion, a survey had to be conducted in August 2006, to establish the educational and economic status of Regent residents.

1.2.6 Survey objective and hypothesis

The hypothesis to be tested was that “Regent residents are on average high level income earners, with a high level of literacy.” Thus the research questions to be answered were closely related to the objectives of the research which are:

- a) Identifying the economic activities being conducted by the community members.
- b) Determining the economic profile of the community members
- c) Determining the academic status of the community members

As such the research questions include:

- a) What are the economic activities being conducted by the community members?
- b) What is the income position of the community members?
- c) What is the academic status of the community members?

These three questions were expanded to generate the 12 questions in the questionnaire as reflected on Appendix III of this report.

1.2.7 Type of survey instruments:

The instruments applied were a self-administered questionnaire in a close-ended format. These instruments were chosen having considered the element of cost minimization bearing in mind the fact that the assignment was to be conducted to a large extent on volunteer and self help basis. It is as well meant to provide privacy and confidence on the part of the respondents, since some of the information being sought was sensitive. As such the approach used in the questionnaires was to a large extent close-ended, thus not necessarily needing the presence of the surveyors.

Contents:

- a) The number of questions in the questionnaire is twelve
- b) The content of the questions include – SACCOS membership status of the respondents, knowledge/skills on cooperative principles, academic status, social/demographic characteristics, present occupation and approximate monthly income of the respondent.
- c) There are different types of responses. These include:
 - Yes and No responses on such items as membership status,
 - Checklist responses on such items as type of business whereby the respondent may tick once or more depending on the number of businesses he or she is conducting,
 - Rating scales which include - nominal or categorical responses such as respondent's sex; ordinal responses covering academic status; and interval which in this case apply for income and age.
- d) The twelve questions are divided into two groups or scales with the first one, having five questions addressing the issues pertaining to skills, education and SACCOS membership status, while the second covering the issues of economic, social and demographic characteristics of the respondents, has seven questions.

1.2.8 Survey Methods

Design:

The survey design was cross-sectional whereby data was collected at the beginning of the project. Limits on internal and external validity may cover variations on respondent's comprehension of the questions, being internal, as well as significant changes on key factors, such as a massive lay out on some of the employed members of the community thus affecting a substantial number amongst the employed respondents hence changing the economic characteristics, being an external limit.

Sample:

The sampling method for our survey was stratified random sampling. This was preferred because the population had to be split into strata of males and females and then randomly selecting the sample from each of the two groups.

Considering the size of the population which is estimated at 1000, an approximately 5% sample size had been considered to be adequate for the purpose of the survey, being 50 people out of whom 25 being male and 25 female residents. With the sample being selected randomly, and the existence of proper validity checks, biases, if any, were expected to be kept at minimum.

1.2.9 Data Analysis:

The collected data has been verified manually and then, with the aid of SPSS computer program, we were able to create descriptive statistics, including frequency tables and charts for easier data interpretation and presentation. In order to conform with the format of the SPSS program, some improvements had to be made on the scope of the check list response fields, especially regarding questions 2.4 and 2.6 of the questionnaire, focusing on one's occupation as well as the type of business (for those who are conducting small business). In both the two questions, together with question 1.5 (focusing on type of cooperative education), there was a provision for the respondent to tick one or more items. The survey questions are presented under Appendix III of this report

1.2.10 Survey Results:

From the analysis conducted the following summarized results were extracted.

i) *Response Rate*

Out of the 50 questionnaires administered to 25 women and 25 men, we received a total of 47 responses from 23 male and 24 female respondents, being a 94% response rate.

The results were therefore as follows.

ii) *Occupation*

Out of the total of 14 respondents who are engaged in permanent employment, 9 were men and only 5 were women, while for those engaged in temporary employment there was only one man but on the part of women they were 4, thus adding up to 5.

Regarding those conducting small business, there were a total of 13 respondents out of whom the majority (9) were women while men were only four. As for those who are unemployed and doing nothing economic, there were two respondents, all women. Table 1 below reflects the above statistics.

Table 1: RESIDENTS' OCCUPATION

OCCUPATION	GENDER		TOTAL
	Male	Female	
Permanent Employment	9	5	14
Temporary Employment	1	4	5
Own large business/company	1		1
Conducting small business	4	9	13
Permanent Empl. with small business	2	1	3
Un-employed		2	2
Retired (Pensioner)	1	1	2
Un-employed with small business	3	1	4
Retired with small business	2		2
Temporary Employment & Small business		1	1
Total	23	24	47

iii) Level of Education

Out of the total 47 respondents, at the lower side, there were only 2 who have ended up at Primary School level, and all were women. For Secondary School level, there were a total of 7 respondents, out of whom five were women and 2 men. At the higher side, there were a total of 8 respondents who are Postgraduate Degree holders, and all were men. Table 2 below exhibits the full data on education.

Table 2: RESIDENTS' EDUCATION LEVEL

EDUCATION LEVEL	GENDER		TOTAL
	Male	Female	
Primary level		2	2
Secondary level	2	5	7
Diploma Level	7	14	21
Undergraduate degree	6	3	9
Postgraduate degree	8		8
Total	23	24	47

iv) Level of Income

Just like the situation in the level of education above, income wise, women were again concentrated at the lower scale. At the bottom scale (for income between Shs. 1 and 100,000 pm), there were a total of 20 respondents out of whom men were only 7 while the remaining 13 were women, constituting more than 50% of the total women respondents. To the contrary, at the upper scale (for income between Shs. 500,001 and 1,000,000 pm), there were 6 respondents out of whom there were 5 men and only 1 woman. On question 2.7 of the questionnaire, dealing with the income aspect, there was a response field concerning income above Shs. 1,000,000, being the highest scale. However, none of the respondents went for this scale. Table 3 below exhibits the situation on income levels.

Table 3: RESIDENTS' INCOME LEVEL

INCOME	GENDER		TOTAL
	Male	Female	
Between Shs. 1 and 100,000 pm	7	13	20
Between Shs 100,001 and 500,000 pm	11	10	21
Between Shs. 500,001 and 1,000,000 pm	5	1	6
TOTAL	23	24	47

v) ***Marital Status***

Table 4 covers the aspect of marital status. It can be seen from the Table that, unlike in the aspects of education and income, there was more or less an even distribution on the aspect of marital status.

Table 4: RESIDENTS' MARITAL STATUS

MARITAL STATUS	GENDER		TOTAL
	Male	Female	
Single	4	4	8
Married	16	15	31
Widow/er	3	3	6
Divorced		1	1
Separated		1	1
Total	23	24	47

All the other responses from the questionnaire were as well analyzed and results obtained.

1.3 Conclusions

From the above results, it can be concluded that the hypothesis that "Regent residents are on average high level income earners, with a high level of literacy", has to a large extent been confirmed to be true on the aspect of literacy where it can be observed that the total of primary and secondary school level respondents is less than 20% of the total respondents. That means more than 80% of the residents are educated to a level of

diploma and above. As such, the community can be considered to be endowed with a lot of skilled human resources, available for the local aspiring entrepreneurs to harness.

However concerning the aspect of level of income, the residents appear to be middle level income people due to the fact that none of the respondents earns more than Tshs. One million, and that even those who are earning between Shs. 500,001 and 1,000,000, constituted less than 10% of the total respondents.

On the other hand the results have proved the assertion that women are the most disadvantaged. As such the savings and credit facility will be a useful intervention.

Addressing the above situation together with the problem of increase in un-employment as identified by the residents is therefore the focus of this project.

Detailed analysis of the envisaged savings and credit scheme and the implementation thereof, is presented under Chapter 4 of this report

Chapter Two

2.0 PROBLEM IDENTIFICATION

2.1 Problem Statement

According to the Community Needs Assessment conducted, the results of which are enumerated under sections 1.2.4 and 1.3 of this report, Regent residents have continued to encounter problems including the problem of lack of entrepreneurial skills and access to credit facilities to raise the capital required to venture into income generating activities to enable them improve their livelihood.

The above problem is affecting the residents, mostly women as well as youths economically, socially and even academically. The magnitude of the problem can be quantified as follows:

- a) There are a good number of retired/retrrenched men and women in Regent. About 40% of the local women do not have reliable income generating activities or employment. They are either idle or doing petty business, while having families to care for.
- b) Due to scarcity of schools in the neighbourhood, about 60% of the primary age children and 100% of the secondary age children are attending schools outside the vicinity, therefore being compelled to board busses very early in the morning

and come back very late in the evening or at night every day thus highly impairing their academic performance and moral standing.

As such the number of idle women and youths has gradually been increasing. There are two causes that can be attributed to the problem. The first one is lack of appropriate organizational and leadership skills on the part of the UWA's and community's leadership, and the second is the reliance on assistance or aid funding, without exploring the enormous internal human and financial resources.

In case no remedial measures are undertaken, there will be various political, social and economic repercussions. These include:

- i) Continued under-utilization of community potential economic resources while the quality of the residents' life continues to diminish.
- ii) The number of school dropout children may continue to escalate.
- iii) A growing idle labour force (especially the youths), which may result into increasing crime rate, HIV/AIDS victims, early pregnancies, etc.

2.2 Target Community

All residents of Regent are eligible to participate in the project in a way that they have been involved in the formation (membership, contributions – physical and financial, leadership and capacity building) and subsequent implementation (savings, borrowing,

repayment and management) of the project so as to ensure that it is the residents who ultimately own the project.

Through the residents' participation (physically and financially), the project envisages to harness the local resources by effectively utilizing the residents' initiatives, creativity, energies, financial and other resources, in an endeavour to enhance sustainability. In the process of participation, the residents will have an opportunity to decide on the destiny of their community, socially and economically based on self-reliance and sharing of power.

2.3 Description of Host Organization

The host organization, Ursino Women Association (UWA), which is a local CBO, was established in 2000, as an informal neighbourhood social/networking group for Ursino Estate women. The group was formally registered as an Association in 2003, with the major objective as per constitution, being – “working together in order to improve members' social and economic conditions”. Currently UWA has 20 members who represent households from the Ursino community. So far UWA has been operating as a social networking organization meant to bring the local women and the community members in general closer, and assist each other in such events as funeral, weddings, attending the sick, etc. Very little, if any, is being done on economic empowerment. In the existing structure, UWA members' monthly subscriptions of Tshs. 10,000 each are considered as income to the Association and not individual member's savings. There is

so far no members' savings scheme. Apart from maintaining cash deposits at the bank, UWA owns about 100 chairs and 20 coffee tables, which are usually rented on commercial terms to any person.

2.4 Resources and Stakeholder analysis

As reflected by the Survey results under section 1.2.10 (iii) of this report, within the community there are a good number of people with specialized skills and education. Among the members of UWA for example, there are teachers, bankers, a doctor, nurses, politicians, entrepreneurs, etc., many of whom are still actively engaged in their respective professions and a few who have retired. Extending to the community in general, we find more doctors, Catholic (religious) sisters, accountants, lawyers, engineers, consultants, etc. Additional capacity in terms of human resources, include non-schooling youths, retired civil servants, foreign expatriates, and national level politicians, including cabinet ministers. The personal residence of the incumbent President of the United Republic of Tanzania is as well located in this neighbourhood.

As a community, Regent does not own valuable properties. However, individual persons and household in the community own a variety of physical resources including houses, business/recreational centers, motor vehicles, etc. Within and around the vicinity, there are various institutions including those dealing in research and development such as – REPOA (Research on Poverty Alleviation), ESRF (Economic and Social Research

Foundation), Hanns Seidel foundation, and Concern International; a medical service institution (Mikocheni hospital); one primary and two nursery schools.

There are no any other Microfinance institutions, including SACCOS, operating in the Regent neighbourhood. There are only a number of other CBOs having operations similar to UWA in the vicinity. These include:-

- i) REWONA (Regent Estate Women Association), which is another women Association based in more or less the same neighbourhood (Regent Estate). REWONA is operating on procedures and conditions similar to those of UWA. In addition, some of the UWA members are REWONA members as well. Like UWA, REWONA does not appear to be affiliated to any other organization.
- ii) WAWATA (Wanawake wakatoliki Tanzania). A religious (Catholic) national women network having branches to grassroots level, to which all baptized Catholic women are automatic members and there is no admission fee or any other conditions. In WAWATA's case, Ursino and Regent Estate combined comprise one WAWATA branch and therefore has members some of whom are either UWA or REWONA members as well. WAWATA is in the process of establishing formal cooperative (SACCOS) operations at Parish levels to which the WAWATA branches will automatically be members/beneficiaries.

The stakeholders (beneficiaries and contributors) to the project, and their respective roles, have been listed under Table 5 below.

Table 5**LIST OF STAKEHOLDERS AND THEIR RESPECTIVE PARTICIPATION**

Stakeholder	Means of Participation	Level of Participation	Impact of participation	Rating the impact	Planned utilization
Host CBO (UWA)	Physical/economic resources	High	Enhance cooperative operations	(+)	Continue supporting the efforts
Community Leadership	Coordination & Advocacy	High	Enhanced leadership capacities	(+)	Encourage higher goals
The community at large	Physical (human) & economic resource	High	Economic empowerment	(+)	Encourage sustainable participation
CED professionals	Advisory & capacity building	Medium	Sustainable development	(+)	Continue supporting
LGAs & Politicians	Legalization & Empowerment	Medium	Improved infrastructure and social services	(+)	Advocate continued support
Business community	Economic resources	Medium	Improved entrepreneurship	(+)	Encourage diversification
Development Agencies/MFIs	Capacity building & Economic	Medium	Enhanced business & economic empowerment	(+)	Advocate continued support
Religious institutions	Advocacy on spiritual & social well being	Low	Enhanced peace and social ethics	(+)	Continue supporting the efforts

2.5 Project goals

Presently the host organization, apart from admitting only a few (20) women into its membership, has continued to operate only as a self-help group. As such, its members and some of the residents have been encountering economic hardships including

unemployment, with the lack of entrepreneurial skills and inability to access capital financing, being one of the major problems. The project therefore envisages to assist in improving the situation by creating an opportunity for all members of the community, women and men, to participate in planning and implementing their own community economic development.

The goal of the project is “To contribute to the empowerment of Regent Residents socially and economically, to enable them attain their own economic development”. This implies assisting the residents to understand the reality of their environment including realizing their own resource potentials (human and financial), and take steps to effect changes to improve the situation using means determined by their own selves, under their own democratically elected leadership. Formation of a Savings and Credit Society is being used as an initial step, in the process of empowering the community to meet at least some of their economic needs, including capacity building and capital financing.

The feasibility that the project will achieve its goals and accomplish its objectives is based on the premise that the economic demands featuring in UWA’s current operations as well as the increase in the state of unemployment amongst the community members, imply that the project is desirable by the target community. Moreover, similar projects have been successful elsewhere as long as the community members are fully involved in conceiving, developing, and operating the scheme, and that, the objectives of the project have been appropriately determined and are easily verifiable.

2.6 Project Objectives

The main objectives of the project in order to accomplish the envisaged goal are:

- To enhance the capacity of Regent residents as well as UWA leadership, in terms entrepreneurship and leadership/ management skills, by the end of the first half of the year 2006.
- To facilitate Regent residents to establish a cooperative society by the end of the year 2006, in which the Host organization (UWA) and its members will also participate.
- To facilitate Regent residents access resources in form of finance and skills from well to do and elite members of the community and other stakeholders through their participation in the establishment of the cooperative by the end 2006

2.7 Activities

Activities pertaining to each of the above objectives are listed hereunder:

Objective number one

To enhance the capacity of Regent residents as well as UWA leadership, in terms of entrepreneurship and leadership/management skills, by the end of the first half of the year 2006.

Activities:

- i) Conducting a sensitization workshop to Regent residents to initiate and operate their own SACCOS
- ii) Conducting seminars/training on cooperative Societies, covering procedures, members' rights, obligations and benefits.
- iii) Conducting training on leadership/management skills as well as good governance, so as to enhance the capacity of members on operating and managing their Cooperative Society sustainability.
- iv) Conducting entrepreneurship and other capacity building seminars to various members' groups, including potential borrowers and loans committee members.

Objective number two

To facilitate Regent residents to establish a cooperative society by the end of the year 2006

Activities:

- i) Conducting a meeting for residents to get the community's endorsement to establish a SACCOS including taking stock of potential founder members.
- ii) Electing interim leadership to manage the transition to full SACCO's establishment
- iii) Preparing a draft for the constitution to govern the operations of the SACCOS
- iv) Admitting founder members including collecting admission fees and shares
- v) Opening a bank account for depositing the collections being received

- vi) Preparing an organization structure, strategic plan, and budget.
- vii) Conducting a members' meeting to discuss and approve the draft constitution covering key membership issues, including rights and obligations.
- viii) Registering the Society
- ix) Electing permanent leadership and employ operational staff
- x) Commissioning the SACCOs' operations

Objective number three

To facilitate Regent residents to access resources in form of finance and skills from well to do and elite members of the community and other stakeholders through their participation in the establishment of the cooperative by the end of the year 2006

Activities:

- i) Identifying knowledgeable/skilled persons from within the neighbourhood during the initial stages of the formation (through UWA, during sensitization, initial seminars, etc)
- ii) Conducting a survey by the end of December 2006, to establish the diversity of potential resources (human and financial), and economic activities currently being undertaken from within the community.
- iii) Mobilizing wealthy and elite members of the community to join and subscribe to the proceedings of the Cooperative Society (through UWA, seminars and physical visits)

Chapter Three

3.0 LITERATURE REVIEW

Various Authors have published a lot of literature, theoretical and empirical, in relation to savings and credit cooperative societies (SACCOS). For the purpose of this report we have tried to review some of them, especially those which are closely related to the circumstances surrounding this URESCO project. Various names or terminologies such as credit unions, cooperative societies, cooperatives, etc, have been applied by various Authors, but so long as their discussion is focused on “Savings” and “Credits”, they have been deemed to bear some relevance to SACCOS and consequently cited under this review.

The review starts by presenting some theoretical literature, followed by empirical literature and summing up with a review on policies.

3.1 Theoretical Literature

3.1.1 Cooperative defined

S.A. Chambo (1994) defines a Cooperative Society as “a voluntary association of free individuals who agree to pool their resources to address commonly felt needs economically and socially”. According to Chambo, usually, the members have a common problem whose resolution cannot be achieved by any one of them individually.

The International Labour Organization (ILO), in its Resolution 127 of 1996, defines a cooperative as “An association of persons who have voluntarily joined together to achieve a common end through the formation of a democratically controlled organization, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in which the members actively participate.”

Another definition is given under the Statement on the Co-operative Identity, issued by the International Cooperative Alliance (ICA), as presented under Appendix 2 of this report.

3.1.2 Historical background of Credit unions

Credit unions are grassroots organizations that emerged in Germany during the mid-1800s from two strains of cooperative development activities, both of which were aimed at easing poverty. By the early part of the 1900s these two cooperative strains merged and spread throughout Germany with nearly one-third of the rural households being members. The credit cooperative notion soon migrated both east and west. Later, in the early 1900s, credit cooperatives took root in Canada and in the United States, and flourished during the 1930s and 1940s in the form of credit unions. Mutual finance institutions with European roots also appeared during the early 1900s in Latin America, mostly among European immigrants. After World War II donors in North America, several religious groups, and later the U.S. Peace Corps began promoting credit unions

in low-income countries. This included forming individual credit unions, founding national associations of credit unions, and also establishing regional organizations comprised of national associations. In Africa, credit union growth in Togo and the Cameroon was particularly impressive during the 1970s and 1980s.

Historical context on the cooperative movement in Tanzania

The cooperative movement in Tanzania is more than seventy years today (2007). The British colonialists enacted the first co-op legislation in 1932. The cooperatives were then formed with the major aim being to promote agricultural exports and extraction of surplus from the agricultural sector for the colonial government. The cooperatives that were organized on a scale considered to be economically viable were not allowed to be rooted in traditional units of cooperation. The cooperatives were imposed on the local communities and supported by the peasants only as long as they could deliver the benefits and services expected of them by the colonial government. The cooperatives were confined to the cash crop export sector. As such the geographical location of cooperative societies followed the main cash crop producing areas for coffee, cashewnuts, cotton, tobacco and pyrethrum through which the first cooperative unions to be established included – KNCU for Kilimanjaro, VFCU for Mwanza /Shinyanga, BCU for Bukoba, etc. During the colonial days, the cooperatives, though legally controlled by the colonial state, they survived through competition and not by government protection. However, with one of the motives then being to uproot Asian traders who were then

monopolizing the marketing and crop processing, the cooperatives were usually given a marketing monopoly in their respective areas of operation.

Following independence in 1961, the government recognized the importance of cooperatives as central policy instruments. A deliberate effort was thus made to expand cooperatives even to areas which had no cash crops. The formation of cooperatives was now an agenda of the government and no longer depended on people's felt needs.

According to the Ministry of Agriculture Food and Cooperatives, generally, Cooperative Societies in the country were run efficiently based on International Cooperatives Principles until 1976 when cooperative unions were dissolved and their functions were taken over by Crop Marketing Parastatals. In 1982, following the poor performance of Parastatals, the Government decided to re-establish cooperatives. However, the re-established cooperatives still lacked member support and control due to active Government involvement and political interference with their affairs.

As a remedial measure, the Government introduced cooperatives reforms in 1989 to enable the development of member controlled and sustainable cooperatives. The major activities on the reforms included the enactment of the Cooperatives Societies Act of 1991 and its subsequent amendments of 1997; formulation of the Cooperative Development Policy of 1997; and restructuring of Cooperative Societies to divest non-core functions and enhance efficiency. The bottom line of the reforms was to empower the cooperative members to be able to run and manage their societies on commercial

basis according to their needs and in line with the cooperative principles accepted by International Cooperative Alliance (ICA).

3.1.3 Features of Credit Unions

According to Dale W. Adams, the most attractive feature of credit unions is their ability to handle small transactions cheaply. In many cases most members of a credit union live in the same village or neighborhood, or work for the same organization. As long as the cooperative is relatively small and is also managed by members of the group, the additional costs of screening creditworthy borrowers is nil for both the credit union and its members. Normally, cooperatives have an informational advantage that allows them to screen borrowers more cheaply than banks or some other types of NGOs can. Many of their loans are based on character. The reputation of borrowers and their share capital in the cooperative substitute for other forms of collateral that are more costly for borrowers to provide and for lenders to evaluate. Credit unions likewise have cost advantages when it comes to loan collection. Instead of using costly legal procedures to recover loans or to capture collateral, small credit unions can employ various types of social sanctions, including shunning and even extra-legal procedures.

An additional merit of credit unions is the close tie between saving and borrowing.

Under normal conditions members of a credit union know they can usually receive a loan for some multiple of their share capital or deposits — a form of insurance.

Members earn the right to borrow through saving. In part, savings performance is used as a low-cost screening device by credit unions. Individuals who lack the ability or

discipline to save are automatically excluded from loans and individuals who save only small amounts have access to only small loans.

3.1.4 The role of cooperatives in poverty alleviation

Generally, cooperatives have a long history of successful economic development and offer solutions to major issues of the 21st century, being the economic revitalization of rural and urban communities, housing, health care, hunger, and poverty.

The cooperatives, in spite of many failures and shortcomings, are traditional organizations of mainly the poorer segments of society, which have the potential to play an important role in developing a strong "social capital" in rural areas that is regarded as a pre-requisite for food security and sustainable development due to the following factors:

- Cooperatives being **grassroots organisations** tend to be most accessible and most accepted by the members of communities as their own local grassroots organizations, provided it is the community members themselves who initiated and proceed to manage them for the member's common benefit.
- The inherent feature of a cooperative is the **participation and self-help**, usually assists to spur impetus into members to assemble as "owners" as well as "customers" of a cooperative organization. Thus with the voluntary establishment of cooperatives in which there is member's participation in management, control and decision making alongside participation in economic

activities, gainful employment of the poor masses can be achieved being part of the participation in the economic benefits.

- Cooperatives are able to realize their potential through carrying out marketing as well as other activities based on **economies of scale**. By these economies of scale, cooperatives are able to operate their activities at less cost. A cooperative as a business entity, and a member as a customer to cooperative services, get an economic gain through operations of lower cost.

According to J. Banturaki (2001), "Following the unsuccessful attempts through costly programs in the 1960s and 1970s by UN agencies to eradicate poverty in the Third World, there were good reasons for the cooperative system to be an important part of a new development strategy. This is because it involves the poor and weaker members, who have always been on the sidelines of the rural mainstream community in the participation of economic and social interactions in an integrated rural development approach".

3.2 The Empirical Literature

According to CGAP, and GTZ (1998), around the world, poor households save in various forms and for various purposes. Although empirical evidence suggests that the poor would deposit if appropriate financial institutions and savings facilities were available, little progress has been made to establish MFIs as full-fledged financial

intermediaries. In fact, today most micro-finance institutions (MFIs) offer only credit, and savings mobilization remains the forgotten half of micro-finance.

3.2.1 The local Perspective

According to a report by ICA Africa, in March 2000, a survey was carried out to clarify the situation of Rural Savings and Credit Co-operatives SACCOS in Tanzania. The unanimous conclusion of the survey was that there is a great potential for growth of the savings and credit co-operative movement in Tanzania taking into account the Government's commitment to co-operative voluntarism and the considerable, largely still unsatisfied need for co-operative type of financial services in rural areas.

The Women Advancement Trust's (WAT) experience

WAT is a Human Settlements Trust that was established in 1989 as a non-profit making NGO, which was initially known as Women Advancement Trust (WAT). WAT registered a SACCOS (WAT-SACCOS) in 1998, with Desjardin International Development (DID) providing Technical Assistance from 2001- 2004. Currently Technical Assistance is provided by Dunduliza while DID is acting as a project manager.

WAT had 3,711 members by 31st May 2006, out of whom 2091 were women, 1527 men and 5 Institutions. As for group membership, there were 57 women groups while men groups were 31. Currently WAT-SACCOS gives loans mainly for different loan

products other than for housing development. By 31st May 2006, statistics showed that WAT-SACCOS had:

- Total cumulative savings T.sh 352,684,416
- Cumulative loan portfolio T.sh 348,000,128
- PAR (defaulters) 5.2%

Basing on the above success, WAT sensitized other housing groups to form SACCOs in Dodoma and Mbeya. Discussions to start housing micro-finance product are being conducted by interested parties

According to a report by WAT, Tanzania had a total of 5,730 Cooperative Societies by May 2005, out of which Agriculture Marketing Cooperatives ranked first with 2648 Societies, accounting for 46% of the total, while SACCOS came second with 1875 Societies, being 33%. The overall position, including other sectors is as shown below:

Existing Cooperative Societies by May 2005

• Agriculture Marketing coop societies	2,648	46.2%
• Savings & credit coop societies	1,875	32.7%
• Livestock	132	2.3%
• Fishing	99	1.7%
• Housing	18	0.3%
• Minerals	16	0.3%

• Industry	148	2.6%
• Irrigation	73	1.3%
• Transport	17	0.3%
• Consumers	182	3.2%
• Others	522	9.1%
Total	5,730	100%

Source: WAT Website

The above statistics exhibit that SACCOs are commanding an important position in the cooperative movement in Tanzania.

Appendix I presents the number of SACCOs and the level of membership in Tanzania, on regional basis.

Temu, A. E., M. Mwachang'a, and K. Kilima (2001) with their paper based on a study conducted in southern Tanzania, which observed that, despite many failures of agricultural credit schemes in Low Income Countries, small farmers finance remain an important component of agricultural development projects. The failures of the supply led credit, and the need to ensure institutional efficiency and sustainability of the credit programmes call for continued studies to evaluate credit delivery initiatives by development projects. The general conclusion from the study is that there has been an overemphasis on institutional weaknesses due to the ignorance of limitations on the

demand side. The recipients' lack of business orientation, acumen and entrepreneurial drive has a big hand in the ineffectiveness of credit projects. The paper recommends that, credit projects should place great importance on identifying viable borrowers based on their commercial orientation and business acumen. The projects should include training (on business and debt management) components in their programmes.

SMART partnership

According to Michael Haonga (2006), SMART partnership between the International Labour Organisation (ILO), Government of Tanzania and other stakeholders within and outside the country on promoting gender equality and decent work in the country has achieved sterling results in key business sectors and other economic development avenues. The glowing successes attained over the last eighteen months to February 2006 range from establishment of Savings and Credit Cooperative Societies (SACCOS) in several regions and conducting business training to business and economic development initiatives at various levels.

According to the ILO progress report, work done during the previous fourteen months focused on five salient areas, being - raising awareness, capacity building, socio-economic empowerment of poor women, addressing problems and obstacles facing young women, and identifying and documentation of the program.

On business matters, 860 working mothers were assisted to form economic groups while more than 2,253 poor women workers from the project's in the informal sector, were

also sensitized and educated on the importance of forming Savings and Credit Cooperative Societies (SACCOS), 1,944 of whom have joined the recently established Regional SACCOS in Dar es Salaam, Tanga, Unguja and Pemba locations. A secretariat for the four regional (SACCOS) in Dar es Salaam, Tanga, Unguja and Pemba locations were assisted to form SACCOS boards and all the four institutions were able to conduct credit assessment for their members and obtain bank overdrafts from the Akiba Commercial Bank. The overdrafts were equivalent to 3 times their cumulative savings and Dar es Salaam SACCOS, for instance, signed an overdraft of 60m/= (USD 51,369), Tanga 35m/=, Unguja 45m/= while Pemba got 30m/=.

Rural financial institutions: *a success story from Tanzania*

Temu, A.E / SSC Africa Project (1997), with a paper which focuses on financial services within Tanzania and exhibits the unusual success of the Kilimanjaro Co-operative Bank and its nucleus entities, the Savings and Co-operatives Credit Societies (SACCOS).

Within an environment characterized by failed rural financial markets and institutions, Temu (the author) highlights the salient features attributing to the sustainability of the bank. These include:

- restricting membership to grassroots organisations
- ensuring members are closely linked through a primary economic activity
- tapping into and adapting local informal financial practices that are low-cost and convenient to the community

- democratic management and open membership to enhance peoples ownership of the organisation and a sense of belonging to the institution by the community

The author concludes that the case-study demonstrates that it is possible for a strong, sustainable rural bank to emerge, primarily from savings by smallholders, as long as it provides a suitable and convenient savings service.

3.2.2 The International Perspective

According to the International Labour Conference (ILO's), 89th Session held in June 2001, the cooperative financial sector has been the most dynamically growing cooperative sector in terms of turnover worldwide. It is estimated that the number of members of financial cooperatives increased by about 350 per cent from 1960 to 1986. Since 1972, worldwide credit union savings and loans have both grown at annual rates of 15 per cent, while assets have grown by 16 per cent annually. At the end of 1997, the World Council of Credit Unions (WOCCU) alone comprised 34,839 credit unions and 95,926,879 members in 28 African, 11 Asian, 3 Pacific, 13 Caribbean, 16 Central and South American and 5 North American and European countries, with more than 72.5 million members in North America alone. WOCCU also reports that, by the end of 1993, 100 per cent of the Dominican population were members of savings and credit associations affiliated to WOCCU, while the percentage was 44 per cent in Ireland, 36 per cent in the United States and 22 per cent in Canada (the Desjardins Movement, a cooperative people's bank which was started 80 years ago in Quebec to help the French

Canadian community economically and socially has meanwhile become one of the world's largest single cooperative movements, reporting over 4 million members).

3.4 Policy Review

Policy support is often needed to encourage the growth and expansion of cooperatives and may call for a review of the coverage that cooperatives receive in education and training systems, and a review of the taxation framework, so that policies in these areas become conducive to the development of cooperatives. Other measures required may include stimulating investment in cooperatives by providing special funds for the purpose and/or making available management advice coupled with finance. This could necessitate the overhaul of the institutions that provide finance, so that they can cope adequately with the needs of cooperatives. To a large extent the appropriate measures towards the creation of such a conducive environment have already taken place in Tanzania as reflected hereunder.

3.4.1 National Policies

3.4.1.1 Savings and Credit Cooperative Societies (SACCOs) in Tanzania

As stated earlier in this report, the co-operatives in Tanzania present a troubled history. According to ICA Africa (2000), The 1976 Legislation that led to the enforcement of Ujamaa model, led to the abolition of all co-operatives, including Savings & Credit Co-operatives (SACCOS). Union assets were transferred to parastatal organizations. It is

estimated that about 150 Rural SACCOs were dissolved and there was no compensation for financial assets taken. The liberalization, which set in gradually in the 1980s, led to re-instatement of Co-operative Unions. Unions through Primary Marketing Co-operative Societies started rural Savings and Credit Schemes with loans from the Co-operative and Rural Development Bank (CRDB). The legal and policy framework was put in place through the 1991 Co-operative Societies Act and Financial Institutions Act, which provided for the resurrection of SACCOs. The National Microfinance Policy Paper (adopted by Parliament in May 2000) recognised SACCOs as “Savings based institutions”. Through the paper, the government suggested four guidelines for efficient sustainable operations of SACCOs as savings-based institutions:

- First, regulation and supervision is necessary once the institutions reach more than a small group of members.
- Secondly, it is important to ensure that lines of credit for loanable funds do not kill incentives to promote savings.
- Thirdly, pricing policies for SACCOs should promote savings and allow sufficient interest rate spread for profitable operations of the SACCOs.
- Fourthly, promotion of SACCOs is best separated from supervision in order to ensure that supervisors apply standards objectively.

According to the IPP Media (November 2006), while quoting the Executive Secretary of the Savings and Credit Union League of Tanzania (SCULT), Mr. Abdul Shaweji, the SACCOS in Tanzania lacked co-operative officers, auditors, inspectors and consultants. Shaweji further said that although the banking sector was recently restructured, the

financial system, which included the SACCOS, had not been touched. He said that the system suffered from weaknesses such as continued depending on foreign funding and no significant effort to make them self sufficient and sustainable. He also said that different laws make SACCOS difficult to develop common standards for monitoring, supervision and regulation. By May 2006 SACCOS members' investments totaled 13.2bn/- in form of shares and 28.6bn/- in form of savings and 2.9bn/- were deposits while loans issued to members amounted to 54.1bn/-.

In Tanzania, According to the Ministry of Agriculture, Food and Cooperatives, the Government considers Cooperative Societies as important organizations for achieving goals of developmental programs in which people's participation is a key requirement. Consequently the Government adopted the Cooperative Development Policy of 2002, which seeks to introduce a Cooperative system which is sustainable and capable of fulfilling members' economic and social needs. Other relevant development related policies include – The National Microfinance Policy, NSGRP (MKUKUTA) and Tanzania Development Vision 2025. These are supported by such statutes as – The Cooperative Societies Act of 2003, Banking and Financial Institutions' Act of 1991, as well as Bank of Tanzania Microfinance Regulations.

3.4.1.1 The Cooperative Development Policy 2002

The objectives of the Cooperative Development Policy, 2002 include:-

- To encourage the establishment and continuous operation of member-owned and member controlled cooperatives.
- To support the establishment of viable Cooperative financial institutions;
- To recognize and support small producer group initiatives with the view of transforming them into future economically strong Cooperates;
- To ensure existence of good cooperative leadership and management which are capable of managing a cooperative in a business like manner while being accountable to members;

The need to interpret the Cooperative Development Policy and the supporting law (The Cooperative Societies Act, 2003) into workable strategies and plans has necessitated the preparation of a Cooperative Reform and Modernization Program (CRMP). The CRMP translates in practical terms how the overall vision can be achieved, the desired form which the present Cooperative movement has to take, the role of various stakeholders in the implementation, and linkages, which need to be established or strengthened to kick-off the Cooperatives transformation process.

Generally the government policy on cooperatives since 1991 has been explicit on three broad aims:

- To ensure the institutionalization and implementation of the basic cooperative principles and structural development of a genuine cooperative enterprise.
- To ensure capacity building in cooperatives in view of achieving member empowerment and higher degree of efficiency and effectiveness.

- To ensure the government creates conducive environment in which cooperatives can operate their activities with efficiency and effectiveness under the true characteristics of democratic and autonomous cooperative organization along the Rochdale cooperative principles model.

Basing on the above policy outline, both the Cooperative Societies' Act 2003 and the Cooperative Development Policy 2002 stress the importance of promoting autonomy and member-empowerment and the essence of cooperative ownership. This is so that the cooperatives can become responsible organizations of the members, for the members, and by the members themselves. In this way, they can be real instruments for eradicating rural poverty.

3.4.1.2 The National Microfinance Policy

In 1991 the government initiated Financial Sector Reforms in order to create an effective and efficient financial system. The lynchpin of those reforms was the government's commitment to allow banking institutions to operate on a commercial basis, making business and management decisions free from outside intervention, within the norms of prudential supervision.

3.4.1.3 The National Strategy for Growth and Reduction of Poverty (NSGRP)

The NSGRP (MKUKUTA) is the successor to Tanzania's first Poverty Reduction Strategy Paper (PRSP). NSGRP is broader, more inclusive and outcome-based compared

to PRSP, which was linked to debt relief under the Highly Indebted Poor Countries Initiative (HIPC). It builds its interventions on the three clusters namely:

- Growth of the economy and reduction of income poverty,
- Improvement of quality of life and social well being, and
- Governance and accountability.

Thus although it is built on its predecessor, the NSGRP is strongly outcome-focused and aims to foster greater collaboration among all sectors and stakeholders. It has mainstreamed cross-cutting issues including gender, environment, HIV/AIDS, disability, children, youth, elderly, employment and settlements.

Given its outcome orientation and principle of national ownership, the strategy no longer regards the government as an absolute solution maker. Every stakeholder is seen as the active agent in fighting poverty in their respective sectors, areas of work, community, village, family and at individual level. This therefore includes the Cooperative Societies, which to a large extent are community based.

3.4.1.4 The Tanzania Development Vision 2025

The development vision 2025 is an articulation of a desirable future condition or situation which the nation envisages to attain and the plausible course of action to be taken for its achievement. The national vision therefore seeks to actively mobilize the people and other resources towards the achievement of shared goals. A shared vision arouses people's aspirations and creates the spark that lifts the nation out of the mundane. In the process, it instills the courage and determination to rise to challenges at the

individual, community and national levels. The vision is a vehicle of hope and an inspiration for motivating the people to search and work harder for the betterment of their livelihood and for posterity.

According to the vision, Tanzania of 2025 should be a nation imbued with five main attributes;

- High quality livelihood.
- Peace, stability and unity.
- Good governance,
- A well educated and learning society; and
- A competitive economy capable of producing sustainable growth and shared benefits.

Among the impediments to Tanzania's past visions which included Hard Work (Uhuru na Kazi) as well as the Arusha Declaration, include:

- A donor dependency syndrome and a dependent and defeatist developmental mindset.
- A weak and low capacity for economic management.
- Failures in good governance and in the organization of production and
- Ineffective implementation syndrome.

These same impediments appear to have contributed significantly to the problems that the cooperative movement in Tanzania has been encountering as already narrated under section 3.1.2 and 3.4.1.1 of this report.

The driving forces for the realization of the vision:

According to Vision 2025, the following three key driving forces need to be promoted and utilized in order to graduate Tanzania from a least developed country to a middle income country with a high level of human development characterized in improvements in the quality of livelihood of the people. These are:

- A developmental mindset imbued with confidence, commitment and empowering cultural values.
- Competence and a spirit of competitiveness; and
- Good governance and the rule of law.

Among the key elements of the developmental mindset and empowering culture driving force there are some which are closely related to the features of credit unions as enumerated under section 3.1.3 of this report. Such elements include:

- i. *Development oriented culture of hard work and creativity*
- ii. *Culture of saving and investment*
- iii. *Developmental community spirit*

3.4.2 Regional Policies

Modern cooperatives, according to J. Schwetmann, have been introduced in Africa by colonial governments to increase cash crop production and to control (and tax) economic activity in rural areas. On the other hand they were used to protect farmers against exploitation from money-lenders and traders. After independence, the governments of Sub-Saharan Africa have adopted different strategies regarding cooperative development:

- The policy of *cooperativization* that was pursued in many (formerly) socialist countries such as Madagascar, Ethiopia, the Sudan, Tanzania, Zambia and Mozambique. In these countries, cooperatives were seen as mass organizations of the ruling party and as instruments to collectivize the ownership of production factors. This policy failed wherever it was applied, and was abandoned in the early 1990s.
- The policy of *incorporation* that was applied in many French speaking countries, but also in several Eastern and Southern African countries; this policy consisted of using cooperatives as a means to control the production and marketing of vital cash crops. Cooperatives were given supply and marketing monopolies and various privileges and grants, but were made subject to stringent government supervision and control, and consequently lost their autonomy.

- The policy of *indifference* applied in Zaire, Gabon, Central African Republic and others. In these countries, governments did not take any special measures to promote cooperatives, nor did they obstruct their development.
- The policy of *oppression* pursued in Malawi and Namibia (When it was under South African Occupation) whose governments considered cooperatives as a threat to one-party rule (Malawi) or to white supremacy (Namibia).

Most African countries, including Tanzania, have now adopted a liberal approach to cooperative development, due to the recent structural adjustments, democratic reforms and the desire to attain the targets of the Millennium Development Goals (MDGs), especially target No1 of the first goal, which requires the countries among other things to halve between 1990 and 2015, the proportion of people whose income is less than one dollar a day.

3.4.3 International policies

The development of genuine cooperatives depends on cultural pre-conditions and involves such a number of social, economic and political factors that it is impossible to even attempt designing a standard cooperative development policy that can be used universally.

The United Nations Secretary-General on the other hand, has repeatedly emphasized that cooperatives are a means of creating productive employment, overcoming poverty and achieving social integration, as well as of mobilizing and allocating social resources

effectively. The World Summit for Social Development in 1995 endorsed this fact by committing itself to utilizing and fully developing the potential of cooperatives to create full and productive employment through the establishment of legal frameworks that would encourage them to mobilize capital and promote entrepreneurship. Specialized United Nations organizations, such as UNESCO, UNHCR, FAO, WHO, UNFPA, UNRISD, HABITAT, UNDP, WFP, IFAD and UNIDO, refer to cooperatives as vital organizations in the pursuit of their goals.

Cooperative policy issues have been on the agenda of innumerable regional and international meetings, for example:

- ministerial meetings organized by the International Cooperative Alliance (ICA) for different regions of the world;
- meetings of the member States of the South Asian Association for Regional Cooperation (SAARC), especially in 1997;
- an FAO-sponsored meeting at Gödöllő, Hungary, on cooperative issues in Central and Eastern Europe;
- a regional conference for Anglophone Africa sponsored in 1996 in Diessen, Germany, by the ILO and the German Foundation for International Development (DSE);
- meetings of the *Conférence Panafricaine Coopérative*, especially its 11th and 12th meetings in 1996 and 1998 respectively;

- two ILO expert meetings in 1993 and 1995, on cooperatives and cooperative law respectively ;
- a series of ILO-commissioned studies and co-sponsored symposia on various aspects of cooperative policy and law.

The results of these activities contributed to the formulation of the ICA Statement on the Cooperative Identity at the ICA Centennial Congress in 1995 at Manchester (see appendix 2).

Together with the United Nations draft "Guidelines aimed at creating a supportive environment for the development of cooperatives", elaborated by the inter-agency Committee for the Promotion and Advancement of Cooperatives (COPAC) for submission to the United Nations General Assembly in November 1999, the ICA Statement sets out the main cooperative principles that are internationally recognized.

Chapter Four

4.0 IMPLEMENTATION

4.1 Products and Output

Implementation of the project is to be guided by the institution's priorities, which in a nutshell refers to "a vision of what the members want to become collectively at the end of the period". As such the focus of the implementation plan was directed towards the accomplishment of the given objectives. Furthermore, in order to ensure the mission is accomplished, a provision has been made for adequate means of measurement in order to periodically assess the level of advancement of the strategy toward the attainment of the outcomes. The entire process will make it possible to ensure the compliance and mobilization of all of the institution's resources for the achievement and attainment of the targets. In summary, this involves developing the outcomes to be attained, as well as the means, activities or strategies that will be implemented to meet them.

The objectives to be accomplished by the end of the year are:

- To enhance the capacity of Regent residents as well as UWA leadership, in terms entrepreneurship and leadership/ management skills, by the end of the first half of the year 2006.
- To facilitate Regent residents to establish a cooperative society by the end of the year 2006, in which the Host organization (UWA) and its members will also participate.

- To facilitate Regent residents access resources in form of finance and skills from well to do and elite members of the community and other stakeholders through their participation in the establishment of the cooperative by the end 2006

After going through the formation process, which includes – sensitization of the members, conducting capacity building sessions, registering members, electing interim leadership, preparing constitution and registering the Society, by the end of the year (2006), the Cooperative Society was scheduled to have started operations.

The products and outputs to be generated by the project include:

Products

- A fully registered SACCOS with at least 150 members
- A competent management team to manage the operations
- A secure working environment to ensure the security of cash, employees and other valuable resources
- A sustainable SACCOS fully owned by its members.

Outputs

- Availability of profitable and efficient savings and credit services to the members
- Improved livelihood for the members and the community
- More leadership and entrepreneurial skills on the community members

4.2 Implementation Plan.

The development of the implementation plan has been made after taking into consideration such factors as: the strong points and weak points of the organization, its financial and organizational position, available knowledge about the context and environment, about the prospective clientele and their needs, and competing services being offered in the vicinity.

4.2.1 Project Strategy

The project strategy involves not only how we intend to go about achieving the objectives and attaining the targeted outcomes, but also how the institution can measure the impact of its decisions on the attainment of its outcomes.

Table 6 below lists the envisaged activities and indicates the timing and duration, the required resources, and the responsible persons for each activity. It can be seen from the table that the project was programmed to commence in March 2006 by sensitizing the residents and ending up in December by commissioning the Savings and Credit Society's operations.

Table 6

PROJECT IMPLEMENTATION PLAN

OBJECTIVE: THE SOCIETY TO START OPERATING BY DECEMBER 31ST, 2006

Activities	Project Month												Resources Needed	Person Responsible
	Ja	Fe	Ma	Ap	Ma	Ju	Jul	Au	Se	Oct	No	De		
Conducting Sensitization workshops to Residents			x	x									Internal volunteers	UWA, Coordinator & Local LGA
Conducting Residents' meeting/seminar & seek endorsement to form a SACCOS				x									Meeting Expenses & Officials' Allowance	UWA, Local LGA & Coop Officials
Identifying residents with useful knowledge & Skills				x									Internal volunteers	UWA & Coordinator
Conducting Coop. Principles' training to potential members & electing Interim Leadership					x								Training Expenses & Officials' Allowance	UWA & Coop. Officials
Preparing draft Constitution					x	x							Internal Volunteers & Secretarial Expenses	Interim Leadership
Admitting Founder Members & taking deposits					x	x	x						Stationeries	Interim Leadership
Preparing MIS & Opening a Bank Account				x	x								Internal & external Volunteers	Interim Leadership & Coop Officials
Preparing Org. Structure and Business Plan						x	x						Internal Volunteers Secretarial exp	Interim Leadership
Conducting members' meeting to approve Constitution &							x						Meeting expenses & Official's allowances	Interim Leadership & Coop. Officials

Business Plan															
Processing Registration							x	x						Registration Expenses	Interim Leadership
Conducting Survey for potential internal resources							x	x	x					Internal Volunteers	Coordinator & Volunteers
Securing Registration									x					NIL	Interim Leadership
Conducting a Seminar on leadership skills & election process										x				Seminar Expenses and Officials' Allowances	Interim leadership & Coop. Officials
Electing permanent leadership & employing Staff										x				Meeting Expenses & Officials' Allowances	All members, Interim Leadership & Coop Officials
Soliciting wealthy & elite residents to join & subscribe										x	x			Community Volunteers	UWA, & Permanent Leadership
Commissioning the SACCOs' operations having admitted 100 members												x		Cost of Necessary equipment & documents	Leadership
Conducting capacity building & entrepreneurship Seminars													x	Seminar Expenses & Presenters' Allowances	Leadership & Enterprise Development experts

The activities involve the mobilization of financial as well as human resources, to ensure their accomplishment. The sum of the costs of these resources represents the investment required for the accomplishment of the planned activities.

4.2.2 Budgeted Financial Resources

The three main components of the financial strategy which have been addressed are: financial safety, financing, and ultimate profitability. Table 7 below presents the projected expenditure. It can be seen from the table that, to a large extent some of the activities will be undertaken by the members of the community on voluntary basis.

Table 7

PROJECTED EXPENDITURE FOR THE PROJECT, FOR MARCH - DECEMBER 2006

Activities	Project Month												Resources Needed	Estimated Cost (TShs.)
	Ja	Fe	Ma	Ap	Ma	Ju	Jul	Au	Se	Oct	No	De		
Conducting Sensitization to Residents			x	x									-Internal volunteers	0
Conducting Residents' meeting/seminar & seek endorsement to form SACCOS				x									-Secretarial exps. -Seminar Hall -Officials' (2) allowances	40,000 50,000 20,000
Identifying residents with useful knowledge & Skills				x									-Internal volunteers	0
Conducting Coop. Principles' training to potential members & electing Interim Leadership					x								-Stationeries -Seminar Hall -Officials' (2) Allowances	15,000 50,000 20,000
Preparing draft Constitution					x	x							-Internal Volunteers -Secretarial Expenses	0 15,000
Admitting Founder Members & taking deposits					x	x	x						-Stationeries	55,000
Preparing MIS & Opening a				x	x								-Internal & external	0

<u>Total Projected Expenditure</u>	<u>Tshs</u>
Project Current Expenditure (As per Activities)	815,000
Salaries & Wages*** 3 months @ 100,000/=	300,000
Contingent expenditure***	<u>200,000</u>
Sub-Total (Revenue expenses)	1,315,000
Capital Expenditure (Furniture & Eqpmt)	<u>700,000</u>
Total Amount	<u>2,015,000</u>

Note: *** Cost items not directly allocated to any specific Activity.

<u>Total Projected Income</u>	
Members' admission fees 100 members @ 10,000/=	1,000,000
Other income (donations etc)	<u>1,015,000</u>
Sub-Total (revenue available for use)	2,015,000
Members' Share contributions 100 members @ 100,000/=	<u>10,000,000</u>
Total Amount	<u>12,015,000</u>

4.2.3 Human Resources

The development of an organization is a function, to a large extent, of the capacity of its managers to plan the activities involved in equipment, financial resources and the human resources necessary for its operation. In organizations like the SACCOS, human resources are the integrating element of the different profitability factors.

Usually human resources represent a very high operating cost for SACCOS. As such it is very important to avoid any waste and instead promote the maximum use of everyone's potential. For that purpose, the planning of the human resource has been conducted in

such a manner as to ensure the availability of the personnel required by the organization to enable it to operate and achieve its goals. To accomplish this, the following operations were undertaken:

- Forecasting of the human resources needs in the short and long term, taking into account the prospects for the changes in the organization,
- Preparing some description and analysis of the tasks, and
- Determining the starting inventory of the organization's human resources and forecasts of personnel movements.

The following decision-making bodies for the SACCOS were planned to be put in place so as to orient it, direct it, and monitor it. These are

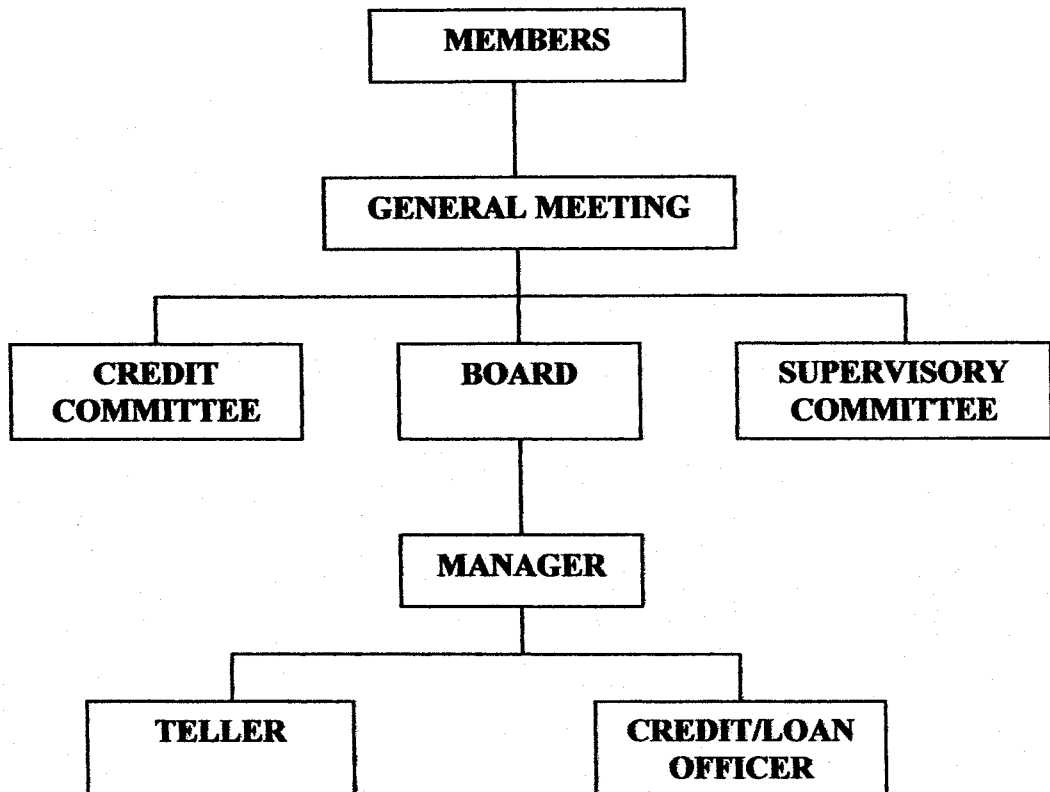
- The General Meeting
- The Board
- The Credit Committee
- The Supervisory Committee
- Management

The Board, the Credit Committee, and the Supervisory Committee are to be chosen at the General Meeting and are answerable to it. As for Management, it is to be appointed by the Board and under its responsibility.

The Organization Chart below, reflects the interactions between these bodies.

URSINO AND REGENT SACCOS LIMITED

ORGANIZATION CHART



4.3 Project Actual Implementation

The actual implementation of the project, starting with sensitization, took off in April 2006 instead of March as earlier projected in the plan above. By 31st December, the operations of the Society were yet to be formally commissioned. However, apart from minor delays and a few changes in the scheduling of the planned activities, to a large

extent the implementation of the project took place in accordance with the plan. In addition the level of membership had exceeded the projected number by about 13% (from the projected 150 to an actual of 169 members) as at 31st December, 2006.

Table 8 below, outlines the activities carried out to accomplish each of the objectives, including the respective timeframes and resources used.

Table 8

SUMMARY OF PROJECT ACTIVITIES CONDUCTED AS AT 31/12/06

Activities	Project Month (Year 2007)												Resources employed	Remarks
	Ja	Fe	Ma	Ap	Ma	Ju	Ju	Au	Se	oc	No	De		
Conducting Sensitization to Residents				x	x								-Internal volunteers	Accomplished
Conducting Residents' meeting/seminar & seek endorsement to form SACCOS					x								-Meeting Hall -Stationeries -Other meeting expenses	Meeting held & endorsement obtained on 15/5/06
Identifying residents with wealth & useful knowledge & Skills					x	x	x						-Internal volunteers	Gradually accomplished
Conducting Coop. Principles' training to potential members & electing Interim Leadership					x								None	Interim Board elected on the same day (15/5/06) as above
Preparing draft Constitution					x	x							-Internal Volunteers -Secretarial Expenses	Accomplished
Admitting Founder Members & taking deposits					x	x	x						Stationeries	Accomplished. Collected Admission

															fees and Shares only
Preparing an MIS					x	x								Supplied by Coop Authorities	Accomplished and applied
Opening a Bank Account								x						Internal Volunteers & Petty exps.	Opened at CRDB after getting registration
Preparing Org. Structure and Business Plan						x	x							-Internal Volunteers -Secretarial exp	Accomplished
Conducting members' meeting to approve Constitution & Business Plan							x							-Meeting Hall -Secretarial & other meeting expenses	Meeting held on 8/7/06 and approval granted
Processing Registration							x							-Registration Expenses	Accomplished within a Month
Conducting Survey for potential internal resources							x	x	x	x				-Internal Volunteers	Survey accomplished
Securing Registration							x							NIL	Registration done on 25/7/06 CoR No. DSR 895
Conducting a familiarization visit to other established SACCOS offices									x					-Transport expenses -Volunteers & Coop Official	Visited 3 SACCOS offices in Kinondoni
Conducting a Seminar on leadership skills & election process									x					-Seminar Hall -Stationeries & secretarial exps.	Seminar held on 30/9/06
Sourcing & refurbishing the Society's office accommodation										x				-Renovation expenses	Premises offered rent free by a member for 1yr.
Furnishing the office & Commissioning the SACCOS'												x		-Donated equipment -Documents' costs	SACCOS was yet to be commission

operations															ed
Electing permanent leadership & employing Staff														None	Was yet to be conducted
Soliciting wealthy & elite residents to join & subscribe				x	x	x		x						-Community Volunteers	-Being done gradually. Accomplished by about 40%
Conducting capacity building & entrepreneurship Seminars														None	Was yet to be conducted

The survey on “the academic and economic status of Regent Residents” took place in August 2006, the results of which are presented under Chapter 1 of this report.

Changes/delays in conducting of Activities:

The important activities that were rescheduled or changed include:

- i) Opening of the Bank Account, which was scheduled to take place in May 2006, was delayed until August 2006, because the bankers could not open the Account without the Society having been formally registered. As such collection of members’ Savings’ deposits had also to be suspended. Even the effort of mobilizing more members had to be slackened.
- ii) Employment of one operational staff, which was supposed to have taken place by October 2006, took place in December, being behind schedule by two months, the Manager and other supporting staff who were to have been

employed by the time of commissioning the formal operations, had not been employed by December 31st 2006.

- iii) On the success side, is the registration process which was completed two months earlier with the Certificate of Registration No. DSR 895 being issued on 25th July 2006 instead of September as earlier planned. A copy of the Certificate is attached being Appendix 4
- iv) Despite the early registration, election of permanent leadership still delayed for more than three months. Whereas the exercise was programmed to take place in October 06, the same had not taken place by 31st December, 2006, due to lack of enough candidates willing to contest for the Board positions.
- v) On resource potentials, the mobilization of wealthy and elite members to join the Society, started taking place as early as the sensitization stage and was continuing gradually. In fact the exercise has attracted a number of prominent people, who include the current President of the United Republic of Tanzania and two Ministers among others. The list also includes a number of members who have joined the Society but are not residents of the neighbourhood. The foregoing success notwithstanding, the internal resources still appear not to have been optimally explored.
- vi) The seminar on entrepreneurship was yet to take place as at 31/12/06.
- vii) Finally, two additional activities were introduced which involved conducting familiarization visits to 3 existing/established SACCOS offices in Kinondoni district, in the company of a District Cooperative Official; and sourcing of

office accommodation for the Society which was obtained and started being into use in December 2006.

Availability of Resources:

In terms of Financial resources there was a slight shortfall in terms of revenue collections for which only TShs. 1,690,000/= against the projected revenue of Tshs. 2,015,000 being an under collection by 23%. This was however compensated by a lower outflow on the expenditure side for which only a total of Tshs. 1,465,000 had been spent as at 31st December, 2006 as against the projected Tshs. 2,015,000, thus amounting to an under spending of 27%. The under spending can be attributed to the following reasons:

- A number of services having been provided on voluntary basis by some members. This includes part of the secretarial services.
- Cooperative officials also to a large extent offered their services, including officiating meetings and seminars on voluntary basis.
- Some of the activities for which expenditure has to be incurred were yet to be undertaken. These include the recruitment of operational staff, who have to be paid salaries, conducting one meeting (for elections) and one seminar on entrepreneurship.

A summary of the activities actually undertaken and the resources thereof is presented under Table 8 above.

Despite the few short comings mentioned above, to a large extent the goal of the project has been accomplished, with the underlying objectives being accomplished by about 75%, 85% and 70% for objectives No. 1, 2, and 3 respectively.

Chapter Five

5.0 MONITORING, EVALUATION AND SUSTAINABILITY

Usually monitoring is either ongoing or periodic observation of a project's implementation to ensure that inputs, activities, outputs, and external factors are proceeding according to plan. It focuses on regular collection of information to track the project. Monitoring provides information to alert the stakeholders as to whether or not results are being achieved. It also identifies challenges and successes and helps in identifying the source of an implementation problem. An evaluation on the other hand, is a systematic examination of a project to determine its efficiency, effectiveness, impact, sustainability, and the relevance of its objectives. As such, in CED projects, including this one, Monitoring is concerned with the short-term performances of the project, and evaluation looks more at long-term effects of project goals.

5.1 Monitoring

5.1.1 Monitoring Goals

The goals of the monitoring process include the following:

- To analyze the successes and challenges of the project;
- To measure the progress in meeting the project goals, objectives;
- To review the strategies and timelines;
- To create a common understanding of the project objectives, timelines, and deliverables for all stakeholders.

5.1.2 Monitoring Plan

Considering the above goals as well as the overall project goal and objectives, the Monitoring Plan was developed to address the following questions:

- Why are we monitoring?
- What specifically will we monitor?
- When and how frequently will we gather information and feedback?
- How will we gather monitoring information? What methods will we use?
- Who will be responsible for the monitoring tasks?
- Who will be using the data, and how?

It was thus developed to ensure that it covers all the aspects of the project, bearing appropriate timing and that the whole process is based on the Participatory Monitoring and Evaluation approach (PME). It is thus inclined to ensure that the process:-

- Draws on local resources and capacities;
- Recognizes the innate wisdom and knowledge of the Regent community;
- Demonstrates that the community is creative and knowledgeable about the Regent environment;
- Ensures that the SACCOS' members and stakeholders are part of the decision-making process;
- Uses facilitators who act as catalysts and who assist stakeholders in asking the right questions;

- Contributes to improved communications between project participants and key stakeholders at different levels in the project implementation process.

5.1.3 Research Methods

The research methods to be employed were selected bearing in mind both the aspects of efficiency and cost-effectiveness, especially considering the fact that the project was scarcely funded. As such the information gathering methods employed included the following:

- Community Meetings, which include both members' and all residents' meetings
- Observation, which included not only viewing the results of the project, but also participating in some of the project activities
- Secondary data
- Interviews, mainly being conducted on informal and conversational basis, allowing open-ended, probing, and follow-up questions. The interviewees, included members and other stakeholders, including Cooperative officials.

5.1.4 Monitoring questions

The following key questions guided the monitoring process, through which it was possible to establish what needed to be monitored:

- Is the project on time?
- Is it operating within budget?
- Is the number of members admitted on target?

- Is the number of members attending meetings adequate, and is it increasing or declining?

Table 9 below, presents a summary of the Monitoring information necessary to respond to the above questions.

Table 9

INFORMATION FOR MONITORING THE PROJECT OPERATIONS

Objective No.1	To enhance the capacity of Regent residents with skills on entrepreneurship and leadership/management, by the end of the first half of the year 2006.						
Categories of information	What to monitor	When to gather information or feedback	How to gather Information (Method)	Who collects the data	Who uses the data	How to use the information	What Decisions can be made
Activities	<ul style="list-style-type: none"> - Level of awareness and participation of embers, - Depth of sensitization, - Timing of activities, - Availability of participants 	Weekly for the Interim Board & Quarterly for the Members	Secondary data, observation and interviews	CBO (UWA) & Interim Leadership	M&E team, Members and Stakeholders	Ensure adequate outreach and participation	Rescheduling activities and deployment of human & other resources
Financial Resources	Expenditure trend against budgets	Weekly for the Interim Board & Quarterly for the Members	Secondary data on Payments/ expenditure	Interim Treasurer	M&E team, Members and Stakeholders	Ensure compliance with budget	Authorize expenditure and make budget /project revisions
Human Resources	Competence, attitudes and motivation of resource persons	Weekly for the Interim Board & Quarterly for the Members	Interviews and observation	Interim Leadership	M&E team and Members	Ensure benefit on participants, feedback and motivating resource persons	Changing or improving programs and resource persons
Results	No. of seminars conducted, No. of participants and changes in participants' skills	Weekly for the Interim Board & Quarterly for the Members	Secondary data (periodical reports), observation and interviews	Interim Secretary	M&E team, Members and Stakeholders	Assess adequacy of members' skills and effectiveness of the programs	Repeat the programs or proceed with other stages of the SACCOs' formation

Objective No. 2	To facilitate Regent residents establish a cooperative society by the end of the year 2006					
Categories of information	What to monitor	When to gather information or feedback	How to gather Information (Method)	Who collects the data	Who uses the data	How to use the information
Activities	Number of members, Members' participation, Registration, and commissioning of operations	Weekly for the Interim Board & Quarterly for the Members	Secondary data and interviews	Interim Leadership and the Coordinator	M&E team, Members and Stakeholders	Ensure programs are on schedule and Human & other resources are available
Financial Resources	Budgeted amounts, Actual revenues, members deposits and expenditure	Weekly for the Interim Board & Quarterly for the Members	Secondary data	Interim Treasurer	M&E team, Members and Stakeholders	Ensure compliance with budget, Adequacy of savings/capital against envisaged loan demands
Human Resources	Competence of Interim Leaders, Remuneration or motivation of the leaders, and performance of their respective activities	Quarterly to the members	Observation, Interviews and secondary data	Interim Secretary	M&E team, Members and Stakeholders	Motivate the HR team, Resolve HR problems, and HR development
Results	Accomplishments in terms of timing and number of members' admission, Ultimate registration, and Commissioning of operations	Weekly for the Interim Board & Quarterly for the Members	Secondary data and interviews	Interim Secretary	M&E team, Members and Stakeholders	Ensure objectives are realistic, Evaluate accomplishments or impact of the project

Objective No. 3	To facilitate Regent residents to access resources in form of finance and skills from well to do and elite members of the community and other stakeholders through their participation in the establishment of the cooperative venture by the end 2006					
Categories of information	What to monitor	When to gather information or feedback	How to gather M&E Info. (Method)	Who collects the data	Who uses the data	How to use the information
Activities	Amount of deposits by individuals, Members' participation in seminars & meetings, and Surveys methods and timing.	Weekly for the Interim Board & Quarterly for the Members	Secondary data, observation and interviews	Interim Secretary, and Coordinat or.	M&E team, Members and Stakeholders.	Determine the Community's resource potential, Ensure maximum utilization of community resources, and Drawing capable leaders and internal trainers.
Financial resources	Survey expenditure against budget	Third quarter	Secondary data on expenditure or payments.	Interim Treasurer, and Coordinat or	M&E team, Members and Stakeholders.	Ensure compliance with Budget.
Human Resources	Competence & attitudes of personnel & survey team, Motivation of personnel, and their performance	Third quarter	Secondary data and interviews.	Interim Secretary, and Coordinat or.	M&E team, Members and Stakeholders	In subsequent surveys/research, and Motivation of the personnel
Results	High survey response rate, Substantial initial capital base, Competent Human resource.	Third Quarter	Secondary data (Survey reports, Periodical reports, and Final reports), interviews and observation	Interim Secretary, and Coordinat or	M&E team, Members and Stakeholders	Ability to provide loans, Electing leaders, and developing internal trainers

5.1.5 Monitoring Indicators

To ensure the success of the project, clearly defined indicators had to be established so as to accurately and realistically measure progress towards the project goals and objectives. For that purpose some monitoring indicators and data, as presented under table 10 below, had to be employed to guide the periodic observations focusing on regular collection of information to track the project. It included both process and product indicators, with the process indicators to a large extent having elements of participation and capacity building, with the focus being only on the information needed to solve problems and identify successes.

Table 10

Monitoring Indicators and the respective data for each of the three objectives.

OBJECTIVE	INDICATORS	DATA REQUIRED
NO. 1: To enhance the capacity of Regent residents with skills on entrepreneurship and leadership/management, by the end of the first half of the year 2006.	Level of awareness	Evaluation reports
	participation of embers,	meetings'/seminar reports
	Depth of sensitization,	Response rate
	Timing of activities,	Management reports
	Availability of participants	Attendance records
NO. 2: To facilitate Regent residents establish a cooperative society by the end of the year 2006	Number of members,	Members' register
	Members' participation,	Activity & evaluation records
	Registration,	Certificate of registration
	Commissioning of operations	Operational (Savings, loans, etc.) records
No. 3: To facilitate Regent residents to access resources in form of finance and skills from well to do and elite	Amount of deposits by individuals,	Deposits' ledgers
	Members' participation in seminars & meetings,	Attendance & evaluation reports

members of the community and other stakeholders through their participation in the establishment of the cooperative venture by the end 2006	Surveys methods and timing.	Survey reports
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5.1.6 Monitoring results

The following results indicate that the project has generally been a success and on the right track:

i) **Timeliness**

Many of the operations were accomplished in time or earlier, except for the following:

- Opening of a bank account which, which was delayed for 3 months,
- Employment of operational staff which was delayed for 2 months
- Election of permanent leadership was yet to be conducted by 31st December 2006, being a delay of more than 3 months
- One seminar (on entrepreneurship) was yet to take place by 31st December 2006

ii) **Compliance with the budget**

In terms of Financial resources there was a slight shortfall in terms of revenue collections for which only TShs. 1,690,000/= against the projected revenue of Tshs. 2,015,000 being an under collection by 23%. This was however compensated by a lower outflow on the expenditure side for which only a total of

Tshs. 1,465,000 had been spent as at 31st December, 2006 as against the projected Tshs. 2,015,000, thus amounting to an under spending of 27%.

iii) **Level of membership**

The number of members admitted as at 31st December 2006, was well above the target, from the projected 150 members to 169 members being an increase of about 13%

iv) **Level of attendance**

The number of members attending meetings was not very satisfactory fluctuating at around 50% of the overall membership

5.2 Evaluation

5.2.1 Evaluation Goals

The Evaluation goals for the project were:

- To analyze the successes and challenges of the project;
- To assess the impact of the project on the individuals and community;
- To develop recommendations for improvement based on lessons learned;
- To create a common understanding of the project objectives, timelines, and deliverables for all stakeholders.

5.2.2 Evaluation Plan

Considering the above goals, like in the monitoring plan, the Evaluation Plan was developed to address the following questions:

- Why are we evaluating?
- When should the project be evaluated?
- What are our indicators?
- How will we gather evaluation information? What methods will we use?
- Who will be responsible for the evaluation tasks?
- Who will be using the data, and how?

To ensure sustainability of the subsequent operations of the SACCOS, the plan was developed basing on the learning process approach, in which the evaluation activities were concerned not only with the extent to which the planned activities are carried out but also with how they are being carried out, thus developing the necessary mechanisms to help the Interim Board and the members in general, to learn from both the successes and challenges of implementing the activities to improve the subsequent operations.

Both quantitative and qualitative information was being gathered. Based on the information gathered, lessons learned are being formulated and shall be fed into the subsequent project or SACCOS planning process. The evaluators are mainly acting as facilitators of the process, and the stakeholders providing the knowledge, thus ensuring the process is fully participatory.

The plan envisaged to conduct both Formative and Summative evaluations as reflected in the evaluation questions below. Whereas formative evaluation was to be conducted three times (on quarterly basis), summative evaluation was due to be conducted at the end of the project.

An evaluation team consisting of the Interim Board members, the CED practitioner (as coordinator), a representative from the host organization (UWA), and a cooperative official was charged with the responsibility of administering the evaluations.

5.2.3 Research Methods and tools

To facilitate the evaluation process, in relation to: information gathering, analyzing the information collected, and reporting the results, a number of tools and techniques had to be employed. These include the following:

5.2.3.1 Information Gathering Methods

The information gathering methods were selected bearing in mind both the aspects of efficiency and cost-effectiveness, especially considering the fact that the project was scarcely funded. As such the methods employed included the following:

- Community Meetings, which include both members' and all residents' meetings
- Observation, which included not only viewing the results of the project, but also participating in some of the project activities
- Secondary data

- Interviews, mainly being conducted on informal and conversational basis, allowing open-ended, probing, and follow-up questions. The interviewees, included members and other stakeholders, including Cooperative officials. The evaluation questions employed include the following:

5.2.3.2 Evaluation Questions

The following questions were meant to be answered in both the formative and summative evaluation process:

Formative Evaluation

Is the members' admission rate satisfactory?

Are the seminars being conducted adequate and effective?

Are the members and stakeholders participating fully?

Are the activities in line with the project plan?

Is this the best plan?

Should we make changes to the plan?

Summative Evaluation

Has the project been successful?

Have the project goals been accomplished?

Have the members and the community benefited in the form of empowerment?

Has the project been cost effective?

Can the program be replicated?

5.2.3.3 Data analysis

Analyzing information collected was necessary to improve the planning and implementation of the project, improve decision making, learn from experience, and provide accountability and transparency in a project. Considering the information gathering methods employed, simple approaches were used to analyze the information. For the quantitative data for example, reliance was placed on the straightforward arrangements of numbers and other indicators along a timeline using simple mathematical operations. This was aided by the utilization of the common sense and experience of the members of the Monitoring and Evaluation team. As for qualitative data, the approach used was content analysis through which conclusions were formed for each of the monitoring and evaluation questions.

5.2.3.4 Evaluation Indicators

To ensure the success of the project, clearly defined indicators had to be established so as to accurately and realistically measure progress towards the project goals and objectives. Table 11 below, presents among other things, a list of the indicators employed for each of the project objectives.

Table 11**EVALUATION INDICATORS**

OBJECTIVES	AEVALUATION INDICATORS	EVALUATION METHODS
Residents' Sensitization and capacity building during March-June 06	Number of seminars conducted	Secondary data (Periodical reports) and interviews
	Level of awareness and capacity on cooperative societies	Interviews and observation
	Changes in participants' entrepreneurial skills	Interviews and observation
Residents forming a SACCOS by the end of yr 2006	Number of founder members	Secondary data and interviews
	Date of commissioning of operations	Secondary data and interviews
Accessing resources (Financial & Human) available from within the community, by the time of commissioning operations	Amount of Capital raised from within	Secondary data
	Internally generated capital and management of the Society	Observation and interviews and secondary data

5.2.4 Evaluation results

Basing on the research methods outlined above, monitoring and evaluation was conducted realizing the following:

Whereas formative evaluation was carried out in accordance with the plan, the summative evaluation, which was scheduled to be conducted at the conclusion of the project, was yet to be conducted due to the delays in completing the project. As such the results shown below, reflect to a large extent what was accomplished in terms of implementation and outcomes (formative). These include:

- i) The members' admission rate was satisfactory, having exceeded the targets by 34% (from the targeted 100 to 134) for founder members (at registration), and by 13% (from the targeted 150 to 169) as at 31st December 2007
- ii) The seminars conducted were adequate and effective, the outcome of which was the positive response on the residents to join and participate in the management of the Society
- iii) The members and stakeholders' participation in the affairs of the Society were still not optimal. More efforts were still needed to sensitize them.
- iv) Except for a few delays, most of the activities were generally conducted in accordance with the project plan which, as far as the project is concerned, can be deemed to have been an appropriate plan.

The results pertaining to the impact of the project on the individuals and the community in general (summative), will be determined upon the conclusion of the project.

On the other hand, experience has shown that, the members at their own time, intuitively and informally, evaluate in the light of their own individual and/or group objectives.

This is because:

- Cooperative activities often require voluntary participation and inputs from members
- It is ultimately the members who reap the benefits and bear many of the costs of the project

- Members have the discretion to continue depositing additional savings or withdrawing from membership altogether.

Basing on the evaluation report as presented above, the objectives of the project have to a large extent been accomplished. However, the Goal of the project, “to contribute to the empowerment of Regent Residents socially and economically, to enable them attain their own economic development” is yet to be attained because the residents are yet to start reaping the benefits of their Cooperative Society, including accessing loans and other social services. As such the impact of the Project on the livelihood of the residents may need another one year or more to be determined.

Thus basing on the formative evaluation, the project has substantially accomplished its objectives in the many of the aspects

5.3 Sustainability

The sustainability of the project is based more on the premise that it has been initiated, and will be fully owned and controlled by the members who are mostly residents of the Regent community. This includes the reliance on capital collected from within the community, in the form of members’ savings, to service the operations, including the issuance of loans. In addition, the application of the Participatory Monitoring and Evaluation (PME) approach, apart from building the capacity of the members and the community, it is expected to help to promote self-confidence, self-esteem, and

independence within the community, thus consolidating the member ownership aspect of the project.

As already stated above, generally people appear to be quite willing to make monetary or other material contributions, including labour, towards the accomplishment of the Society's objectives. However, there still appears to be a problem in the members' attitude towards physical involvement in the implementation of the Society's affairs. This includes attendance in meetings where average turn up is around 50% or less of the total number of members. The same problem is being experienced in terms participating in the Society's leadership, whereby the members were hesitating to collect the leadership application forms. This is a big threat to the long-term success of the Society.

The foregoing situation notwithstanding, from the political point of view as well as existing policies, the prevailing climate favours and supports the establishment of primary societies as a means empowering the grass-roots citizens, and fortunately for the case of Regent, amongst the residents are a good number of prominent politicians as well as senior government officials, including Ministers.

As for the availability of internal resources to support the continued growth of the Society, the research conducted has proved that the neighbourhood is rich in terms of skills coupled with a good number of wealthy individuals as well as commercial undertakings and some Civil Society Organizations. As such applying only a little effort

to tap these resources through such means as fundraising events as well as knowledge transfer through participatory workshops can easily enhance the capacity and stability of the SACCOS.

Other factors of success that have been incorporated into the SACCOS during its formation stage include:

- Accurate identification of the target group (Regent residents)
- Proximity of the institution to its target group, hence low transaction costs
- Competence of the human resources
- Diligence in executing operations
- Simplicity in procedures as well as close follow-up of the operations, including that of collecting loans (when it starts)

For members, equal treatment, lower costs for products and services and the collective nature of the ownership and power are what distinguish most savings and credit cooperative societies from any other formula. In this way, the SACCOS will not only strengthen the financial life but also represent an excellent tool for representation and development of local interests.

Chapter Six

6.0 CONCLUSIONS AND RECOMMENDATIONS

For a number of years, savings and credit cooperative societies have been at the heart of the development of communities by striving to make available financial resources based on the community's own resources, i.e., member savings. The safe recycling of this money (through member loans) into the community's activities makes a significant contribution to the development of the environment and the well-being of the population in general.

Usually, access to credit is an effective means to enable the target population to mobilize their collective potential. These collective activities create wealth (jobs and services), in addition to being, in many cases, a source of generation of income that will make it possible to meet basic needs, such as food, health and education

6.1 Results for the project

Despite the goal and objectives of the project remaining the same, and the progress towards accomplishing the objectives being good, there have been some delays in conducting some of the activities thus resulting into delays in completing the entire project. The pending/re-scheduled activities include:

- Conducting entrepreneurship training to various members' groups, including potential borrowers and loans committee members. This falls under the first objective

- Electing permanent leadership as well as commissioning of operations, both activities being under the second objective.

One more activity, “mobilizing wealthy and elite members of the community to join and subscribe to the proceedings of the Cooperative Society”, which falls under the third objective has been partly accomplished. Apart from the above three activities, the remaining fourteen have been fully accomplished.

The delays in accomplishing the above activities can be attributed to two major factors:

- i) The abrupt increase (mushrooming) in the number of new SACCOS being established in the middle of the year 2006 that came with the news that the government had set aside one billion shillings for each region to be loaned to micro enterprises through SACCOS networks. This had the effect of deflecting some of the potential members, or part of the members’ contributions to various other emerging SACCOS.
- ii) The members’ reluctance in participating into the Society’s leadership although they are ready to volunteer in the routine or adhoc activities.

These two hurdles notwithstanding, the rest of the activities are expected to flow smoothly, including the commissioning of the operations which would go hand in hand with soliciting of savings as well as the issuance of loans to the members.

Availability of Resources:

In terms of Financial resources there was a slight shortfall in terms of revenue collections for which only TShs. 1,690,000/= against the projected revenue of Tshs. 2,015,000 being an under collection by 23%. This was however compensated by a lower outflow on the expenditure side for which only a total of Tshs. 1,465,000 had been spent as at 31st December, 2006 as against the projected Tshs. 2,015,000, thus amounting to an under spending of 27%. The under spending can be attributed to the following reasons:

- A number of services having been provided on voluntary basis by some members. This includes part of the secretarial services.
- The Cooperative officials also to a large extent offered their services, including officiating meetings and seminars on voluntary basis.
- Some of the activities for which expenditure has to be incurred were yet to be undertaken. These include the recruitment of operational staff who have to be paid salaries, conducting one meeting (for elections) and one seminar on entrepreneurship.

A summary of the activities actually undertaken and the resources thereof is presented under section 5.3 of this report

Despite the few short comings mentioned above, to a large extent the goal of the project has been accomplished, with the underlying objectives being accomplished by about 75%, 85% and 70% for objectives No. 1, 2, and 3 respectively.

6.2 Recommendations

A financial institution, regardless of its nature, should seek to cover its operations and be less dependent on outside assistance in order to develop. What most differentiates microfinance institutions from traditional commercial banks is the social orientation they have adopted. The mutualistic and cooperative approach conveys concepts of solidarity and justice and that the way they select leaders makes them schools of democracy within civil society. To ensure continued profitability and sustainability, the SACCOS should continue to be innovative through the introduction of new products and new methodologies, as well as the management and control of the operating costs. In addition, sound management of the loan portfolio is essential to protecting the savers and generating the surpluses necessary for the proper operation of the cooperative.

According to Professor Yoel Camayd-Freixas (2003), a project is defined conceptually as a community project upon having initially been conceived, and continues to be owned by the community, and that the community shall be empowered while participating in the execution of the project. That being the case this project qualifies to be categorized as a CED Project. And on my part, by playing an advisory role (as a coordinator), it will practically help to enhance my CED professional skills both in terms of community empowerment as well as cooperative development, which is one of my electives and envisaged area of specialization.

Usually in CED every project has its own different features. Thus, the experience acquired under this project, including the problems encountered as highlighted in this report, should be utilized by the leadership to improve future performance, and be made available to be shared by other CED practitioners, cooperative societies and institutions, including research institutions; should they encounter similar situations.

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