

**THE OPEN UNIVERSITY OF TANZANIA
AND
SOUTHERN NEW HAMPSHIRE UNIVERSITY
MASTER OF SCIENCE IN COMMUNITY DEVELOPMENT.
(2007)**

**SAVINGS MOBILIZATION IN MKUKUWAMBO SAVINGS AND CREDIT
SCHEME" SUBMITTED IN PARTIAL
FULFILLMENT FOR THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF SCIENCE IN COMMUNITY ECONOMIC DEVELOPMENT IN
SOUTHERN NEW HAMPSHIRE UNIVERSITY AT THE OPEN UNIVERSITY
OF
TANZANIA.**

RUGUMIRA GABRIEL DARIA.

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TANZANIA.**

RUGUMIRA GABRIEL DARIA.

January 2007

SUPERVISOR CERTIFICATION

I, the undersigned, certify that I have read and hereby recommend for acceptance by Southern New Hampshire University at the Open University of Tanzania the project entitled:-

**Savings Mobilization in MKUKUWAMBO savings and credit scheme, in fulfillment
For the Master Degree of Science in Community Economic Development of**

Southern Hampshire University.


Zera Biseki
.....

Zera Biseki.

30th June 2007
Date.....

DECLARATION

I Rugumira Gabriel Daria, declare that this document is as a result of own work, it has not been submitted for similar degree in any other University.

Candidate.....

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DEDICATION.

This work is dedicated to my father “Gabriel Chrizant Rugumira” May his Soul rest in eternal peace.

ACKNOWLEDGEMENT

I wish to thank the board of Directors and the management of Actions for Development Programs organization, (ADP-Mbozi) for granting me to pursue this course and also covering some of the training costs.

The departments of Community Development and Agriculture and livestock deserve special thanks for shouldering some of my duties while attending the course.

I am very grateful and appreciate the cooperation received from the management and members of MKUKUWAMBO savings and credit scheme, the host organization.

I particularly indebted to my supervisors Mr. Zera Baseki and Mr. Felician Mutasa who did a lot of corrections to ensure that the work is up to the required standard. Sincerely their intellectual and constructive guidance enabled me to produce this report.

I owe special gratitude to my mother, family, relatives, sisters, and brothers, in-laws, sons, and daughters and grand children for their encouragement, love, care, and prayers during my studies. May the Lord bless them with an everlasting prosperity.

Furthermore, my thanks should go to my class mates who in one way or another played a part in accomplishing my work.

Lastly I appreciate all people who in one way or another contributed to the success of my work. I still remember their contribution, may the lord grant those merits in their lives.

Jan 2007.

ACRONYM

ACB	Akiba Commercial Bank.
ADP-Mbozi	Action for Development Programs
AFRACA	Africa Rural and Agriculture Credit Associations.
AGM	Annual General Meeting.
CBO	Community Based Organization.
CED	Community Economic Development.
CRDB	Cooperative rural Development Bank
CREW	Credit Scheme for Women development.
FAO.	Food and Agriculture Organization.
GDP	Gross Domestic Product.
HIV/AIDS	Human Immune Virus/Acquired Immune Deficiency Syndrome.
IFAD	International Finance and Agriculture Development.
MEDA	Mennonite Entrepreneurs Development Association.
MSEs	Micro Scale Enterprises.
MFIs	Micro Finance Institutions.
MKUKUWAMBO	Mfuko wa Kuweka na Kukopa Wananchi Mbozi.
NMB	National Microfinance Bank.
NMFP	National Micro Finance Policy.
RFDP	Rural Finance Development Programme
ROSCAs	Rotating Saving and Credit Associations.
SACCOS	Savings and Credit Cooperative Society.
S & C	Savings and Credit.
SCULT	Society for Credit Union Limited.
SD	Savings Down.
ST	Savings Through.
SU	Savings Up
SWOT	Strengths Weakness Opportunity and Threats
TANESCO	Tanzania Electric Supply Company
TPB	Tanzania Postal Bank
TZs	Tanzania shillings
WA T	Women Advanced Trustee.

ABSTRACT.

MKUKUWAMBO Savings and Credit Scheme is a community-based organization situated in Mbozi District, Mbeya region, the southern part of Tanzania.

Objective of the scheme is to contribute to the improvement of living standards of Mbozi residents through Savings and Credit provision.

Need assessment conducted in a participatory way revealed that the scheme face problem of low capital investment to meet credit demand needed by members. The scheme has 75 groups with average of 5-10 members in each group. The scheme had 25,000,000/= capital when the study was conducted.

The main causes of this problem include inadequate savings strategies, and inadequate skills in business development

The survey was conducted with the purpose of assessing the existing situation in regarding to savings mobilization and collect information by using primary and secondary data.

The findings revealed that there were no savings strategies and 75% of the respondents suggested for improvement.

The project was implemented with the purpose of improving savings mobilization so as to increase savings volume and enable the scheme to increase capital investment.

Activities implemented enabled to achieve the intended objectives of developing savings strategy that was used in mobilizing savings as well as train members on business development skills which enabled members to indulge into profitable economic activities.

Monitoring and evaluation system helped, the project to realize achievement of 95% of the planned activities, and managed to increase savings from 25, 0000, 000/= to 69,000,000/=, increased members from 75 to 123 by December 2006.

High costs of savings mobilization, community perceptions toward savings mobilization were the challenges encountered during project implementation.

The project will continue to function taking into account that the project is a community initiative. By and large savings mobilization is a tool for poverty reduction.

EXECUTIVE SUMMARY.

MKUKUWAMBO is savings and credit scheme of Mbozi community; it is based in Vwawa town in Mbozi district, Mbeya region in the southern highland of Tanzania.

The scheme is a community-based organization which started in 1999 and it provides savings and credit services to poor rural community through group methodology as a strategy for poverty alleviation.

Its main goal is to contribute toward improvement of living standards of Mbozi community through provision of credit which is used by members as capital investment. The scheme's main source of capital is through member's savings.

Community Needs assessment was conducted in a participatory way with the purpose of identifying a broad range of problems facing MKUKUWAMBO savings and credit scheme and the information collected enabled the scheme to determine its core problem and solution.

The problem of low capital investment was addressed through savings mobilization project

The research used both qualitative and quantitative methods, whereby face to face interview, focus group discussion with key informants, observation and documents review were done for triangulation purpose. Moreover SWOT analysis was used to enable the scheme to come out with the core problem.

A total of 41 respondents were involved in the survey and data were analyzed and presented using SPSS and EXCEL computer software.

The findings revealed that the scheme had no savings strategies and 75% of respondents recommended for improvement.

It was also noted that members had ability to save, taking into account that members undertake more than one economic activity, members earn above 200,000/=Tanzanian shillings yearly and the majority of members are aged from 31 to 45years which is a productive group.

It was also noted that the scheme had no business development training programs and 93% of the respondents suggested for the scheme to start training programs for members.

Respondents confirmed that most of the member's capital is from MKUKUWAMBO savings and credit scheme.

Therefore members proposed to mobilize savings within members and encourage community around them to join the scheme.

The main purpose of the project was to improve savings mobilization so as to enable the scheme to increase volume of savings hence increase capital investment.

Specific objectives include:

- To develop savings strategies that can be used to mobilize savings so as to increase volume of savings by December 2006.
- To train 45 members on business and entrepreneurial development skills so that they will be able to engage into profitable economic activities by December 2006.

The project was implemented by MKUKUWAMBO in collaboration with the partner organization; the project advisor (CED student) supervised and facilitated the process. The total amount of 7,658,350/= was proposed to accomplish what was proposed in the project but the amount available and used was 3,829,175/=Tanzanian shillings. This amount is about 50% of the required budget and therefore was not sufficient to carry out all planned activities.

Therefore almost 95% of activities were implemented within a time framework of 18 months with the exception of two savings mobilization meetings and one training on business development skills.

Monitoring was part and parcel of the project implementation. The purpose of monitoring was to access and provide information during the life cycle of the project such as progress, usefulness of resources, improvement being made and challenges being faced towards achievement of the objectives.

Methods applied were focus group discussion, meetings, interview, observation, field visit and review of documents which enabled the scheme to realize the achievement of 95% of the objectives.

Both formative and summative evaluations were conducted with the purpose of assessing and providing information useful for feedback about the project regarding the achievement of activities, immediate objectives and outcome.

By the end of December 2006 the project managed to accomplish the following outputs:

- Developed and used saving strategy which enabled the scheme to inculcate savings culture within community and increase savings from 25,000,000/= to 69,000,000/= Tanzanian shillings and increased member's from 75 by year 2005 to 120 by year 2006.
- Training member's on business and entrepreneurial skills enabled the scheme to increase number of trained members from 12 to 47 members by December 2006 and increase members with profitable activities from 12 to 27 by 2007.

The project was very successfully due to the fact that it involved those who were concerned throughout the project cycle.

Involvement of local government leaders helped the project implementation because they are the ones who encouraged people in their locality to participate in savings mobilization meetings.

All in all the reception of members, leaders, and local government leaders and partner institutions were positive toward the project. For this reason, savings strategy used and skills on management and business development, were appreciated and acknowledged. It is recommended to continue mobilizing savings so as to make problem of low capital in MKUKUWAMBO a history.

The scheme has to continue involving more members in all project cycle to increase commitment, accountability and increase sense of ownership.

TABLE OF CONTENTS

SUPERVISOR CERTIFICATION	i
DECLARATION	ii
STATEMENT OF COPYRIGHT.....	iii
DEDICATION.....	iv
ACKNOWLEDGEMENT	v
ACRONYM	vi
ABSTRACT.....	vii
EXECUTIVE SUMMARY.	viii
Table of contents.....	xi
LIST OF TABLE.....	xiv
CHAPTER 1: COMMUNITY NEED ASSESSMENT.....	1
1.0. INTRODUCTION.....	1
1.1. BACKGROUND INFORMATION.....	1
1.1.1. Area profile.....	1
1.1.2 The MKUKUWAMBO savings and credit scheme.	2
1.1.3.The Scheme and administrative structure.....	3
1.1.4. Leadership.....	3
1.1.5. Sources of funds.....	3
1.1.6. Vision.....	4
1.1.7. Mission.....	4
1.1.8. Main objective.	4
1.1.9. Specific objectives.	4
1.1.10 Current programs.....	4
1.2. PROBLEMS AND NEEDS OF MKUKUWAMBO SAVINGS AND CREDIT SCHEME.....	5
1.2.1. Objectives for conducting a community need assessment.....	5
1.2.2. Characteristics of the survey.....	5
Table 1 Sample size:	11
1.2.4. COMMUNITY NEEDS ASSESSMENT FINDINGS.....	12
Figure 1; Age of respondents.....	13
Figure 2: Education level.....	14
Figure 3: Response on Income per year.....	14
Table 2: Number of family member.....	15
Table 3: Occupation of respondents.....	16
Figure 5: Type of members.....	17
Figure 5: Savings mobilization.....	18
Figure 6: Membership trend.....	19
Table 4: Savings Mobilization meetings conducted in wards	19
Table 5: Attendance of People during sensitization 2000-2006.....	19
Table 6: MKUKUWAMBO SWOT analysis.....	22
Table 7: Ranking of MKUKUWAMBO savings and credit scheme's needs as done by members. (41)	24
CHAPTER TWO: PROBLEM IDENTIFICATION.....	25
2.0 Introduction.....	25
2.1 Problem Statement.....	25
2.2. Project target.....	26
2.3. Stakeholders.....	26
2.3.1 Ward and village leaders.....	26

3.1.2. Ways of accumulating savings.	32
3.1.3. Characteristics of savings mobilization.	32
3.1.4. Importance of savings mobilization.	33
3.1.5 The client/saver perspective.	33
3.1.6. The Institutional perspective.	36
3.1.7. The Macro economic Perspective.	37
3.2. EMPIRICAL LITERATURE REVIEW.	38
3.3. POLICY REVIEW:	49
3.3. 1. IFAD Rural Finance Policy 2000.	49
3. 3 .2. FAO Policy Advice (Agriculture Support System Division).	49
3.3.3. The Tanzania National Micro Finance Policy of 2000. (NMFP)	50
3. 3.4. The banking and Financial Institution Act 1991 of Tanzania.	50
3 3.5. The National Investment Promotion Policy (1996) of Tanzania.	51
3.3.6. Cooperatives Development Policy 2000.	52
3.3.7. The Cooperative Societies Rules 2004.	52
3. 3.8. Tanzania Livestock Policy of 2002.	53
3.3.9. Agricultural Sector Development Strategy 2001.	53
CHAPTER FOUR. PROJECT IMPLEMENTATION.	55
4.1. Project outputs and products.	55
4.2. Project Planning.	56
4.2.1. Objective1.	56
4.2.3. Inputs required and used.	57
4.2.4 Staffing pattern.	57
4.2.5 Project budget.	59
4.3. PROJECT ACTUAL IMPLEMENTATION.	59
CHAPTER FIVE MONITORING, EVALUATION AND SUSTAINABILITY.	63
5.0 INTRODUCTION.	63
5.1.1. Monitoring questions.	65
5.1.2. Methodology for Monitoring.	68
5.1.3. Monitoring results.	70
5.2. Evaluation.	73
5.2.1. Formative Evaluation.	74
5.2.2. Summative Evaluation.	82
5.3. Project Sustainability.	94
CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS:	97
6.1 CONCLUSION.	97
6.2. RECOMMENDATIONS.	99
REFERENCES:	101
Appendix:i Letter of application.	104
Appendix ii: Mbozi Map.	105
Appendix:iv Structure of MKUKUWAMBO.	108
Appendix: v: NEED ASSESSMENT CHECKLIST.	109
Appendix:vi QUESTIONNAIRE FOR RESPONDENTS.	110
Appendix vii : Logical frame work for savings mobilization project in MKUKUWAMBO savings and credit Scheme-Mbozi. 2005-2007.	119

LIST OF TABLE.

Table 1 Sample size:	11
Table 2: Number of family member.	16
Table 3: Occupation of respondents.	16
Table 4: Savings Mobilization meetings conducted in wards	19
Table 5: Attendance of People during sensitization 2000-2006.	20
Table 6: MKUKUWAMBO SWOT analysis.	22
Table 7: Ranking of MKUKUWAMBO savings and credit scheme's needs as done by members. (41)	24
Table 8: Analysis of project products and outputs	55
Table 9: Budget summary.....	59
Table 10 : Project implementation summary plan	61
Table 11 : Monitoring project operation plan.....	66
Table 12 : Status of members and amount saved.....	70
Table 13 : Credit provision by scheme.	71
Table 14 : Formative Analysis Plan.....	76
Table 15: Formative evaluation timeline.	79
Table 16 : Amount of savings deposited.	80
Table 17 : Amount of credit provided.	81
Table 18: Summative evaluation questions.	84
Table 19: Summative Evaluation Analysis Plan.....	85
Table 20: Timeline for summative evaluation.....	87

LIST OF FIGURES.

Figure 1; Age of respondents.....	13
Figure 2: Education level.....	14
Figure 3: Response on Income per year.....	14
Figure 5: Type of members.....	17
Figure 5: Savings mobilization.....	18
Figure 6: Membership trend.	19

CHAPTER 1: COMMUNITY NEED ASSESSMENT

1.0. INTRODUCTION.

Community needs assessment was conducted with the purpose of identifying a broad range of problems within MKUKUWAMBO savings and credit scheme and decide which needs to be addressed.

Information gathered helped the scheme to design project that effectively addressed the problem.

Therefore this chapter tends to discuss how the process was conducted, background information about the area, MKUKUWAMBO savings and credit scheme history, methodologies used in conducting community need assessment and findings.

1.1. BACKGROUND INFORMATION.

1.1.1. Area profile.

MKUKUWAMBO (MFUKO WA KUWEKA NA KUKOPA WANANCHI MBOZI) scheme is located and operates in Mbozi district in Mbeya Region. Mbeya region is located in southern highland of Tanzania, about 900 kilometers from Dar-es-salaam.

Mbozi is surrounded in the east by the districts of Chunya and Mbeya rural, in the north by the lake Rukwa and Rukwa region in the west by Zambia and in the south by the district of Ileje and Malawi.as shown in Mbozi map in Appendix 2

The area of Mbozi district is 9670 square kilometers including 80% arable or grazing land. Two principal zones may be distinguished in Mbozi district:

- The plain is between 900 and 1400 m altitude, characterized by dry volcanic soil and uncertain rainfall.
- The plateau is between 1400 and 2700m altitude made up of very fertile and loam soil.

The rain season begin in October and end in May, with the total amount of rain ranging between 1350 and 1550mm.Temperature is mild from January to April, cold from May to August and quite hot from Mid August to December.

According to Tanzania census of 2002 the district population is 515,210 whereby 280,237are women and 231,973 are men.

Administratively the district of Mbozi is made up of 6 divisions with 24 wards and 176 villages.

Economically, the GDP of Mbozi district is 150 million Tanzanian shillings while average per capita income is 95, 000 Tanzanian shillings, (District planning office year 2005)

The economy of the district depends mainly on agricultural income. Agriculture sector is a source of employment and income for more than 90% of the population.

Agriculture production comes from small farmers who cultivate land around their homes; only small population works in industries as well as in business.

The district inhabitants are Nyiha and Nyamwanga although there are many migrants like Ndali, Nyakyusa, and Lambya.

Social services that can be found in the district include health, education, security, water, micro finance bank, and communication.

Failure of farmer's cooperatives and limited access to credits in Mbozi area has made people to establish savings and credits schemes in their locality.

Currently there are 55 savings and credit schemes in Mbozi district.

1.1.2 The MKUKUWAMBO savings and credit scheme.

MKUKUWAMBO savings and credit scheme is a community-based organization that contributes towards socio economic development of the people in Mbozi District.

The scheme started in 1999 as farmers' savings and credit group with total number of 15 founder members.

Formerly it was operating under auspices of ADP-Mbozi Trust Fund.

After being advised to formalize the scheme, it was registered in 2004 under the Ministry of Home Affairs, with the registration number SO.NO.13139, Act No 5 of 1954 under the Society Ordinance.

The scheme is located at Uhuru Road Street, near Tanzania Revenue Authority office, in Vwawa ward of Mbozi district.

MKUKUWAMBO scheme is guided by constitution in its daily operations and functions. It has employed 2 full time staff and it serves the population of 500, with an average of 100 households whereby 40 households are female headed.

MKUKUWAMBO scheme is operating in four divisions of Vwawa, Ndalambo, Iyula and Igamba in 9 wards and 15 villages.

Mainly the membership of the scheme is through groups.

By September 2005, the scheme had 75 groups. The main occupation of these groups members include:

- Buying and selling cereal crops,
- Small scale farming,
- Petty business,
- Livestock keeping.

Up to mid September 2005, a total of 25 millions Tanzania shillings were raised from group members as savings and the amount loaned to 30 groups was 20 millions Tanzanian shillings, with 2.5% interest rate per year.

1.1.3. The Scheme and administrative structure.

The scheme has its own structure and leadership. The supreme body of the organization is members through Annual general meeting (AGM). Followed by the Executive Committee that comprises of 15 members including chairperson, secretary, book- keeper and 2 members drawn from each committee is the second highest organ of the scheme (Finance, loan and Mobilization committee) Each committee has total number of 5members.

The Executive Committee perform the following functions as custodian of the scheme properties, controller of all financial matters; Coordinates planned activities against actual implementation; reports to Annual General Meeting.

The three committees that are finance, loan and mobilization, are the one's implementing day-to-day activities in collaboration with 2 full time employed staff. (Appendix: iii.)

1.1.4. Leadership.

The day-to-day activities are under the chairperson; the Secretary is responsible for office management and supervision of all staff. Bookkeeper is responsible for financial matters

1 .1. 5. Sources of funds.

The MKUKUWAMBO mainly depend on following source of funds:

- 1.Member's savings
- 2.Interest from loans

3.Entry fees

4.Contributions.

1.1.6. Vision.

MKUKUWAMBO savings and credit scheme envision the community members of Mbozi district men and women, who have access to finance, have enough savings, and running profitable activities in sustainable way.

1.1.7. Mission.

MKUKUWAMBO is there to support the effort of Mbozi community member (men and women) to improve living standard through:

- Savings mobilization,
- Credit provision,
- Entrepreneurial capacity development,

While taking into consideration cross cutting issues, especially gender relations and HIV/AIDS.

1.1.8. Main objective.

To contribute towards improving living standard of Mbozi Community mainly in rural areas, through savings and credit provision that member's use as capital investment.

1.1.9. Specific objectives.

- To Inculcate saving culture among community members.
- To promote and sensitize community to join savings and credit group
- To mobilize community and promote saving activities.
- To encourage community to save and provide credit facilities.
- To provide bank services to community members.
- To promote Gender equality and women empowerment.

1.1.10 Current programs.

So far MKUKUWAMBO is actively involved in savings and credit services.

The future plan is to operate as community Bank and provide bank services to the Mbozi community.

1.2. PROBLEMS AND NEEDS OF MKUKUWAMBO SAVINGS AND CREDIT SCHEME.

1.2.1. Objectives for conducting a community need assessment.

- To identify problems/needs of MKUKUWAMBO savings and credit scheme and decide which needs are to be addressed.
- To gather information which were used to design the project.
- To assess the existing situation of MKUKUWAMBO savings and credit scheme in relation to savings strategies/approaches, abilities and skills that members have.

1.2. 2. Characteristics of the survey.

1.2.2.1. Type of survey instruments.

In order to collect accurate and reliable information from the selected respondents, the researcher used questionnaire and interpersonal interview as survey instruments.

The questions were designed in such a way that all information the researcher needed was included in the questions (General information about the scheme and members, savings strategies, member's ability to save, economic activities, entrepreneurial skills problems /needs.)

The instruments were selected to ensure the information obtained was relevant to answer the research questions.

By using interview, respondents had enough time to express their feelings and it gave time to respondents to get clarification from the interviewer for the questions, which were not clear and provide answers accordingly. Also member was also advantageous because some of respondents were illiterate.

Focus group discussion also was used in data collection. Moreover it was used to clarify some of the information that was not clear answered through questionnaire.

Document review was used to get additional information that respondents didn't provide in relation to history of the problem. Documents reviewed include:

- Minutes of annual meetings,
- Minutes of the executive committee meetings,
- Reports from the organization like ADP-Mbozi, district council,
- Constitution of the scheme,

- Different policies regarding to the problem.
- Report from different studies.

Observation also was used to get clear picture and certify what respondents provided, see physically what was going on in the scheme regarding to savings mobilization and how people behave toward savings mobilization.

Content of the questionnaire.

During the survey, 40 questions were asked to selected sample. The questions were designed to cover the following:

- Savings strategies, approaches and how it contributes towards increased savings in the scheme, challenges/needs.
- Ability of members to save. Challenges/needs.
- Economic activities and earnings. Challenges/needs.
- If members have entrepreneurial and business development skills and how helpful the skills are in making them engage into profitable economic activities

The questionnaire was divided into 4 main parts as follows:

- Background information. (12 questions.)
- Savings strategies /approaches needed. (12 questions.)
- Ability of members to save. (10 questions)
- Existing and needed skills to the scheme regarding to Business development skills (6 questions.)

The questions designed were of two types:

The open-ended questions, which needed self-description\ self-explanation.

Closed- end questions, which needed the respondents to answer it according to the instructions, types of responses were YES/NO/I DON'T KNOW.

The description of scaling was done according to the types of information the researcher wanted. For example information concerning savings strategies and needs were scaled separately from those of economic activities.

Checklist that was used in focus group discussion which comprised 12 questions. (Appendix; v) Key questions like what are the problems the scheme face? What do you consider to be the most important needs for the scheme? Helped to rank the mentioned needs according to their importance.

1.2.3.2 Psychometrics characteristics.

1.2.3.2.1. Scales and content.

Scaling of the responses was done according to the type of information the researcher wanted from the respondents.

Therefore rating scaling include ordinal which covered the education, interval which rate age and income as well as additive type of scaling was used too in scoring answers from respondents, whereby individual response was counted and being combined to find out the highest score/positive to lowest one.

All these were based on the survey objectives and what to be answered by the survey. (Needs/problems relating to savings strategies, ability to save, economic activities, and entrepreneurial and business development skills.)

1.2.3.2.2. Question score and scale combination.

The scores of the questions were made according to the validity of the information the respondents provided which characterize what the research questions needed.

Therefore most of the respondents in this research answered almost the same. For example most respondent's response that the scheme has no savings strategies which in one way or another contributed to low savings. For that reason the information, which was direct to what the researcher wanted, scored high and that questions ranked with many respondents also scored high mark. The information that was likely to the answer scored medium while that information ranked low scored low mark.

For example. What is your opinion in improving savings strategies?

Answers.

- Have a regular follow-up of member's savings at least once per month. (Score high)
- Introduce savings collection centers, (score medium)
- Purchase video set. (Score low)

The scale was combined to the questions responses, which were related. For example current amount of capital and current amount of savings in the scheme.

1.2.3.2. 3 Reliability.

To measure the responses, interobserver type of reliability was used during the research. Therefore to measure the stability of the information a person was given the same question in different occasion to see if the answers provided are the same or not. The answers given by respondents indicated that the answers were the same.

1.2.3.2.4. Validity.

As far as validity rule is concerned an instrument is considered to be a valid instrument if it provides an accurate measure. So the researcher used content and face types of validity, to measure the validity of the questions and information provided. Questions were given to the respective expertise for comments, and addition to see if all information needed were included in the questions and the way the questionnaire looked like/appeared. The expertise's in community development, cooperative department, ADP-Mbozi were given questions.

Therefore some of the questions were omitted, reviewed, rephrased and other questions were added especially on the aspect of savings strategies and economic activities as well as income members earn yearly.

1.2.3.2.5. Administration.

The study was administered by the researcher and assisted by assistant researchers.

These assistant researchers were extension officers located in the area where the study was conducted.

The assistant researchers were well educated where as one graduated from Sokoine University with 3 years of experience in related field and 2 researchers hold advanced diploma in community development with the experience of 3 years in the field of marketing, gender and agriculture production.

In order to achieve the intended objective and gather information as required from the respondents and have common understanding, a two days workshop was conducted on data collection, approaches and data analysis.

The workshop was facilitated and supported by ADP-Mbozi together with MKUKUWAMBO. At the end of the workshop, the researchers came up with a plan on how activity was going to be conducted.

In order to ensure that the methods used in the survey were administered and interpreted in a uniform way by the interviewers, the first two days of the exercise were done together. Issues and comments raised were corrected.

A common understanding was built up by interviewers as well as uniformity was developed.

Not only that at the end of the day, the researchers were conducting feedback meeting to evaluate the progress of the activities and see if every things was going on as required or not.

A maximum of 30 minutes was used to complete the questionnaire.

Therefore the total number of 14 days was spent to complete the survey activity whereby 2 days were used for planning and informing respondents about the exercise as the researchers were supposed to travel to the villages.

9 days were spent on data collection and 3 days for data analysis and interpretation.

1.2.3.3. Research Methodology.

The researcher used both qualitative and quantitative methods in conducting need assessment study of MKUKUWAMBO savings and credit scheme.

The survey instruments used were face to face interview, focus group discussion with key informants, observation and documents review for triangulation purpose. Questionnaire was tested to see its relevancy, avoid long questions and ambiguities.

Observation method was used for the purpose of getting more information and see physically what was going on with regard to members and individuals behavior. Records review was useful as it showed the progress, situation, problems, success the scheme has achieved. Structured interview ensured clarity of the respondents.

Moreover SWOT analysis was used to enable the scheme to come out with the core problem.

1.2.3.3.1. Research Design.

The study used descriptive type of survey to collect data on need assessment, describe how savings are mobilized in the scheme as well as suggestions for improvement.

Through this method the researcher managed to get a full picture on the need of the scheme regarding to how the scheme is working, the amount of savings the scheme have, savings strategies and on how it contributes positively or negatively to the increased savings. Furthermore it described skills needed by members regarding to entrepreneurial and development skills as well as economic activities members undertake and its contribution to the increase of member's savings.

This was used because it provides information which enabled the scheme to come out with problems / needs that the scheme has.

Cross sectional designed was used whereby information was collected once at a single point by the researcher. The advantage of this method was that it was very easy to conduct, also it involved people or scheme (MKUKUWAMBO), therefore at the end people were given a room to plan from their finding as themselves observed that there was a need for improvement.

1.2.3.3.2 Limits on internal and external validity.

In assuring that the findings information collected was valid, both quantitative and qualitative methods were used through interviewing the respondents and through questionnaire.

By using random sampling enabled to collect data that the responses were represented. Respondent were given equal chance of being selected. Therefore the rates of biases were reduced.

The questions were tested to measure their validity of questions and an information collection was conducted.

This indicated that the information collected was valid and helped to develop solutions for effective savings mobilization.

1.2.3.4. Sampling.

1.2.3. 4.1.Sample size:

The sample size was 41 respondents, who were categorized into 3 groups as follow:

27 MKUKUWAMBO members

12 MKUKUWAMBO leaders

2MKUKUWAMBO staff

This means that the sampled respondents represented the entire population.

Table 1: Sample size:

Selected people	Total population	Sampled	Percentage
Leaders.	3	3	100
Executive Committee.	9	9	100
Members	75	27	36
Staff	2	2	100
Total	89	41	46

Source: survey June 2006.

1.2.3.4.2. Sample population.

The population includes:

- The host organization members,
- MKUKUWAMBO leaders,
- Staff.

1.2.3.4.3. Selected sample.

The survey used both probability and non-probability methods.

1.2.3.4.4. Probability:

Simple random sampling was used to select persons or respondents to provide the information needed whereby, members were given equal chance to be selected. Name of member's were listed and selected randomly. The researcher used the simple random sampling because of time constraints; it was simple and easy to conduct, as it does not consume much time

1.2.3.4.5. Non-probability.

A purposive sampling was employed to MKUKUWAMBO leaders and key informants with the purpose of providing information that other respondent could not provide as required for example information regarding the scheme management, amount of savings, strategies and challenges encounter in the scheme.

1.2.3.4.6. Potential biases.

During the study the questionnaires were distributed to the respondents, only 2 respondents did not respond to all questions, because of the location and time which made the researcher unable to reach the place.

1.2.3.4.7. Data analysis and presentation.

The data collected were organized to reflect the relevant information needed according to the research questions. Both quantitative and qualitative methods (Descriptive) of data analysis were used to make data analysis and interpretations by creating tables, figures and charts. The statistical Package for Social Scientist (SPSS), excel program and manual methods were used to support the data analysis and presentations. Simple frequencies, cumulative Tables were used to organize and present data. The average and percentages were also used to present information.

1.2.4. COMMUNITY NEEDS ASSESSMENT FINDINGS.

1.2.4.1. Research question 1: About the background information about MKUKUWAMBO members.

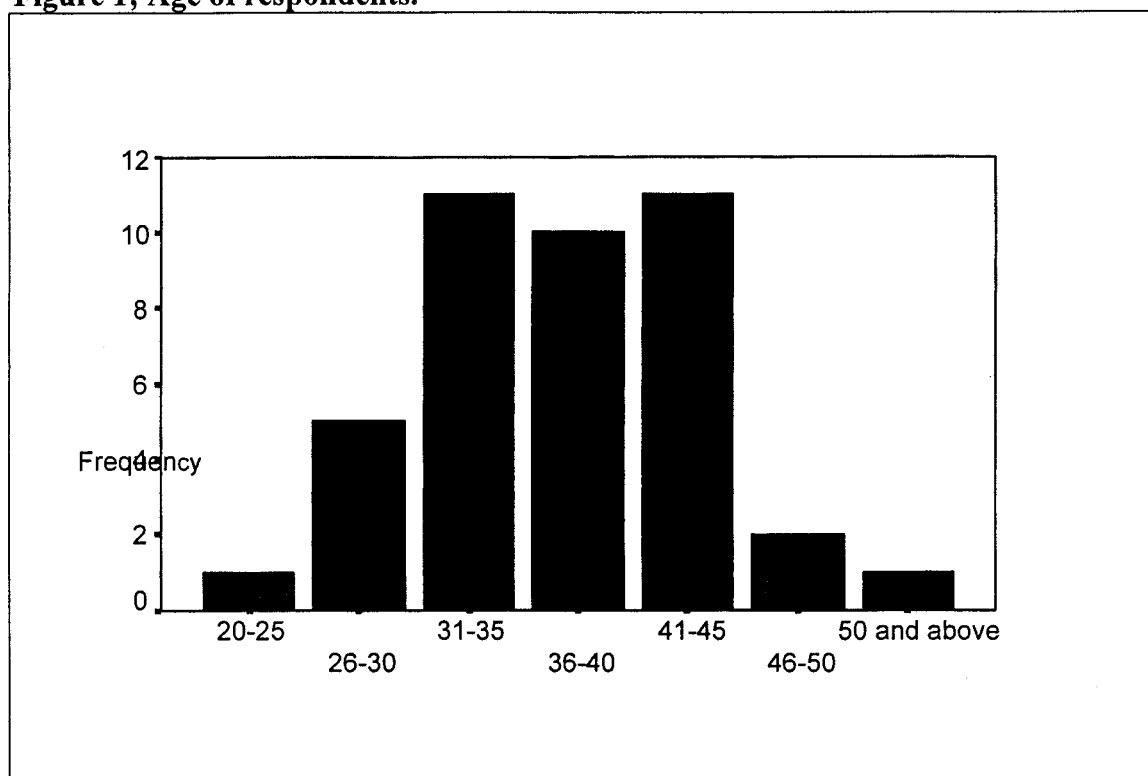
A total of 41 Respondents were involved in the research whereby 27 (36%) respondents represented members , 12 MKUKUWAMBO(16%) of the respondents were leaders 16% and 2 (3%) were staff, this meant that a total of 52% of 75 respondents were members of MKUKUWAMBO scheme. as shown in table 1.

This justified that the sample population represented the targeted population in the study hence the statistical errors were minimal and provided useful information as required by the study.

Age of respondents.

It was noted that 78% of respondents aged between 31 to 45 years, 12.6% were below 31 years and 7.4% were 46 years and above as shown in figure 1 below.

Figure 1; Age of respondents.



Source:MKUKWAMBO Survey 2006.

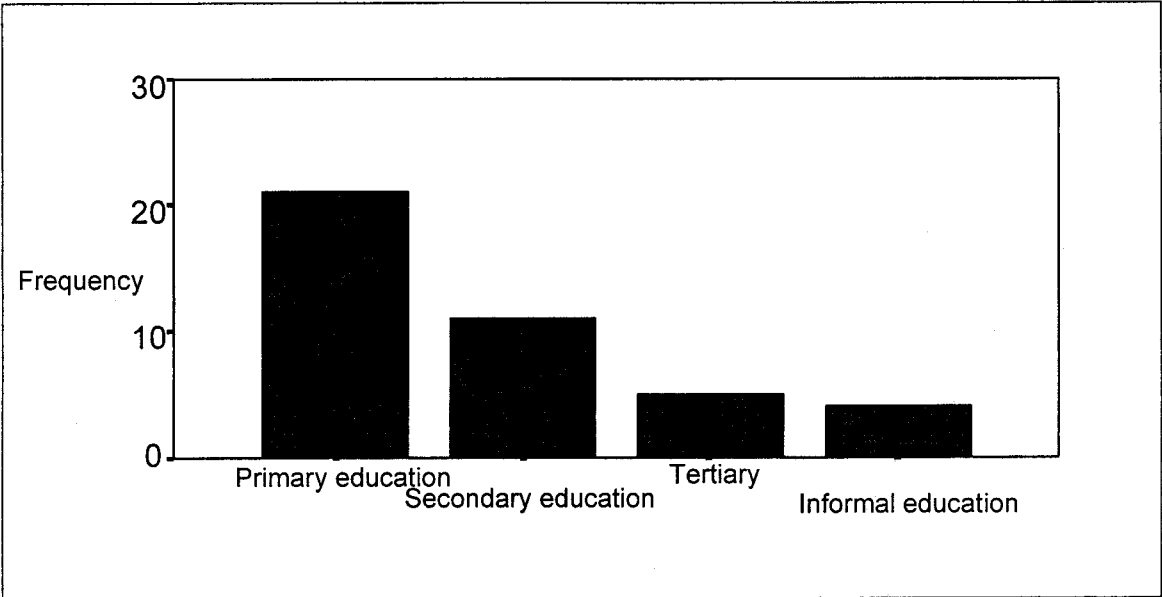
This indicated that the majority of MKUKUWAMBO members aged between 31 to 45 years who are productive and active group with different family responsibilities which sometimes hindered the trend of depositing savings.

On other hand, it can be said that this group can deposit more savings, as they are able to produce and get money if they are serious.

Education.

More than 51% of the respondents had primary education 26.8% had reached secondary school level and 12.2%, had reached tertiary education level as shown in figure below.

Figure 2: Education level



Source:MKUKUWAMBO Survey 2006.

Education level of members made it more difficult for MKUKUWAMBO to propagate or encourage members to save more.

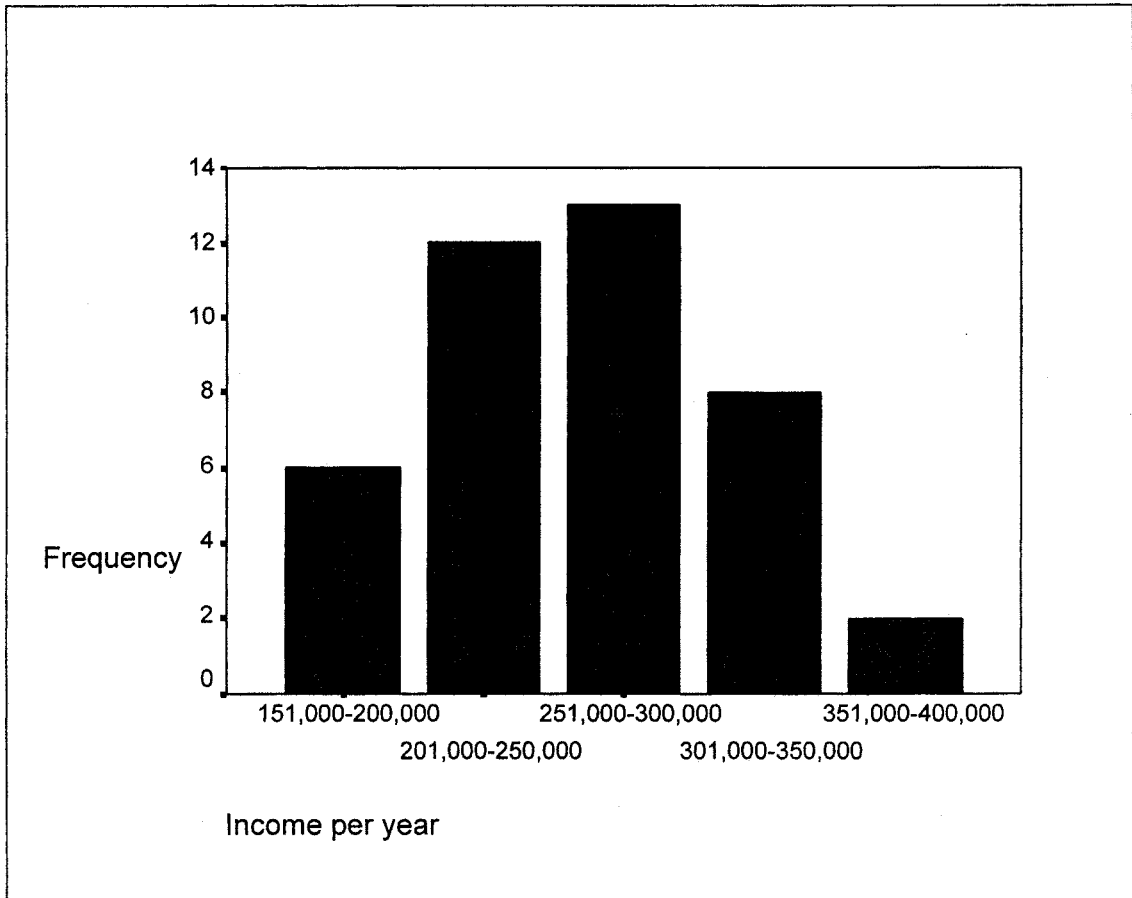
Education contributes to member’s creativity, innovation and capability to cope with savings mobilization challenges that MKUKUWAMBO face.

Furthermore the scheme MKUKUWAMBO scheme can use the remaining 39% of members to act as savings mobilizers as they are educated they have capacities in developing strategies and mechanism to make the scheme collect more savings and be in a position to have enough capital investment

Income per year.

More than three quarter 85.4% of respondents had an income between 201,000/= to 400,000/= where as 14.6% of respondents income ranges from 200,000/= and below as shown in figure 3 below.

Figure 3: Response on Income per year



Source:MKUKUWAMBO survey 2006.

This indicated that members are generating enough income, which can enables them to save, but the rate of saving was still low. This indicated that there is a need to continue creating awareness on the importance of making regular savings and in building saving culture.

Number of family members.

During the discussions, it was noted that 58.5% of the respondents had 5 members and above, while 41.5% of the respondents had 4 members and below as shown in table 2.

Table 2: Number of family member.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1-2	3	2.1	7.3	7.3
3-4	14	9.9	34.1	41.5
5-6	19	13.5	46.3	87.8
7 and above	5	3.5	12.2	100.0
Total	41	29.1	100.0	

Source:MKUKUWAMBO Survey 2006.

This indicated that more than half of MKUKUWAMBO members have more than 5 family members, which in one way or another effected savings mobilization because family consumes much of the money generated. Therefore there is a need for the scheme when mobilizing savings from their members, to talk about family planning by showing the effect of big family members in making savings.

Occupation of the respondent.

39% of the respondent said that they are engaging into more than one activity which include crop growing, livestock keeping and business, moreover 26.8% are farmers, 22% are business persons, while 12.2% are engaged in livestock keeping.

Table 3: Occupation of respondents.

	Frequency	Percent	Valid Percent	Cumulative Percent.
Valid Farmer	11	7.8	26.8	26.8
Livestock-keepers	5	3.5	12.2	39.0
Business	9	6.4	22.0	61.0
1-3	16	11.3	39.0	100.0
Total	41	29.1	100	

Source: MKUKUWAMBO survey 2006.

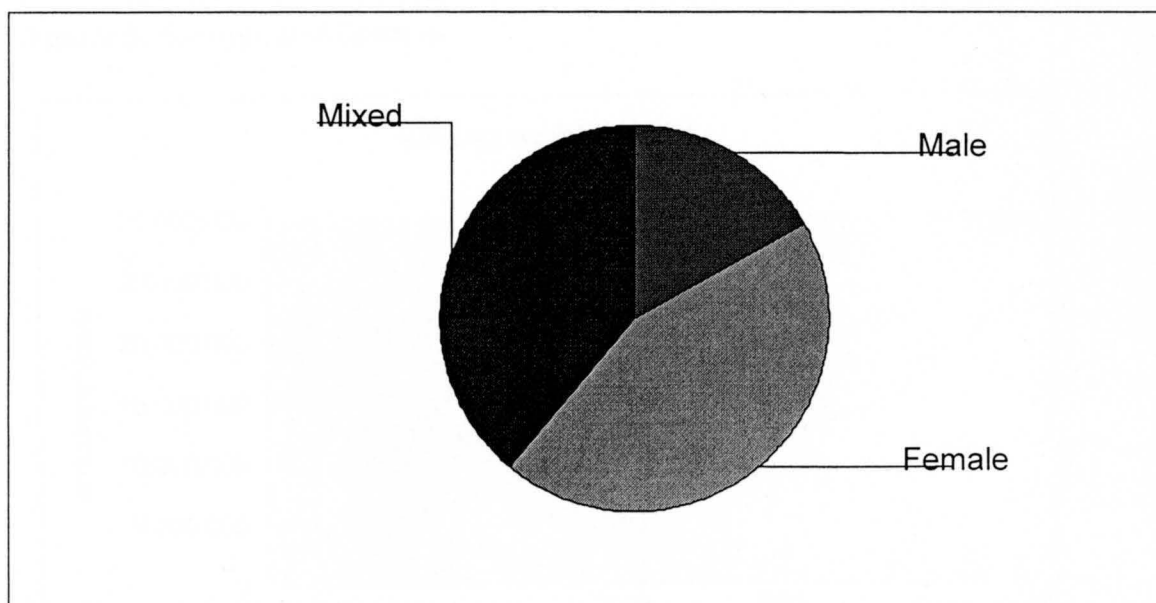
This means that by having more than one activity made members generate more income although they were depositing small amount of savings which resulted into insufficient capital investment.

Types of group members.

The membership of MKUKUWAMBO scheme is through group.

During the discussion and interviews, it was noted from the respondents (43.5%) that the big number of members was from female groups, 39% of respondents were from mixed groups, and 17.1% of respondents were from male groups as shown in figure 4 below.

Figure 4: Type of members.



Source:MKUKUWAMBO survey 2006.

This showed us that, most of the members of MKUKUWAMBO are female who have many family responsibilities, low income and depend on their husband's decisions. This affected much on the implementation of savings mobilization on one side. On the other hand women had experience of using traditional savings (ROSCA) therefore the scheme could use this opportunity to improve the situation.

Members source of capital.

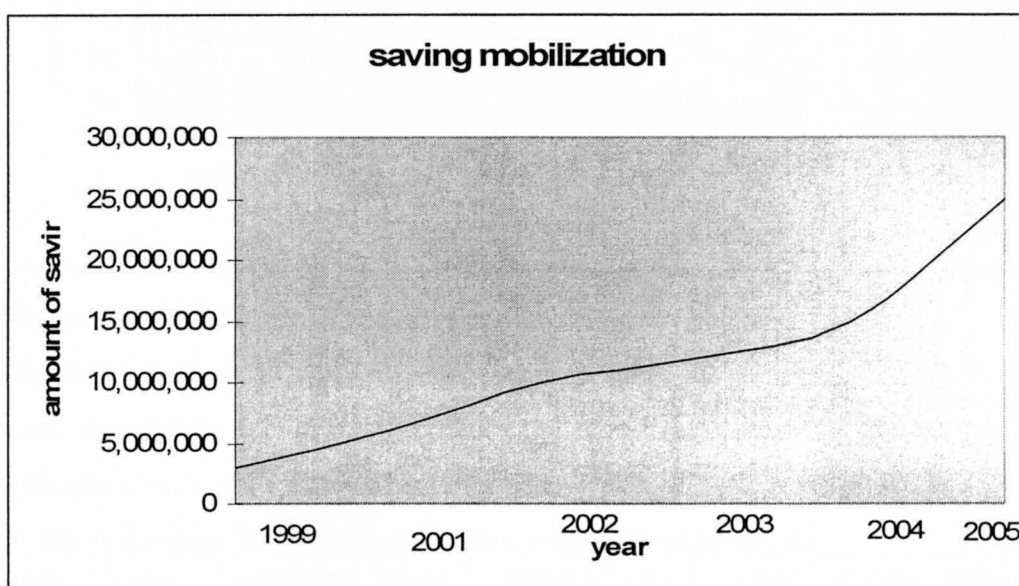
During the discussions members admitted that, the majority (70%) depend on their capital in MKUKUWAMBO savings and credit scheme. Therefore by having little money, caused members to suffer a lot.

1.2.4.2. Research question 2: What are the problems and needs of MKUKUWAMBO savings and credit scheme?

1. Insufficient capital investment and need to increase savings.

66% of the respondents confirmed that the scheme failed to provide credit services to members as planned due to low savings in the scheme. This situation was due to the fact that the scheme had no savings strategies used to mobilize savings from members. Therefore leaders were only encouraging members to increase savings and convincing community to join the scheme which resulted into mobilizing only 25,000,000/= Tanzania shillings since 2000.

Figure 5: Savings mobilization



Source: MKUKUWAMBO implementation report 2005.

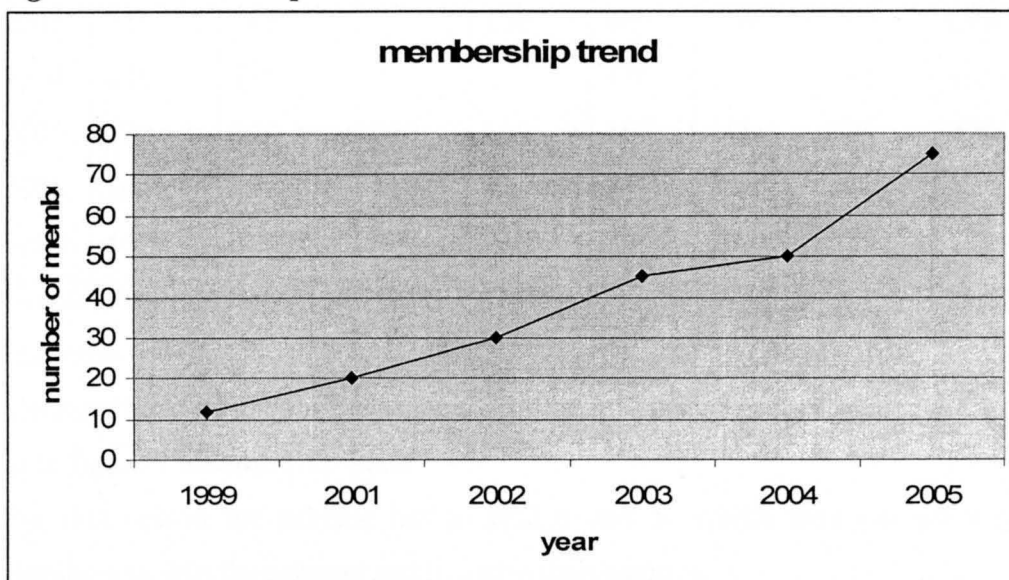
The graph indicated that savings mobilization was increasing slowly, except in 2005 where it was growing tremendously to Tanzania shillings 25,000,000/=. Although the amount of savings increased, it was not enough to satisfy all member's needs.

Moreover members (63.5%) complained that the amount saved continued to be low due to the fact that, the scheme had no fixed amount of money to be deposited by members. Therefore members saved whatever they decided to deposit even 500/= Tanzanian shillings once a year. This was also evidenced from MKUKUWAMBO's documents, that there was a group with 500/=Tanzanian shillings savings. In addition to that, MKUKUWAMBO members have very low savings habits. They do not always save even if they have money from their sales.

Membership Trend. (1999-2005)

The more the members the more savings hence increased capital investment. By 2005 the scheme expected to have 250 members. At the time of conducting study, the scheme had only 75 members as shown in figure 6 below.

Figure 6: Membership trend.



Source: MKUKUWAMBO savings and credit report 2005.

The figure indicated that members were increasing slowly compared to the estimated trend, despite the fact that the number of mobilization meetings conducted was 130 with attendance of 15,404 Community Members as shown in the table 4 below.

Table 4: Savings Mobilization meetings conducted in wards.

Year	Vwawa	Isandula	Isansa	Chitete	Iyula	Kapele	Ihanda	Itaka	Total
2000	2	2			2	2	4	4	16
2001	5	5			5	2	5	3	22
2002	7	2			3	3	5	2	33
2003	5	3		1	4	2	3	1	19
2004	5	2			2		2	3	14
2005	5	2	5	2	2	2	5	2	25
2006	2	2		1	2	1	1	1	12
Total	31	15		4	20	12	25	16	130
			2						
			7						

Source: Research June 2006.

Table 5: Attendance of People during sensitization 2000-2006.

Year	Vwawa	Isandula	Isansa	Chitete	Iyula	Kapele	Ihanda	Itaka	Total
2000	402	160			140	162	418	576	1858
2001	632	210			486	114	426	180	2248
2002	1180	360		86	792	410	920	119	3267
2003	741	205		120	460	216	275	193	2209
2004	675	119			126		187	421	1528
2005	876	114	810	116	196	119	976	214	3421
2006	164	129	118	92	94	81	110	85	873
Total	4670	1297	928	418	1844	1097	3312	1788	15404

Source: Progress Report MKUKUWAMBO 2000-2006.

From the findings it can be concluded that the scheme had done a lot in sensitization of community so as to join the scheme, but the number of groups joined the scheme was as in figure 7 membership trend.

For that reason the scheme has to find a way in which they can encourage more members to join the scheme and increase their savings.

High Cost of savings

High cost of savings was another reason mentioned by respondents that caused members not to save regularly especially members who lived far from the centre. They incur a lot of costs in the terms of money and time during depositing their savings to the scheme. The costs ranged from 4000/= to 21,000/= Tanzanian shillings. As the result some of members decided to establish their savings and credit groups so as to reduce costs and access services in their area.

2. Members were engaging into economic activities which were not profitable and need to be trained on entrepreneurial and business development skills.

It was noted during the interview, group discussion and through observation that, members were busy undertaking more than one income generating activities such as beans and maize production, food vendors, buying and selling of cereal crops, retail shops ,groceries, pig and poultry keeping for the purpose of generating income and managed to get basic needs. The experience showed (62.5%) that members were using experience to run their business without knowledge and skills on business development which resulted into low income earnings hence, contributed to low savings.

Therefore members suggested to the scheme to start business development trainings so as to indulge into viable economic activities. It was noted that the scheme had no training program to its members, instead depended on invitation from the partner organization.

3. The scheme has been hiring the office for a long time. Therefore need to build/purchase their house.

During the discussion, it was noted that for a long period of time MKUKUWAMBO was hiring the office.

The house rent was fluctuating as the time went on (65%) which in one way or another disturbed the MKUKUWAMBO budget. In addition to that members were not comfortable with the place the office was located for fear of theft because the place was not safe. Therefore members felt on the need of constructing or purchase their own building and feel that by having their building, they could save a lot of money paid for house rent.

On other hand 50% of respondents added that by having their own house, they can hire some of the rooms as an income generating activity and money earned can also increase capital investment.

4. Problem of registration and Need to register the scheme as SACCOS.

MKUKUWAMBO has registered as an association, under ministry of home affairs. This type of registration made the scheme not to use opportunities (such as loan and trainings on management of the scheme) that are provided by micro finance banks for example the bank of CRDB because of its criteria that, the scheme must register as SACCOS so as to use legal action in case of any problem which many happen in the scheme. This means that being registered as an association is difficult to take legal action in case the scheme mess up.

Therefore in order to have sufficient capital investment from other source, they felt that there was a need of re-register as SACCOS so as to use effectively available opportunities from different macro finance institutions for the scheme's benefit.

5. Problem of transport and Need to have reliable transport.

Members explained seriously on the problem of transport and said that since the establishment of the scheme, MKUKUWAMBO had no reliable transport which made it difficult for the scheme to reach its members regularly.

The scheme had a bicycle which had been used by the scheme to make follow-up of savings to members who were not very far from the office and fail to reach members who are 70 kilometers away from the office. As a result members from far places were not saving regularly as they feared high costs of savings. Members felt the need of having their own transport and suggested to get at least one motorcycle as one way of reducing the problem of low services which is caused by long distance.

1.2.4.3. Research question 3. What is the strength, weakness, opportunities and threat of MKUKUWAMBO savings and credit scheme?

The researcher also used SWOT analysis to collect information which helped to come up with the need of the scheme that was addressed. The analysis came out with the findings as shown in table 6 below.

Table 6: MKUKUWAMBO SWOT analysis.

STRENGTHS.	WEAKNESSES.
It is registered	Low capital
Have leadership	Low savings
Have its structure	Depend much to ADP-Mbozi
Have constitution	Merge source of funds.
Have members and the scheme is recognized by community, government and development institutions.	They don't have their own building.
Have office.	Less commitment to some of members and leaders.
Have 2 fulltime staff.	Lack of savings mechanism.
	Low commitment of members in paying back loan
	Inadequate skills in leadership management, business development skills to members and leaders.
OPPORTUNITIES.	THREATS
Existence of groups	Changes of partners policies can affects its performance
Have of qualified retired officials.	Unmet loan conditions
Existence of NGOs dealing with strengthening savings and credit groups.	Existence of other savings and credit groups in the district.
Favorable government policies	
Presence of micro finance institutions, such as NMB, SCULT, PRIDE.	

1.2.4.4. Ranking of MKUKUWAMBO savings and credit scheme priority needs.

The researcher asked participants to rank the needs according to their importance. Through ranking exercise, participants gave the highest score to the problem of low capital investment as shown in table 7 below.

Therefore respondents felt that if they will mobilize savings from members and encourage community to join their scheme they can mobilize more savings which will increase capital investment and enable the scheme to provide services to members as required.

They decided to choose savings mobilization, because during the study it was confirmed by respondents (67.5%) that members have ability to save for the following reasons:

- The type of income generating activities members undertake can enable them to earn income which in turn put them in a position of making savings.
- Income earned every year by members ranged from 201,000/= to 400,000/= Tanzanian shillings. (Figure 3.).Therefore if one is serious can afford to set a side part of income for savings.
- The majority of members range between 30 to 45 years of age, which is productive age (figure 1.) Therefore if members work hard as required can generate enough money and surplus can be kept as savings.

Table 7: Ranking of MKUKUWAMBO savings and credit scheme's needs as done by members. (41)

Need	Frequency	Rank in %	What should be done?
Need to have sufficient capital investment.	14	34	The scheme decided to implement a project known as savings mobilization with the purpose of improving savings mobilization and enable the scheme to solicit money from members and make them provide credit to members according to their needs.
Need to have skills on entrepreneurial and business development.	8	20	The scheme to decide to develop training program and to request the department of community development and the partner organization to train members on business skills, so that members can use skills to improve their economic activities.
Need to have reliable transport.	6	14	The scheme can not afford to buy a vehicle or a motorcycle. Therefore leaders will continue to request ADP-Mbozi to take them in the village when ADP staff will be going to the field. Therefore MKUKUWAMBO savings and credit will continue to use effectively the existing opportunities.
Need to register the scheme as SACCOS.	5	12	Scheme leaders to continue sensitize members on the importance of registering as SACCOS. Thus by being registered as SACCOS, it is very easy for the scheme to access loan from micro finance institutions and make them increase capital investment.
Need to build/purchase their house.	4	10	Members suggested building their own house by starting to mobilize the community to contribute money as they contribute in churches.
Need to have committed leaders and members.	4	10	Members suggested equipping leaders with leadership skills so that they know their role and responsibilities and making sure that the scheme develops strategies which can make members commit themselves in developing the scheme.

CHAPTER TWO: PROBLEM IDENTIFICATION.

2.0 Introduction.

This chapter states the problem that was identified through need assessment conducted by MKUKUWAMBO savings and credit scheme and addressed.

The purpose of problem identification was to provide focus, specific area of change and direction to the project.

The chapter also states the community served by the project, stakeholders who played a role in project implementation, the goal and objectives, and the host organization.

2.1 Problem Statement.

MKUKUWAMBO savings and credit scheme of Mbozi district like any other organization faces a low capital that makes it difficult to provide credits to its members as required, hence make members not to participate in poverty reduction process.

The main cause of the problem includes:

- Improper savings strategies and mechanism.
- Low commitment among leaders and members in depositing regular savings
- Low savings from members.
- Unprofitable economic activities.
- Inadequate entrepreneurial skills.
- Inadequate skills and techniques in savings mobilization.
- Poor link between the organization and macro formal financial institutions to access loan and increasing capital.

During the time of the study MKUKUWAMBO members were 75 groups with average of 5 – 10 members in each group, and the scheme was supposed to provide loan to its members four times yearly. The scheme had a capital of 25,000,000/= Tanzania shillings.

Therefore it was noted that if the problem was not properly addressed, it would definitely lead to:

- Poor performance
- Collapse of the scheme
- Loose morale of community members to continue depositing money to the scheme.

- Member drop out
- Delay of credit provision.

Hence increase poverty since the members will not have enough capital for improving production and income. Therefore this called the scheme's attention and arise a need of conducting saving mobilization project.

2.2. Project target.

The project served MKUKUWAMBO members and community in 4 divisions of Vwawa, Ndalambo, Igamba and Iyula of Mbozi district.

The targets participated by 80% in project implementation as they increased amount of savings in their scheme. Community members joined the scheme, as they were participated in mobilization meetings and made the number of members to increase.

Through project interventions enabled beneficiaries to save as required as they were trained on business development skills that made them to engage into profitable economic activities.

The project also made the scheme to mobilize internal resources the things that MKUKUWAMBO didn't expect to do on their own.

2.3. Stakeholders.

The scheme collaborated with different stakeholders that enabled to achieve its objectives by 95%. These stakeholders include:

2.3.1 Ward and village leaders.

Played a role of organizing meetings, community and encouraged them to attend meetings and made the life easily to MKUKUWAMBO members who were sensitizing community to join their scheme. Their expectation was to see community members change mindset towards savings habit, also have joined the scheme (MKUKUWAMBO) and increases their savings.

2.3.2. ADP- Mbozi.

This organization provided materials, technical support and advice in mobilizing savings and approaches that contributed to develop increasing savings strategy. Through this project ADP-Mbozi expected the amount of savings to increase that enabled the scheme to provide credit as required and access capital easily.

2.3.3. District council.

The district council through the department of community development and cooperative provided technical assistance, advice on the way to improve savings mobilization techniques, which helped the scheme to reach its objectives by 95%.

Through these departments it was very easy to the scheme to access different related laws, policies, and acts. The district expected the project to make the scheme increase savings and able to provide loan as required.

2.3.4. WAT, Kapele and Mbimba SACCOS.

These SACCOS played the role of collaboration, sharing information, exchange skills, techniques and managed to improve performance. From experience shared helped the mentioned SACCOS to improve their performance.

2.3.5. Community/groups.

Their role was to join and make savings to the scheme. Their expectation from the project was to get service whenever they wanted.

2.4. Project Goal and Specific objectives.

2.4.1. Project Goal.

The **project** aimed to improve savings mobilization in MKUKUWAMBO savings and credit scheme, so as to increase savings volume that enabled the scheme to have sufficient capital investment.

2.4.2. Specific objectives.

The followings were specific objectives the project needed to attain, so as to reach the mentioned project goal:

2.4.2.1. To develop savings strategy for MKUKUWAMBO scheme that was used in mobilizing savings so as to increase savings in scheme by December 2006.

2.4.2.2. To improve business development skills to 45 members of Mfuko WA Kuweka Akiba na Kukopa Mbozi so as to indulge in viable economic activities which enabled to increase savings from income by December 2006.

2.5. Host Organization.

The project was hosted by MKUKUWAMBO savings and credit scheme of Mbozi district located in Vwawa town the headquarter of the district.

Its goal is to contribute towards improvement of living standards of Mbozi community mainly in rural areas, through savings and credit provision.

The main activities include:

- Collect member's savings and provide loan to members.
- Promote and sensitize community to join the scheme.
- Sensitize and inculcate saving culture to community of Mbozi.
- Keeping savings of its members in safe place.

The scheme played a big role in this project, whereby members participated fully in project cycle and in collaboration with other stakeholders the scheme managed to achieve what were planned.

2.6. The role of CED consultancy.

The role of CED consultancy was to facilitate the process of project cycle by making sure that planned activities were done as required, backstopping, impart members with knowledge and skills in business development, facilitated members to develop monitoring and evaluation system which helped a lot in the achievement of the activities.

2.7. Development of work plan.

In order to have a successful project, a detailed action plan was developed in participatory manner by CED course participant and the management of the scheme and used as a road map for the implementation of the assignment.

Moreover the computer soft ware (micro soft project) was used in preparing the plan as it is shown in appendix vii.

CHAPTER THREE: LITERATURE REVIEW.

3.0 INTRODUCTION.

The chapter discusses literatures reviewed by researcher which supported the researchers in study. The purpose of reviewing literatures were as follows:

- To know what other writers said about savings mobilization, factors that contribute to increase or decrease savings to member's, challenges, strategies and what they suggested about mobilizing savings as well as giving room for more research.
- To assist readers and researcher to make reference about savings mobilization in micro finance institutions in different areas and be related by the said study.
- To get wide knowledge about savings mobilization that helped to collect information which helped in developing savings strategy that enabled the researcher to develop and implement the project as required.

The literatures that were to be discussed were divided into three parts include:

Theoretical part, which elaborated the way writers, thinks about savings mobilization and how to improve.

Empirical part discussed the result from studies conducted by different researchers in the same topic about savings mobilization, which in one way supported the implementation of the project.

Policy review tried to explain how related policies favor the implementation of the project.

Therefore through theoretical, empirical literatures and policies related to savings mobilization to micro finance institutions experience enabled MKUKUWAMBO savings and credit scheme to improve approaches in implementing activities.

3.1. THEORETICAL LITERATURE.

3.1.1. Savings and Savings mobilization concepts.

Savings are cash or physical products set aside for the future use.

Kimaro.R. (2000) defined savings as a process of accumulation through monetary and non-monetary assets.

Carlos E. Cuevas, etal (2006) define savings as accumulation of financial and non-financial assets for future disposition in consumption or production.

Therefore people in rural or urban area and other low-income communities or otherwise can save if they are guided and encouraged.

Temba E. I (2003); argued that in rural communities, savings are made through traditional credit union group.

WOCCU (2003) revealed that voluntary savings are by far the most frequent source of funding for micro finance institutions as well as micro enterprise start up and expansion.

Therefore savings deposits are fundamental for sustainability as it enables households to build the future and prepare for the unexpected emergence.

Mutesasira .I.K. (2000) Continued to give reasons why people save that they want to do so, because they will be in position to:

- Start a business enterprise,
- Provide for growing family's health,
- Provide Education and build a house,
- Buy new equipment,
- Provide credit.

People tend to save to compensate for uneven income streams. For that reason, saving services are valued by micro finance customer (Micro banking Bulletin July 2003)

According to Adams,D.W. (1978), people save for different reasons which include economic, social, and political and for the culture aspects.

Furthermore to them, people ability to save depends on:

- Earnings.
- Consumptions habits.
- Socio-cultural obligations.
- Personal ambitions.
- Surrounding conditions.

They continued to say that savings enable a large portion of clients to access credits.

Adam. D.W. (1985) revealed that savings provide an important financial safety net for poorer households in cases of emergency, and play a role in financing productive activities and foster micro enterprises.

Also they continued to add that accumulation of savings helps to create a domestic capital base that makes economies less dependant on foreign capital and more resistant to capital market in fluctuations. Therefore there is a large demand for a variety of savings services among low-income people.

Petronilla Chigara, etal (2001): said that, because of economic hardships press on income levels, the poor particularly women find savings as way of disciplining themselves to save for lean seasons and hide money from the husbands or neighbors who could borrow it if it was in the house.

The need for credit is even higher as the income levels fail to meet daily household needs.

Nature of savings.

In low –income communities, the ability to save is low and often is in cash or in kind. Savings in cash is cheap and convenient. Savings in kind can be in form of grains, livestock, and processed food.

Savings mobilization.

Is a process of studying the financial behavior of the low-income groups in order to understand their financial behaviors and risks involved in dealing with them on financial activities.

Micro save – Africa Journal (2002) project defined savings mobilization as a process that involves establishment of financial services needs and preferences of the poor, understanding their financial behaviors and risks profile and designing appropriate financial products based on better market information.

This behavior has to be understood by MKUKUWAMBO, which mobilize savings from their members and surrounding community.

Temba E.I. Mrs. (2004) viewed savings mobilization, as an innovative way of stretching resources, widening partnerships and empowering poor.

The more a person is taking care of resource, the more resources are entrusted into him/her.

Savings mobilization promotes resources maximization by using appropriate technology; and that household's costs can be reduced without sacrificing quality.

Ashele.P.Buhay (2000) continues to emphasize that, savings mobilization involves shorter repayment period, and thus the length of amortization need not be stretched out.

There is faster turnover as the revolving fund can advance more than one cycle empowerment of home partner and the community to promote resource maximization.

3.1.2. Ways of accumulating savings.

In order to accumulate more savings, Mutesasira (2004) suggested three ways of which small savings can be accumulated to large sum of money, which MKUKUWAMBO need to understand. These include:

- Savings up (SU) whereby low-income groups that lack safe and reliable opportunity to save are assisted to put aside lots of small savings that can amount to large amount over a time.
- Saving Down (SD) whereby a loan is used as a saving for repayment. It is moneylenders but at very high cost so that they can pay for emergencies and this give an advance to the borrowers.
- Saving through (ST) whereby savings are collected on a continuous basis and the collected amount is given to the saver at some point.

For that reason MKUKUWAMBO has to position her self to adopt these way of accumulating a large amount of savings from its members so that at the end of the day will be able to provide credit services whenever required by members

3.1.3. Characteristics of savings mobilization.

Huppi, M ,etal (1990),mentioned the following as the characteristics of savings mobilization:

- Savings mobilization takes place through a gradual accumulation of small sum. Even with very little revenue it is possible to deposit.
- Savings does not happen easily and spontaneously.
- Money should not sleep. A frequently heard expression, especially from women. Since opportunities for income-generation are numerous and often more profitable than a savings account, it is unlikely that person will choose to save, especially if the chance of getting credit seems uncertain.

Many people will prefer to buy an animal, process foodstuff, or selling goods. It is without a doubt one of the main reasons why women are rarely interested in traditional cooperative system.

3.1.4. Importance of savings mobilization.

According to Renee chao Beroff (2003) Savings mobilization:

- Act as a financial instrument as a source of capital for microfinance providers.
- Helps rural populations resist social pressure and avoid ordinary waste.
- Enables clients to establish income-generating activities.
- Provides additional financial resources to clients.
- Provides an overview of when and how savings can be added to microfinance institutions.

3.1.5 The client/saver perspective.

3.1.5.1 Factors determining individuals to demand savings facilities.

In order to accumulate more savings from members, the organization dealing with savings and credit services, need to understand factors determine why individuals, households, groups, enterprises and institutions demand for savings facilities.

According to Voge,R, etal (1986) there are factors that determined the demand for savings facilities, which need the micro finance to know from their clientele including MKUKUWAMBO scheme. These include:

- The transaction costs incurred on transforming available surplus into a specific savings option or liquidating it.
- The liquidity of savings option.
- The real rate of return of the specific option. (Real interest rate)
- The divisibility of savings.
- The safety of savings option.
- Trust worthiness and confidence, especially when formal savings accounts are considered.
- The possibility of locking money away from relative and friends.
- The possibility of using savings to gain access to credit to other services.

Depending on the motives behind savings decision, certain factors become predominant to them.

According to Robinson,M.S. (1994) possible decisive motives also include;

- Insurance against disability, disease, retirement, sudden income losses and other contingencies;
- Safeguard against uneven income streams due to seasonal variations (savings of high income periods are used to finance consumption expenditures during low-income periods).
- Wealth accumulation to finance households' long-term goals. (Social and religious purposes, heritage, consumer durables).
- Savings for the future investment.

He continued to add that, demand for deposit facilities is determined by a mix of motives and determinants can therefore be best met with a mix of savings products offering different levels of liquidity and return.

Von Pischke, J.D (1983) emphasized on the predominance of positive real interest rate as major determinants in the monetary savings portfolio decision. The evidence from various groups has shown that savers, poor and non-poor respond positively to increase rates. Poor rural savers may show less relative sensitivity to positive real return than urban savers. Gadwhy, et al (1996) argued that, poor savers mainly demand safe and liquid assets.

3.1.5.2 Savings capacity.

Saving capacity for client has to be considered by micro finance institutions in mobilizing savings.

Adam, D.W. (1978) argued that development planners and decision makers were wrong convinced that, poor people do not have a significant saving capacity. The neglect of savings mobilization in poor population segments of developing countries was explained by low income resulting in a low savings capacity for rural households and a high propensity to spend economic surplus on social and religious activities or consumption.

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

For example in Mbozi there is only one bank a National Micro finance Bank which provides services to people.

The bank is located in town where other people from villages cannot access its services easily, due to its structure and location. Therefore because of this situation as well as the report from the bank, a person can conclude that poor people have no capacity to deposit their money, which is not true.

Miracle, M. D. Mirade, et al (1980), observed that savings groups, money keepers and in-kind savings absorb a great portion of the poor savings capacity. Particularly rural households are induced to save during harvest periods when income streams are higher than consumption levels.

In order to win more savings micro finance institutions like MKUKUWAMBO have to develop informal savings mechanisms.

According to Fernando, N.M. (1991), savings mechanism can be in kind savings, RoSCAs, Mobile bankers, Liberian clubs and Small mutual funds.

Therefore successful mobilization of institutional savings can only be ensured by the existence of demand – driven savings products offered by appropriate institutional structure.

Goetz, A.M, et al (1996) said that macro savings have strong gender implications. Experience indicated that women are very reliable microfinance clients, and demonstrate more discipline than men in making regular savings deposits and loan repayments. They further add that an adequate supply of micro savings facilities will therefore supply much-needed services to women, especially considering the fact that women represent a large share of the poorest segments of the population and often pursue independent economic activities.

Therefore micro savings enable women to enter the financial system by building their own financial security. While this strengthens women's economic and social independence, it also widely recognized that funds managed by women have a greater effect on the welfare of the entire family.

Furthermore the mobilization of micro savings entails certain difficulties for micro finance institutions that may discourage them from becoming engaged in the savings business. The amount of savings deposited by individual or members in the financial institutions is normally very small.

Volatility of savings, particularly in rural areas may be perceived as another disadvantage.

Financial institutions like MKUKUWAMBO, which mobilize small savings, face the problem of providing small credit but the administrative costs remain constant and high. For that reason, innovative technical features must be included to make savings mobilization cost-cover business and attract returns to depositors.

3.1.5 3. Transaction costs.

Transaction costs are considered to be of substantial interest for development finance. According to Stiglitz, J.E. (1986), transaction costs for savings on the client side include the number of visits required to complete a transaction, time spent in traveling to the intermediary and completing the transaction.

Therefore if the transaction costs are very high for the client, the person will not go for depositing money.

So, the closer the micro finance institutions to customer, the more savings to be deposited.

According to Otera, M. (1989) transaction costs play a very vital role in individuals' decision whether to deposit or not. Within the portfolio decision of saver, return is closely linked to transaction costs.

Seemingly positive real rate of return may turn negative for the individual when transaction costs are considered. High transaction costs can therefore encourage in kind savings rather than money savings. Thus, collecting deposits at doorstep of customer reduces the customer's transaction costs and may lead to an increased volume of savings.

3.1.6. The Institutional perspective.

Savings mobilization depends much on appropriate financial institutions and institutional settings. Client will be attracted to save hence increase volume of savings only when appropriate financial products and institutional arrangement are easily accessible.

Savings mobilization itself may become a strong incentive to improve the performance of micro finance institutions and contribute to institutional viability and sustainability.

The incorporation of savings facilities may induce more demand – driven services and hence improve efficiency and profitability in order to provide a sustainable basis for expansion.

Adam,D.W. (1985) pointed out those financial institutions mobilizes savings must respond to depositor's requests for safety, efficiency and stability. Furthermore have (MFIs) to deliver the products demanded at a reasonable price.

Because the roles are reversed in the credit business, the institutions have to convince depositors that it will handle their funds with care and provide them with benefits such as return and /or liquidity. So the business of deposit taking should increase institutional efficiency and profitability and strengthen the professionalism of the government structure by introducing greater customer – orientation.

For that reason Schmidt,R.H, etal (1994a)_concluded that their survival depends to a great extent on the existence of incentive mechanisms and a monitoring system that ensures decision taken on behalf of the institution are appropriate.

He continued to comment that, a viable and sustainable financial institution must cover the costs of operations, loans loss, capital (the costs of savings mobilization and/or borrowed funds) and inflation with the income they generate.

Frequency of account movement, average deposit amounts, administrative costs for branches, retail outlets and deposit rates of interest contributes to the specific costs of savings mobilization.

Therefore in order for the institutions to be viable and sustainable, loan interest rates must be high enough and administrative and other costs low enough to ensure that, income covers all expenses.

Micro finance Institution like MKUKUWAMBO have to turn the line of once hopeless Mbozi families into successful business people with a vision and hope for the future in, they will know how to manage their scheme in a sustainable way

3.1.7.The Macro economic Perspective.

3.1.7.1.Relevance to macro economic development.

The growth of private enterprise is inseparably linked to the financial sector.

According to Mc Kinnon,R.I(1973) Efficient savings mobilization increases the resources available for productive investment.

Savings increases possibility of self-financing while financial intermediaries can channel surplus savings to meet credit demand, according to the Theory of Finance

The Theory of Finance speaks out against financial repression and argues that, increased interest rates boost domestic savings.

Therefore for the MKUKUWAMBO to increase volume of savings, should encourage members to engage into viable economic activities so as to generate enough income which will enable them to deposit money as required.

Most of the MKUKUWAMBO members are engaged into agricultural production, for that reasons, members have to diversify their activities instead of relying only in agricultural production, which sometimes generate small amount of money because of low price of crop.

From theories point of view it can be said that savings is of vital importance, and is used in the future.

Therefore the scheme which deals with financial service like MKUKUWAMBO have to understand that in order to mobilize more savings from members, first have to understand the clients' income, activities and that they differs in needs, perception, culture and economically. Also to understand why people save and that the amounts that are deposited or mobilized depend largely on the type of clientele. So it is easily for any financial organization to practice theories discussed in mobilizing savings by looking on savings products offered, strategies, service the organization offers and the capability of mobilizers as well as management.

3.2. EMPIRICAL LITERATURE REVIEW.

3.2.1. Temba E.I. (2004) study on a link between entrepreneur's level of savings and level of investment, by using credit lending model developed by Mennonite Entrepreneurs Development Association (MEDA) and Credit scheme for Women Development. (CREW)

The question was whether savings was a condition before one was eligible for credit. Savings for entrepreneurs was taken as indicator for measuring how the borrowing costs influenced the development of entrepreneurship.

The study observed that 72% of the initial capital originated from entrepreneur's savings. Automatic the conditions before getting loan from MEDA and CREW was owner's savings. According to these institutions savings determined the amount of loan each entrepreneur would get, and that in order for the scheme to prove the trustworthy of the borrowers he/she must have given amount of savings in his/her account.

MEDA is an NGO based in Mbeya that offers credit to micro and small entrepreneurs. It has three approaches for delivering credit to MSEs. One of the approaches was to use savings as collateral for individual to acquire credit. Therefore savings was used as determinant of acquiring loan and need to have guarantor that pledge any assets that are not movable as collateral.

While CREW is a pilot credit scheme for productive activities of women in Tanzania, established in 1989 implemented under the Ministry of Community Development Gender and Children with the objective of mobilizing savings among women and provide loans to low income women. From this scheme the one who wanted to get loan, was supposed to fulfill the followings conditions;

- Savings (TZS 1,000,000/= payable to the group account).
- Ownership of a business.
- Guarantees for the loan (10% of the loan).
- Must posses a bank account.
- Provide physical collateral.

Entrepreneurs whom were supposed to get loans from these institutions were not constructed by access to financing because they could at least pay 10% down payment, and that, their accounts acted as insurance or collateral, in case of defaulters in group borrowing.

Furthermore all surveyed entrepreneurs had business expectations, which they wished to attain through small business that was the reasons of taking loan. Therefore client's deposits (savings) in lending scheme were of its importance according to the studies.

Therefore savings mobilization has been taken as possible way of enabling MFIs to sustain itself.

Also before borrowing money, the borrower was supposed to prepare and present a sound cash flow. The schemes managed to reach 80% of their clients and succeeded to borrow money through the mentioned conditions.

Lessons from two credit institutions were that:

- Micro finance institutions have to encourage their members to save more if they wanted to access enough credit.
- The criteria to get loan depended on the amount of members' savings and the ability of the organization.
- The more savings, the more money to lend.
- Savings acted as lending mechanism.
- Business plan was among of pre-condition for loan application and evaluation model. Therefore the borrowers were supposed to prepare a plan. This model was not seriously applied to MKUKUWAMBO. What a loan committee was doing was just to receive applications, discuss and approval for credit without considering the mentioned issues observed from the study.

3.2.2. Anypam Basu, etal (2004) focused on the instruments used to overcome the obstacle that prevented banks from expanding their outreach to poor, the rural sector, small and medium sized enterprises. Taking into consideration the majority of the population is from rural areas that are poor.

In Tanzania, the banking system has a very limited penetration. Only about 6% of the population has bank accounts.

There were three commercial (or deposit – money) banks, the National Micro finance Bank (NMB) Cooperative and Rural Development bank (CRDB) Ltd and Akiba Commercial Bank (ACB) that were relatively new entrants in the micro finance sector. In addition there were few regions and rural banks engaged in deposit – based micro finance operations but these have been limited in scope because these banks lacked a branch networks. This showed that it was not very possible for the majority of Tanzanian to deposit money. As the result micro finance institutions managed to have a total of 2 million deposit accounts (6% of population) which hold 60% and 11% of total commercial bank deposits and credit respectively (2002).

Primary sources of micro finance services were about 650 savings and credit cooperatives (SACCOS) with total of 130,000 members (0.4% of the population) and NGOs relying on foreign donor assistance.

Tanzania Postal Bank (TPB) has managed to mobilize savings because of using countrywide network of the post – office and provides transfer and remittance services and a loan guarantee service to small borrowers to cover a part of the necessary security requirement.

The experience showed that, the approach used by Tanzania Postal Bank's been very successful to mobilize savings because they maintain low opening deposit requirement and attract small amount of savings.

Presently these stand at Tshs 5,000/= for an ordinary savings accounts and Tshs. 10,000/= for WADU more than 85% of deposits which was under Tshs 200,000/=collected. In promoting savings among Low-income people, the minimum interest, bearing balance, had a fixed amount of Tshs 50,000/= for an ordinary savings accounts. The aim was to simplify account management and encouraged customers to achieve the threshold. The Tanzania Post Banks uses its branches located almost in all regions, districts and some of the divisions in collecting deposits from people without forgetting those of rural area. It was through outreach approach that helped the Tanzania Postal Bank to expand services, hence increase savings mobilization. Therefore it was easily for the person to minimize transaction costs.

The lesson learnt from this study was on the use of outreach services in mobilizing savings.

MKUKUWAMBO have to improve its outreach to the villages where members live instead of waiting for them to come to the office to deposit money if they want to succeed. They have to go to the villages where their member's are and provide services near to them.

Therefore MKUKUWAMBO have to realize that one of the reason that caused members not to deposit savings as required was the system the scheme was used. Also the scheme has to put the amount of savings to be saved weekly, or monthly instead of what is happening now.

3.2.3. The same story has been studied by Ernest Aryeetey (1994) who argued that one of savings mechanism the organization used to mobilize savings in Ghana was the mobile banks known as susu collectors, or yes. The mobile bankers provided a safe and secured way to save money at fixed costs to clients. The system based on a position of trust that he/she holds in the community. In Ghana, mobile bankers mobilized around 70 billion *cedi* and were therefore key to the mobilization of national savings.

The mobile banking mechanism functions need highly trustworthy person in the community who can offers to collect on daily basis savings to several people, and to return it in lump sum at the end of the month.

3.2.4. Graham A.N. Wright (2003) in his study argued that throughout time, all around the world, households save as insurance against emergencies for religious and social obligations, for investment and for future consumption. The important of attracting poor people to save was demonstrated by many ways they found to save. It was confirmed by the study that from different reasons, informal mechanism failed to offer financial services to poor people in a convenient of costs and secure manner. But on other hand it was also noted that when poor households are assured with safety, easily accessible opportunity to save, their commitment to save and the amount they save are remarkable.

Therefore designing savings services to respond to this potential market required careful balancing of preference of savings and of the institution.

The Jijenge Savings Account opened in August 2002 as Equity Building society's first branded product offered and communicated aspirations that was personalized by customers as the organization helped them to realize their dreams.

It was a significant product differentiation in the market helped equity building society more beyond the generic savings accounts to develop a product with unique selling attributes.

Jijenge savings account was introduced in four branches of Thika and Tom Mboya in Kenya with the purpose of mobilizing savings with participatory approach where members played a big role in planning and decisions.

From this account, the client were able to define the length of the contract and periodicity of the deposits (weekly or monthly)

The premium interest rate was offered to the client who took out longer-term contracts, but there were quite significant penalties for premature withdraws from the accounts.

The accounts holders' guaranteed immediate access to an emergence loan of 90% of the value amount in their jijenge Savings Account demand.

The clientele were discipline as a way of increase savings. (in the same way that ROSCAs and ASCAs did)

The product allowed clients to meet their illiquidity preference and protect their savings against the demands of petty spending or marauding relatives. The account proved extremely popular with existence and new clients alike.

The Jijenge savings account provided Equity Building Society's clients a financial product that helped them with their financial planning objectives. As a product of extensive market research and constant customer interaction, the jijenge savings account was clearly satisfying customers with many jijenge accountholders particularly pleased with: The disciplined savings; Freedom to set terms; Automatic access to loans; and No operational charges.

Lessons learnt from the experience provided by Jijenge include:

- Savings disciplined, because they' were the one (members) who developed by-laws.
- Freedom to set terms when to deposit and repay back loan,
- Easily access to loans and no operational charges.
- Through its effort of publicizing by distributing leaflets, Brochures and posters automatically the accounts managed to attract new clients. Therefore the society agreed that Jijenge belonged to them as it provided room for discussion and plan, when to collect and pay back loans.

Furthermore the strategy of allowing client to meet their illiquidity preference and protect their savings against demand withdraw enabled the account to collect more savings and build trust to client.

In order to implement this kind of approach the following assumptions have to adhere to MKUKUWAMBO:

- Strong leadership within MKUKUWAMBO savings and credit leaders as well as members themselves.
- To build trust among client by developing system that client they monitor each other.
- To build up savings discipline, this will enable members to deposits savings as they wish to. For that reason MKUKUWAMBO need to involve members so that they will commit themselves to improve performance. At the moment members are not fully involved.

This approach was useful to the project because it helped in developing useful savings strategy which attracted more savings and new members.

On other hand the scheme adopted some of the things Jijenge Accounts were considering before loan disbursement, which include:

- The development of client base (of borrowers) for the future.
- To obtain information on the client's abilities to save and repay loans.
- Facilitate repayment out of current income and
- Encourage repayments, as clients want to maintain a good reputation for their access to future services.

3.2.5. CRDB (2004) CRDB is the fifth largest commercial bank in the country. In 2000 it launched its microfinance unit to enable it break into and increases its shares of the microfinance market, hence increase the availability of basic financial services of savings and credit in both rural and urban.

So CRDB developed an indigenous African approach of delivering financial services to micro entrepreneurs so that at the end of the day the CRDB has to increase:

- Growth and sustainable employment created through promotion of private sector development and thus contributed to national development strategy.
- Availability of basic financial services to profitable micro and small economic activities in both rural and urban areas.
- Deposits and savings facilities through a wider clientele
- Development of a new layer of clients that eventually graduated into good mainstream customers to the bank.

In order to achieve the intended objective and become reality CRDB developed the framework for the relationship that was captured in a partnership agreement which was the negotiations between the micro finance institutions agreed and signed with them.

CRDB believed that it was only through capacity building which in one way or other strengthened increase in savings mobilization of the micro finance institutions. Therefore assessments of the capacities from selected MFIs were conducted following the capacity development of the MFIs, CRDB realized that MFIs faced the following:

- Lack of strategic plans and focus on growth, most of them were there for survive.

- Lack of understanding of the legal requirements of rural financial institutions by officials and members.
- Weak internal controls and financial systems that created room for mismanagement of resources.
- Inadequate knowledge of banking services and therefore poorly marketed and priced.
- Poor office organization and staffing.
- General lack of knowledge of micro finance best practices as well as lack of teamwork among committee members.

After the intervention provided by the unit membership increased and share capital of the MFIs with an average growth rate of 80% (membership) 113% share capital after capacity development.

- Professional business approach as seen from the physical transformation of offices, which attracted more members and more savings deposited.
- Improvement of the MFIs record keeping system and other micro finance best practices coupled with improved knowledge.
- Better accountability of funds due to the acquisition of management knowledge and skills in record keeping.
- Improved relationship between staff management committee and ordinary members.
- Improved efficiency and fund security after MFIs received equipments such filling cabinets, calculators and safes.
- Enhanced knowledge and skills for MFIs in providing on site advisory, training and monitoring services.
- Better internal controls have been instituted such as budgets and budgetary control measures
- Increased deposits to CRDB by the MFIs.
- Improved relationship between CRDB and the partner MFIs.
- Increased confidence by the members on their leaders and institutions.

Lessons learnt from CRDB micro finance initiatives were:

- Appropriate training focused on right target which brought better management, increased growth and quicker savings mobilization.

- Regular and close follow-ups by well-trained committed and dedicated staff enhanced training effectiveness.
- Adopting a commercial approach as compared to social/welfare approach brought about quicker and more sustainable results in micro finance institutions from SACCOS or MFIs to micro banks
- A trained and enlightened membership participated more effectively in the affairs of their MFIs
- The MFIs training should be a continuous exercise so as to keep pace with the development.
- A legal partnership arranged between the bank and the partner MFIs instilled a serious sense of discipline, responsibility and made the MFIs work to achieve the intended result.

3.2.6. Petronella Chigara, etal (2001) The study was conducted with the purpose of improving knowledge and understanding how poor managed their money in the Southern African region, how they used different savings/systems and the impact of those savings facilities to their household budget/lives and thus facilitated MFIs efforts to mobilize savings.

Therefore the study focused on the way the poor managed their money in the Zimbabwe context; analyzed mechanism they used or preferred to use in managing their money, also explored linkages between informal, semi formal and formal mechanism and suggested the ways in which MFIs could improve their services by learning from informal mechanisms.

The study observed the uniqueness from Zimbabwe, because of the unprecedented macroeconomic environment that has seen inflation rates of around 70% the highest devaluation rate which was at the US dollar of '55' while the parallel market was currently trading at 200 at the time of the study.

The approach used in improving knowledge and understanding on how poor people managed their money, was through developed financial mechanisms, which include, informal mechanism that's unregistered and unregulated which were organized by people for the people, they mostly operated within a closed community of friends, relatives or person with some common bond.

These include burial societies, savings clubs, savings at home, ROSCA, Savings in kind, reciprocal lending, saving with employers and savings with suppliers and super market.

The semi-formal mechanisms, which were registered but were not formally regulated, were the savings and credit cooperatives (SACCOS) housing cooperatives and the micro finance institutions (MFIs). MKUKUWAMBO is under the semi-formal financial mechanism.

The formal mechanisms were financial institutions such as Banks, building societies; pension Companies, Insurance firms and discount houses.

Although the informal mechanisms were perceived as riskier they were used by most of the poor for a number of reasons according to the study;

- Flexibility
- Proximity of services provided
- Low transaction costs
- Speed of access
- Low access barrier
- Social-cultural framework that allowed for reciprocity, and friendly services.

Most of the informal savings mechanisms were closely like the formal financial system. For example, savings clubs, burial societies and ROSCAS.

As all accumulated small amounts and then deposited to formal institution e.g. a bank or funeral insurance company or used the money they accumulated in order to meet loan obligation with Muftis.

In East Africa poor people realized that ROSCAS were risky and have a limited life span. They still the convenience, flexibility in terms of the amounts that one can save – up, low transaction costs and non-restricted use of the savings out weight the costs associated with the mechanism.

It is noted that over the years ROSCAs have changed in size, term in response to the adverse effects of inflation on the savings. There were more daily/weekly than monthly ROSCAS with five members.

It was noted that Zimbabwe has two instruments that were not common in other part of Africa, these included housing cooperative and burial societies and highly organized with close linkages with formal financial institutions, however the link was not as structured and greatly restricted the services members obtained.

This presented an opportunity that could be exploited by formal institutions and MFIs in widening the financial services offered.

Furthermore the study indicated that, the poor were aware on the impact of inflation on their savings i.e. the fact that the purchasing power was eroded.

However they have not seemed to change their savings pattern because the poor didn't necessarily viewed savings as an investment that should yield a positive return safety.

Secondly savings were viewed as a way of accumulating small amount of money that could be accessed for the future need. As the economic hardship pressed on the income levels, the poor particularly women find savings as a way of disciplining themselves to save for lean seasons.

The need for credit was even higher as the income levels failed to meet the daily household needs.

From the study we come to understand that in order to increase/or win savings mobilization, a person have to know why people make savings and where these savings are deposited.

Although poor people were saving their money in informal financial mechanism, at the end of the day this money was deposited at the bank for security purpose, therefore there was a link between informal and formal institutions and that each have to use effectively the existing link to achieve what they intended.

MKUKUWAMBO the host organization of the project is under semi-financial mechanism registered under the Home Affairs, but not under cooperative Act.

Therefore in order to operate its services legally, the scheme has to think on registering itself as SACCOS where these societies are guided by law, in case of a member's mess-up legal action can be taken.

Furthermore the issue of inflation has to be taken into board to know its effects regarding to savings mobilization.

Therefore the project considered the issue of inflation rate. It was obviously that the inflation in Tanzania was rising; therefore people were spending money in buying items at high price. For example in Mbozi 50 kgs of fertilizer (Urea) costs at 25,000/= 2006 compared to 17,000/= cost of 2005. Therefore the project considered on how best to maintain savings mobilization from its members.

Also MKUKUWAMBO adopted ROSCAs approach of saving money weekly by its members as strategy to increase savings mobilization.

3.3. POLICY REVIEW:

3.3. 1. IFAD Rural Finance Policy 2000.

The policy believed that, rural finance is a vital tool in poverty reduction and recognized that many of the poor can save, invest and repay their loan.

But most of them have no access to formal financial institutions. Therefore the objective of this policy is to reduce poverty among the rural poor through sustainable improvements in households food security and income through provide improved financial and related non-financial services in rural area.

For that reasons IFAD committed to continue search for the better way of providing support to the rural finance sector in order to benefit. (The rural poor.)

IFAD will continue to provide outreach viable micro finance Institutions (including rural and other Bank) to the poor as users and owners drastically increased.

IFAD committed itself to speed up savings and credit cycle by enhancing either savings first or credit first as entry point and initiate further steps to contribute to sustainable rural financial institution building as well as promoting conducive policy and regulatory environment.

By having this policy, MKUKUWAMBO savings and credit scheme used opportunity of the existing program in Mbeya Region which are sponsored/funded by IFAD to improve performance, hence increased savings and new members.

3. 3 .2. FAO Policy Advice (Agriculture Support System Division).

The policy builds viable rural financial intermediation in rural areas and is committed in;

- Advising on the general policy and regulatory framework affecting rural finance and particularly on financial sector policies and legislation.
- Advising on restructuring rural financial system to include various type of institutions and ways of establishing more effective operational linkage between savings and credit and between informal and formal financial intermediaries.
- Advising on the appropriate roles and the methodology for crop insurance on overall agriculture development, with specific emphasis on risk management for credit financed investments.

- Build the capacity to deliver improved financial services, which meet the needs of rural households.

3.3.3. The Tanzania National Micro Finance Policy of 2000. (NMFP)

The policy stipulates that the government considers micro finance system as an integral part on this financial sector that falls within the framework of its Financial Sector Reform Policy statement of 1991.

The overall objective of this policy is to establish a basis for the evolution of an efficiency and effective micro financial system in Tanzania that serve the low segment of the society and thereby contribute to economic growth and reduction of poverty by establishing a framework within which micro finance operation will develop: -

- Laying out the principles that will guide operations of the system.
- Saving as a guide for coordinated intervention by the respective participants in the system.
- Describing the roles of the implementation agencies and the tools to be applied to facilitate development.

The policy give priority towards savings services and state that these are beneficial services for low-income groups. Savings protect households against period flow income.

The policy emphasizes on a need to store the value accumulated from profits until they can be invested for earning higher returns. This calls for a need in developing informal and formal financial services that will assist in coordinating the mobilization of savings from low-income households.

As it is noted from the policy, MKUKUWAMBO used the opportunity which the policy is providing by laying down guide and by laws which lead the scheme during their operation hence managed to achieve in savings mobilization by developing savings – mechanism which in one way or other helped members to deposit savings weekly or monthly.

3. 3.4. The banking and Financial Institution Act 1991 of Tanzania.

The government recognizes the following important guidelines for efficient and sustainable operations of SACCOS.

- As savings based institutions, regulation and supervision is necessary once the institution become more than a small group of members.
- As savings based institutions, it is important to ensure that lies of credit for loanable funds do not undermine incentives to promote savings.
- Pricing policies for SACCOS should promote savings and allow sufficient interest rate spread for the profitable operations of the SACCOS.

The Act provides rooms for the Bank of Tanzania to have overall responsibility for financial sector regulation. The Bank of Tanzania, therefore, has the authority to ensure that SACCOS are supervised in accordance with prudential financial norms.

In the process of strengthening SACCOS, it is important that they either become or are linked to professional managed financial institutions. Thus, it is envisaged that stronger SACCOS will evolve into community Bank, join together to form cooperative banks or alliances with other financial institutions.

The dream of MKUKUWAMBO is to become a community bank. Therefore it will be their opportunity to use this Act as it provides the link with formal financial institutions like banks and be able to get technical advice, sharing different skills and knowledge and use techniques to increase savings which eventually will become a source of increasing capital.

3 3.5. The National Investment Promotion Policy (1996) of Tanzania.

Section 4.1.3. of the Financial Institutions elaborates that, financial intermediation is a prerequisite for Economic growth and development because it facilitates efficient mobilization and challenging of savings into investment.

This role presumes the existence of diversified financial institutions and instruments as well as enabling environment as dictated by social economic and political factors.

In order to further strengthen and develop the financial system to better serve economic growth, the government will put in place appropriate incentives and institutions, which will instill saving habit by the general public and enhance sustained pursuit of savings.

Also the government will continue widening the financial system and popularizing new financial instruments using the right technologies in banking and taking advantage of development in telecommunications and information technology.

Also the government and public institutions will encourage the adherence to financial discipline as well as promoting rural financial intermediaries. For that reasons through the project, MKUKUWAMBO will use the mentioned policy to develop more strategies which will make them increase savings by exploring and encouraging members to invest more in profitable activities as well as buying shares from companies which would increase fund through interest provided from shares.

3.3.6. Cooperatives Development Policy 2000.

The government recognizes the importance of savings and credit and states that the establishment of SACCOS has been found mostly in towns and working places.

The initiation has intended to save money that could enable them to buy shares and thereby increase capital of the societies, although some groups could not access credit.

The government is committed to encourage the formation of SACCOS within the area of operation, so as to reduce the problem of liquidity among members.

In order to strengthened SACCOS, the government will continue to provide technical assistance such as trainings, extension service, link with financial institutions and create conducive environment to enable SACCOS and MFI to win savings mobilization like what MKUKUWAMBO is doing to increase savings hence be in position to provide savings and credit services as required.

Furthermore the policy shall continue to capacitate savings and credit groups through trainings and facilitate the process of joining and officialize the groups to SACCOS.

3.3.7. The Cooperative Societies Rules 2004.

The rule elaborate savings and credit as a credit society that is solely dedicated to the promotion of thrift among members and creation of a source of credit from them at competitive rate of interest through financial intermediation.

Therefore rule is in support of the way savings and credit societies continue to receive money from their members in the form of shares, savings and deposits MKUKUWAMBO does, although they haven't yet introduced shares to members.

The project implemented by MKUKUWAMBO used cooperative rule to mobilize savings from its members by encouraging and set the amount to be deposited by members considering that the source of capital is from members' savings. The amount set is 100,000/=for those members with less than 100,000/= amount of their savings.

3.3.8. Tanzania Livestock Policy of 2002.

The policy aims at promoting livestock industry so as to increase production and productivity to ensure that the nation achieves capital consumption.

The policy acknowledges those problems that hinder the livestock not to perform well which include inaccessibility of capital from formal financial institutions.

Therefore the government will continue to encourage pastoral communities to form savings and credit institutions such as savings and credit societies, trust funds and rural banks and work with pastoral communities and develop appropriate credit systems.

This will be achieved through provision of technical assistance, supports and trainings. Technical assistance which will be provided by the department will help MKUKUWAMBO to improve their savings mobilization by encouraging its members to seek technical advice for those who are keeping livestock so that, they can produce good and quality product which will meet market demand hence get good price that will enable members to get money for savings.

By using livestock keeping section, the scheme will be linked with other financial organization to access loan as well as be informed with financial management in micro finance institutions.

3.3.9. Agricultural Sector Development Strategy 2001.

The agriculture sector Development strategy acknowledges the role of promoting rural financial markets, and requires the rural financial institutions to be placed in position to mobilize savings.

For that purpose they need to be entitled to provide savings facilities (some rural credit institutions in the past, have been prevented to do so by their statutes and government regulations) and to actively promote the side of their activity.

It is important that transaction costs for savers to be kept low, particularly if the institution caters to a low-income clientele. This means that rural finance institutions need to branch in villages and keep transport/travel cost for rural savers low.

It is also important that procedures are kept simple and that savers have easy access to their savings in case of their need. Withdraw restrictions need to be minimal as they can be a serious hindrance to savings

According to the strategy, a mechanism to facilitate and promote formal linkages between micro finance institutions and the formal financial institutions will be explored.

This “Linkage banking” enables smallholder crop and livestock farmers to access financial services indirectly from formal financial institutions. Micro finance institutions also have the potential to act as conduits for other support services such as savings mobilization/inputs supply and market information.

Using the Financial Sector policy and National micro finance policy as a guide to local government authority in collaboration with Bank of Tanzania and private sector, the scheme will promote the gradual establishment of a variety of micro finance institutions on a demand driven basis.

It is obviously that if there are good policies which provide room for improvement of micro finance institution, it is true that these institution will improve and achieve their intended goals on one hand, and in other hand, the micro finance institution like MKUKUWAMBO has to take initiative to explore, find and use these policies for their own benefits, because it support the efforts of the micro finance institution.

CHAPTER FOUR: PROJECT IMPLEMENTATION.

4.0 INTRODUCTION.

The project was implemented by following the guidance of project design and management, whereby the scheme started by identifying project through need assessment conducted under the supervision of the project advisor and come up with a two years project titled “Savings Mobilization In MFUKO WA KUWEKA NA KUKOPA WANANCHI MBOZI savings and credit scheme (MKUKUWAMBO)” as it is well elaborated in chapter one.

4.1. Project outputs and products.

Implementation of savings mobilization project started with analyze what to be accomplished by the project as it is shown in the table below. Each project objective indicators has been identified.

Table 8: Analysis of project products and outputs

Project objectives	Indicators	Output indicator	Impact indicator.
1.To develop savings strategies for MKUKUWAMBO savings and credit scheme that will be used in increasing savings by December 2006.	-Number of materials collected as input for developing strategy. -Number of leaders participated in developing saving strategy. -Savings strategies developed and in use.	-Number of savings mobilization meetings conducted. -Number of community members attended in meetings. -Number of follow-up of savings deposits done.	-Increased frequencies of savings deposits among members. -Increased amount of savings deposited. -Increased number of new members joined the scheme. -Increased frequencies of credit provision to members. -Improved savings and credit services to members.
2. To improve entrepreneurial and business development skills	-Number of training material collected. Number of trainings conducted.	-Number of trained members on entrepreneurial and business development. -Number of trained members applying Business skills.	-Number of trained members with viable economic activities. -Increased amount of money generated from their business after training.

4.2. Project Planning.

The project planning was designed to suit the intended objectives and outputs. Project planning session was organized and conducted in a participatory way involving all stakeholders with the purpose of scheduling activities in order.

Activities were planned to start January 2006 to January 2007. In planning of activities, the time for stakeholders to engage into person or household activities was considered.

Based on project objectives planned activities together with resources required were as follows:

4.2.1. Objective1.

To develop savings strategy for MKUKUWAMBO savings and credit scheme that will be used in increasing savings by December 2006.

The objective was developed and achieved as it was noted in community needs assessment findings that the scheme did not have savings strategies and if the scheme will develop strategy can manage to mobilize savings as it was also noted that members have ability to save. Therefore the following activities were planned.

4.2.1.1. Planned activities:

- Conduct sensitization meeting to MKUKUWAMBO leaders on the importance of savings strategies in mobilizing savings.
- Collect relevant materials from 5 different sources that will be used as an input in developing savings strategy.
- Conduct 3 training sessions for developing saving strategy and its applicability.
- Conduct 3 mobilization meetings to 75 members of Mfuko Wa Kuweka Akiba na Kukopa Mbozi
- Conduct 6 sensitization meetings to community in Isansa and Vwawa wards.

4.2.2. Objective 2.

To improve business development skills to 45 members of Mfuko Wa Kuweka na Kukopa Wananchi Mbozi so as to indulge in viable economic activities by December 2006.

4.2.2.1. Planned activities.

- Identify training needs to members.
- Prepare training materials and program.
- Conduct 2 business trainings.
- . Conduct follow-up of activities implementation.

4.2.3. Inputs required and used.

The following inputs were used to accomplish the mentioned activities.

- Stationeries.
- Facilitators.
- Transport.
- Food.
- Accommodation.
- Training materials.

4.2.4 Staffing pattern.

In implementing project activities, the scheme used committee members, cashier, and hired staff from community Development and cooperative departments. As well as project advisor (CED Student)

Their roles and responsibilities were described briefly as follows:

Committee members:

- Organize and conduct savings mobilization meetings.
- Make follow-up of member's savings in their respective areas.
- Conduct feedback meetings to members who represent on what is going on in the scheme.

Scheme cashier.

- Make entries in books of account.
- Make savings collections from members.

- Receive and deposit savings collections in bank.
- Make payments according to the instruction given by the scheme secretary.
- Compile and make reconciliation.
- Prepare and compile financial reports.

Cooperative Officer.

- Assist the scheme to identify development actor's deals with savings and credit.
- Collect relevant information and materials that helped in developing savings strategy.
- Facilitate and guide the process of developing saving strategy.
- Train committee members on scheme management.
- Assist the scheme to keep proper records and bookkeeping.
- Follow-up of the scheme activities.

Community Development Officer.

- Facilitate business and entrepreneurial trainings to members.
- Backstop the scheme members on income generating activities.
- Facilitate savings mobilization meetings.

MKUKWAMBO.

- Overall in charge of the project implementation.

Project Advisor (CED Student)

Her major role was to facilitate and supervise the process and make sure that the project reached its objectives by:

- Facilitate the process of conducting community need assessment.
- Guide the preparation and development of project proposal.
- Facilitate the process of developing savings strategies.
- Link the scheme with likeminded stakeholders to enable them to improve performance.
- Facilitate, organize and participate in savings mobilization meetings.
- Facilitate and train on how to develop monitoring and evaluation system.
- Act as link between the scheme and other development actors.
- Participate fully in all project cycle.
- Make follow-up and monitor the project implementation.
- In collaboration with the scheme organize and conduct evaluation.

- Prepare and submit project report.

4.2.5 Project budget.

The amount of 7,658,350/= Tanzania shillings was proposed to accomplish the project implementation.

Table 9: Budget summary.

Narrative	Amount required
Cost of activities	5,158,350/=
Administrative costs including staff salary	2,500,000/=
Total amount	7,658,350/=

Source: project proposal document 2005/2007

But the amount available and used was Tanzania shillings 3,829,175/=the half of the budgeted amount which was not enough to accomplish what the project intended. The project was sponsored by ADP- Mbozi the partner organization.

4.3. PROJECT ACTUAL IMPLEMENTATION.

4.3.1. Objective 1:

By December 2006, MKUKUWAMBO organization will have developed and use savings strategy to increase more savings to the scheme

The purpose of this objective was to ensure that MKUKUWAMBO have savings strategies, which were used as tool for mobilizing savings.

Activities were implemented and the achievements were as follows:

- 15 members of MKUKUWAMBO who were leaders and staff are aware and understand on the importance of the scheme to have savings strategies and how it contributes to the increase of savings among members.
- 5 different relevant materials were collected from different sources from the District council the department of community development, cooperative, SCULT, Mbeya microfinance program funded by IFAD and surfing in the Internet. These materials are available at the scheme office, and helped in developing savings strategy.
- The scheme managed to conduct 1 session whereby 30 representatives, from leaders, staff and members were trained on developing savings strategies and managed to come out with one strategy.

- Strategy developed helped the scheme to mobilize more than half of the amount the scheme had before as well as helped the scheme in updating information of members and its amount saved.
- 3 savings mobilization meetings were conducted whereby 67 out of 75 members were sensitized on the importance of depositing regular savings. And set fixed amount of money of 100,000/= to be deposited by members who has less than 100,000/= savings to deposit it by December 2006.
- 4 meetings were organized and conducted in two wards on the importance of savings and credit scheme and convince the community to join the MKUKUWAMBO Savings and credit scheme. Community attended the meetings were more than 573 people.

Lesson learnt.

Involvement of members in project cycle, commitment and transparent of leaders, leads to the achievement of the scheme.

Activities not accomplished.

2 sensitization meetings were not done due to inadequate funds.

4.3.2. Objective 2:

By December 2006, 45 out of 75 members will have knowledge and skills on business that will make them to indulge into viable economic activities.

The aim of this objective was to ensure that members were engaging into profitable economic activities so as to earn more profit, which will enable them to increase the amount and regular savings to the scheme.

In order to achieve the intended objective, the scheme managed to implement activities as planned except one train because of merge resource the scheme have and these activities were done in collaboration with ADP-Mbozi together with cooperative department and achieved the following:

- MKUKUWAMBO members identified 7 training needs, these needs include, how to start business, business management, market skills, Pricing and costing, entrepreneurial competence, Negotiation skills and Record keeping.
- The scheme manages to develop training program, which was used in training.

- 1 training on business development skills was conducted and managed to equip skills and business techniques to 30 members whereas 16 were women. Skills imparted include business management, market skills, record keeping and costing/pricing.

4.3.3. Activities not accomplished.

- 1 training was not conducted due to inadequate funds.

4.3.4. Timeframe and resources used.

- All these activities were implemented with a time framework of 18 months.

The project used human, money and material resources that enabled to meet its objectives by 95%.

Table 10: Project implementation summary plan .

Project Description.	Planned Activities.	Resources required.	Responsible	Time frame.
Overall objective. To improve savings mobilization in MKUKUW AMBO savings and credit scheme so as to increase savings volume, this will enable the scheme to improve performance .	-Facilitate involvement of project stakeholders in whole process of project design, planning, implementation. -Organize and conduct monitoring and evaluation.	-Venue -flipcharts -marker pens, masking tapes, transport, meals for participants.	-Executive secretary, Project advisor (CED student), members, committee members, scheme leaders, Community development and cooperative officers.	January 2006 to January 2007.
Specific objective 1. To develop savings strategy for MKUKUWAMB O savings and credit scheme that will be used to mobilize	-Conduct sensitization meetings to leaders on the importance of savings strategy -Collect relevant materials from 5 sources that will be used as input in developing savings	-Venue, Stationeries, food for leaders. - Photocopying funds for communication. - Venue,	-Project advisor, Cooperative officer. -Project advisor and executive secretary. -Project	December 2005. Dec 2005

savings by December 2006.	<p>strategy.</p> <p>-Conduct 3 trainings sessions for developing saving strategy and its applicability.</p> <p>-Conduct 3 savings mobilization meetings to 75 members.</p> <p>- Conduct 6 mobilization meetings to community in Isansa and Vwawa wards</p> <p>-Conduct M &E.</p>	<p>Stationeries, food for participants, transport, accommodation.</p> <p>-Venue, transport, food for mobilizers, stationeries</p> <p>-do-</p> <p>-do-</p>	<p>advisor and cooperative officer.</p> <p>Community development officer and project advisor.</p> <p>-do-</p> <p>Monitoring team</p>	<p>January 2006.</p> <p>March 2006-january 2007.</p> <p>-do-</p> <p>-do-</p>
<p>Specific objective 2.</p> <p>To improve entrepreneurial and business development skills to 45 members so as to indulge into viable economic activities by December 2006.</p>	<p>-Identify training needs to members.</p> <p>-Develop training materials and program.</p> <p>-Conduct 3 trainings on entrepreneurial and business development skills to members.</p> <p>-Conduct M & E.</p>	<p>Venue, stationeries, transport, food for facilitators</p> <p>Stationeries, photocopying.</p> <p>-do-</p> <p>-do-</p>	<p>Community development officer and executive secretary. Community development officer and project advisor.</p> <p>-do-</p> <p>-do-</p>	<p>-April 2006.</p> <p>May2006</p> <p>May-July 2006.</p> <p>July to September 2006.</p>

CHAPTER FIVE: MONITORING, EVALUATION AND SUSTAINABILITY

5.0 INTRODUCTION.

This chapter intends to discuss how monitoring and evaluation were conducted based on a logical framework. (appendix:vi) which enabled the scheme to know if the intended objectives have been met or not. Moreover the chapter intends to explain how the project will continue to function in case of changes of external funding or phase out of the project as the project was for two years 2005-2007. (Project sustainability)

In order to understand whether the project perform and show the changes Participatory monitoring and evaluation plan was developed and used by the MFUKO WA KUWEKA AKIBA NA KUKOPA scheme in Mbozi district.

The overall objective of the project was to improve savings mobilization in MKUKUWAMBO so as to increase savings volume, which will enable the scheme to have sufficient capital investment.

The purpose of the monitoring and evaluation were:

- To assess the effects of savings mobilization project on the performance of MKUKUWAMBO savings & credit scheme as well as economic activities among the residents of Mbozi district.
- To assess if the project is achieving what has been intended and expected result.
- To assess if the project implementation is in the right track.
- To assess if there is a need for corrective action so as to improve performance.
- To know if the project interventions contributes any changes in the society.
- To assess if resources allocated to the project were appropriately directed to accomplish the overall objective.

Therefore, it was done to ensure that all measures contribute towards achievement of the overall objective.

- To conduct one sensitization meetings to leaders on the importance of savings mobilization.
- To collect relevant materials from 5 different sources to be used as an input in developing savings strategies.
- To develop training materials and program.
- To train 30 members on how to develop and use savings strategies in mobilizing savings.
- To conduct savings mobilization meetings to 75 members.
- To conduct 6 sensitization meetings to community member's into two (2) wards to encourage them to join the scheme.
- To conduct 2 business trainings to 45 members who are in business activities.

5.1.1. Monitoring questions.

Monitoring questions were developed and used to collect information according to what was needed. The questions were:

- Are the resources used were enough and helped to accomplish the planned activities.
- If the implementation of the project was followed as stated in project document.
- How many savings strategies the scheme is using in mobilizing savings?
- What types of materials collected and from which sources?
- To know if savings strategy was improved and developed and improved?
- To know if sensitization and mobilization meetings to members and community were conducted.
- Have the training needs identified?
- What training needs identified?
- How many members participated in the trainings?
- What types of trainings materials developed?

- How many training sessions were conducted?

Table 11 : Monitoring project operation plan.

Categor ies of informa tion.	What to monitor.	What records to keep?	Who collect data?	Who uses data?	How to use informat ion.	What decision can be made?
Work plan activitie s	-Timing of activities. Availability of resources and personnel	Monthly/qu arterly work plan schedule.	Executive secretary, project advisors and supervisor s.	MKUKU WAMBO Leaders, project advisor, District council, ADP- Mbozi, village leaders.	Ensure project impleme nters and other resource s are availabl e.	Resched ule activitie s, reallocat ion of resource s.
Cost and expendi ture.	Budget amount against actual used Balance.	Ledger of expenditure, income, Receipts, Bank transactions.	Scheme accountant .	MKUKU WAMBO, Projecr advisor, Partner organizati on (ADP- Mbozi) Auditor.	Ensure fund availabl e and execute activitie s.	Authoriz e expendit ure. Determi ne need for other funding source
Staff and supervi sion.	Knowledge, skills of implementer s, education	Performanc e review, job description,	Supervisor s, Project Advisor, executive	MKUKU WAMBO scheme, leaders,	Advise staff on career.	Training needs and replace

	level and performance	feedback from training attended.	secretary.	project advisor and supervisors.		ment
Results.	Number and type of services provided by the scheme Characteristics of members served.	Attendance register, field workers' reports.	Project advisor. Supervisors and leaders.	Leaders, implementers, project advisor, district council, ADP-Mbozi, SACCOS S.	Ensure the objectives are realistic. Assess the quality of service provided to members.	Revise objectives, time, strategy and approaches retrain.

Monitoring Indicators.

It was through indicators that helped to assess whether the activities were achieved or not. These indicators include:

- Number of savings strategies developed and improved.
- Types of materials collected.
- Number of sources where the materials were collected.
- Number of members attended the mobilization meetings.
- Number of training needs identified.
- Number of trainings conducted.
- Number of members participated in trainings.

- Types and number of sessions conducted.

5.1.2. Methodology for Monitoring.

In monitoring of the project implementation, the scheme used different methods to collect information that assess the day to day implementation of the project activities, and see if the activities were implemented according to plan. Monitoring exercise started from the beginning of the project.

Methods applied were focus group discussion, meetings, interview, observation, field visit and review different records from the scheme such as members register; savings collection forms, ledger cards, financial books, and attendance register, quarterly and annual reports. Under the facilitation of the researcher the scheme developed different forms used in monitoring, such as training report form.

Checklist and questions were used as data collection tools in monitoring.

Focus group discussion.

Focus group discussion was conducted, guided by checklist which was prepared in a participatory way. Leaders, committee members and scheme members were involved in the discussion with the purpose of assessing and understanding the progress of the activities intended to achieve the project goal of improving savings mobilization of the scheme, so as to increase savings volume that will enable to have sufficient capital investment.

Group meetings.

Group meetings were organized and involved community members who attended savings mobilization meetings conducted in their respective villages.

The aim of these meetings were raise on the importance of making savings and the need of joining the scheme were conducted as well as asking them if the meetings conducted were relevant.

Interview

Interview involve presentation of oral-verbal stimuli seeking oral verbal responses(K.A Kayunze 2001).Face to face interview was used to assess if activities were implemented according to the time schedule, if staff that were

involved in project implementation were conversant to what they were doing, and if resources were utilized accordingly.

By using interview, the interviewee had enough time to express their feeling and make clarification to some issues that were not understandable.

Observation.

The researcher used observation to get clear picture by visiting the targets to certify what interviewees provided. Participatory observation was applied by researcher whereby the researcher attended some of activities that were continuing in the villages such as savings mobilization meetings. Observation helps to understand members and community behavior in relation to savings culture.

Field visits.

Field visits were conducted by researcher to see physically what was going on regarding the activity implementation and verify the information written in reports against actual situation in the villages and scheme. For example members who are in income generating activities, type of activities members undertake etc.

Review documents.

Review of documents was very important because it provided the information regarding the number of new members who joined the scheme, amount of money deposited, activities achieved and not achieved, resources used and number of staff with their capacities related to the achievement of the project.

These tools were applied in different target group with the purpose of making sure that datum was collected as required.

The researcher (CED student), scheme leaders, staff, members, community development worker, cooperative worker, ADP-Mbozi partner organization staff, were involved in monitoring activities.

Stakeholders involved in monitoring;

Project advisor, scheme leaders, staff, members, community development, cooperative departments, ADP-Mbozi, partner organizations, were involved in monitoring activities. All were involved because of making things happen, as the project touches them in one way or another.

5.1.7.8. Data analysis.

Data was analyzed using SPSS and Excel software and presented using percentages, frequencies.

5.1.3. Monitoring results.

Monitoring of the project was done on monthly basis by monitoring team and showed that 95% of the planned activities were achieved.

- One sensitization meeting on the importance of savings strategies was conducted to leaders whereby all planned 15 leaders and 2 staff attended.
- 5 sources were used in collecting relevant materials, which helped in improving and in developing realistic saving strategy.
- 2 trainings on how to develop savings strategies, which involved 30 member representatives, were conducted.
- The strategy of increasing savings was developed and is in use (appendix:ix).
- Meetings on encouraging members to increase savings were conducted whereby 67 out of 75 members were sensitized to increase their savings, as a source of increasing capital of their scheme. They managed to deposit three times as it is shown below;

Table 12 : Status of members and amount saved.

Members	Amount of savings
9	500,000/= to 1,650,000/=
5	101,000/= to 499,000/=
22	51,000/= to 100,000/=
39	500/= to 50,000/=

Source: MKUKUWAMBO Progress Report November 2006.

- Amount of savings was increased from 25,000,000/= (September 2005) to 69,000,000/= (December 2006). Therefore the scheme managed to provide credit to members as indicated in table 13.

Table 13: Credit provision by scheme.

Period	Number of members	Amount credited.
December 2005	11	15,568,000/=
April 2006	15	25,500,000/=
September 2006	9	20,,000,000/=

Source: MKUKUWAMBO progress report 2006.

- Meetings were organized and conducted in two wards on the importance of savings and credit scheme and convinced the community to join the MKUKUWAMBO Savings and credit scheme. More than 573 people attended these meetings.
- Trainings needs related to business development skills were identified by 25 members out of 45 expected members. Skills identified include how to identify viable economic activities, costing and pricing, bargaining and negotiation skills, record keeping, and marketing of the products.
- Training materials that were used in business development training were developed according to the identified needs and trainings were developed and conducted.
- 1 training on business development was conducted and 30 members out of planned 45 members acquired knowledge and skills on business development.
- 15 out of trained 30 members are applying business skills in their activities especially members who are engaging into poultry keeping, they managed to reach the market of eggs and chicken to two hotels in Vwawa and Tunduma towns, and managed to sell eggs at 250/= each (Tanzanian shillings) and sell chicken at 10, 000/= each (Tanzanian shillings), 5 members earn 100,000/= (Tanzanian shillings) from selling of 12 chicken and deposit 50,000/=(Tanzanian shillings) amount as savings to their scheme.
- Costs and expenditure were itemized as required.

Together with the above-mentioned achievements, the project managed to show the following outcomes;

- The scheme has updated records and analyzed records according to active members. These means that 25 members out of 75 members because they are the one who make regular savings, attending meetings as required and make contributions without problem.
- Transactions were improved. The scheme has separated the accounts. Before the project interventions it was not easy to know how much savings were available, because all money received were recorded in one book. After the interventions, it is easy to get the amount saved by members. Therefore by having clear records encourages members to increase savings as they are separated between the amount meant for paying back loan and the amount for savings.
- Leaders are very committed to make sure that the project interventions are achieved. Most of the time they makes follow-up of savings to members, which reached 69,000,000/= Tanzania shillings by December 2006 and new 48 members joined the scheme.

Problem encountered during the implementation;

Although the activities were implemented, there were problems, which to some extent affected the implementation. These problems include:

- Transport to reach the areas where members are, because the scheme has no reliable transport. Depends on public transport and sometimes depend on ADP-Mbozi. So some of the areas which were very far for example, Namsinde, Miyunga and Kapele villages were visited once compared with other areas like Vwawa, Ibembwa, Isangu visited monthly in all period of the project implementation.
- Inadequate funds to support project implementation affected some of activities not accomplished as planned such as 2 sensitization meeting to encourage community to join the scheme were not done as well as one training on business development skill. Therefore, money used was not enough to accomplish all activities. The available money was utilized according to the plan.

- Low level of education to both leaders and members to some extent affected results because sometimes it took a long time to adopt skills imparted by the project .For example out of 30 members trained in business skills only 15 trained members were applying business skills in their economic activities. Only 10 members kept records in writing, while others are keeping in their heads. Regarding scheme leaders, were trained on write reports, and use monitoring and evaluation system, because of their low education the application was slow, which needs closer support.

The flow of information was through reports presented as follows to:

- Leaders, who discussed the reports every month in their meetings.
- Committee members discussed the report on quarterly bases during their planned meetings.
- Members during the annual meetings conducted in December 2005 and 2006, whereby 65 members attended.
- Community development and cooperative departments and ADP-Mbozi on monthly, quarterly, half yearly and annual bases.

Lesson learnt.

Involvement of members in project cycle, commitment and transparency of leaders, leads to the achievement of the scheme.

5.2. Evaluation.

Evaluation is the systematic acquisition and assessment of information to provide useful feedback about the project regarding the achievement of activities, immediate objectives and outputs. The scheme under the supervision of project advisor managed to select a team of 7 people.

Selection of evaluation team was based on their potentials and required skills for undertaking comprehensive participatory evaluation.

Members were from community development department; cooperative departments, ADP-Mbozi, WAT-SACCOS, Committee member, executive secretary and Project advisor were involved in midterm and end of the project evaluation.

Tools used for evaluation include focus group discussions guided by checklists, questionnaires, field visits, interviews, observations and review of scheme documents. Evaluation plan consisted both formative and summative evaluation to assess the project achievement.

Formative evaluation is a method of judging the worth of a program activities forming or happening. The formative evaluation is conducted with the purpose of assessing on going project activities and provides information to improve the project implementation. It is of importance as it provides an internal process in relation to the planned project. Where as summative evaluation is a method of judging the worth of the program at the end of the program activities (Bhola, H.S. 1990). Its focus is on the outcome. The purpose of summative evaluation is to access the success of the savings mobilization project and it take place after the change have been made, after the project is stabilized and the impact of the project has had a chance to be realized.

5.2.1. Formative Evaluation.

Formative evaluation is a method of judging the worth of a program activities are forming or happening. (Bhola 1990). The formative evaluation is conducted with the purpose of assessing on going project activities and provides information to improve the project implementation.

Evaluation plan with stipulated, timeline for evaluation was prepared before the project implementation with the purpose of understanding what data will be collected.

Evaluation issues and questions were developed based on:

- How the project was being implemented and whether it operates as intended.
- The progress in meeting the project's goal and examine whether or not the benchmarks were met.

Evaluation questions include:

- To what degree does the implementation of the project was followed as stated in project document?
- To what extent does savings strategy influenced community members' savings habit, savings and services?
- To what degree do the participating members receiving entrepreneurial and business development training?
- To what extent do the trained members practice entrepreneurial and business development skills in their economic activities?
- Are the resources allocated to the project being appropriately directed to accomplish the project goal?

The formative evaluation was conducted after six months of the project start.

5.2.1.1. Formative evaluation methods.

Mixed methods were used to answer evaluation questions. In data collection methods used include:

Review of different documents.

This component involve the review and analysis of documentation pertaining to savings mobilization project issues more generally as they correspond to the evaluation questions and indicators. The purpose of this review was to draw on existing documents to address the evaluation issues. The documents reviewed include:

- Project proposal, plans, needs assessment report, baseline report, activity reports.
- Registration book.
- Financial reports, savings deposit books, bank statement

Focus group discussions

Focus group discussions were used in data collection guided by checklist and members get a chance to express and show their feelings towards the project. This tool supplement the information collected by using questionnaire whereby a person were supposed to feel what was required in the questionnaire.

Field visits were used as a tool which helped to see what was happened in the area and see physically member who were applying business development skills such as business record keeping.

Interview.

15 key informants and 20 members were interviewed by using developed questions and the team was observing the response and their behavior.

Observation

Observation was applied to verify some of information given by those who were interviewed and their behaviors toward savings mobilization project.

Sampling Approach.

Formative evaluation was done to 5 sampled villages whereby 30 members. Leaders were purposively selected to inform the researcher on how the project was designed if it meets direct the need of the scheme and resource used in the project. Sampling of the population was based on the size of the project, number of participants, costs and time.

Analysis Plan.

Data collected during evaluation was discussed in planning meeting done after every four months. The datum were prepared and analyzed by using percentages and frequencies for project implementers, committee members and other stakeholders.

Training sessions for developing savings strategy, business development and savings mobilization sessions were observed and assess to whether implementers followed what was required to achieve the project goal.

Table 14 : Formative Analysis Plan.

Evaluation question	Indicators	Data source	Who collect Data	Sampli ng appra ch.	Analysis.
1. To what degree does the implementa tion of project was followed as planned in	-No of activities done and accomplished. -No of members reached. -No of community members	-Members, Leaders, project implementers, -Reports, -Attendance	-Project impleme nters, -Project advisor, -Scheme	Rando m and purposi ve sampli ng.	Descript ive statistics

project document.	mobilized. -No of trained members. -Savings strategies developed. -No of savings and training materials collected.	registers.	leaders.		
2. To what extent does a savings strategy influence community, member's savings habits, members' savings, and services?	-No of follow-ups of savings deposits conducted. -No of members reached. -Frequency of savings deposits. -Amount of savings deposited. -No of new members. -Types of services improved.	-Members -Committee members -Leaders -Project implementers -Progress reports -..Savings deposits books -Register book.	-Project implementers, -Project Advisors, - Leaders, - Accountant.	Random and purposive sampling.	Descriptive statistics
3. To what degree do the participating members receive entrepreneurial and business development skills trainings?	-No of training sessions, -No of questions raised during trainings, -Types of materials and content provided, -No of members improved business.	-Trained members, -Progress reports, -Survey report, -Leaders, -Project implementers, -Committee members, -Members record keeping books.	-Project implementers, - Executive secretary, -Project advisor.	Random and Purposive sampling.	Description statistics
4. To what extent do trained members	-No of trained members practicing skills imparted.	-Trained members, -Progress	-Project implementers,	Random and Purposive	Descriptive statistics

practiced entrepreneurial development skills.	-No of economic activities established. -Amount of income generated after trainings.	Reports, -Survey report -Leaders, -Project implementers, -Family members of the trainees.	-Project Advisor, - Leaders.	sampling.	
5. Are the resources allocated to the project were appropriately directed to accomplish the objective.	-No of targets benefited from the services provided by the scheme, -Amount available funds for the project.	-Accountant, -Members, -Project implementers, -Project advisor -Committee members, leaders.	- Accountant, -Project implementers, -Project advisor.	Random and Purposive sampling.	Descriptive statistics

Timeline for formative evaluation.

The interviews for mobilized members, trainees and key informants were done in April, June and August followed by site visits to interviewees. Review of documents were conducted between March, May and July, whereby savings deposit books were reviewed to examine the amount savings mobilized in relation to what was planned, reports to assess activities accomplished, new members joined the scheme, follow-ups conducted and members reached. Also observation was done in December, March, June and September concurrently with field visit to observe changes after trainings, training sessions, mobilization meetings, how services were provided by the scheme after using developed savings strategy.

Data collected were analyzed, compiled and the report presented to project implementers, committee members, leaders, partner-organization (ADP-Mbozi), and district council. The report presented enabled project implementers to make change or strengthen activities implementation.

Table 15: Formative evaluation timeline.

Activity	Time line for implementation.
Interviews.	April June and August
Documents review.	March ,May and July
Observation	December, March, June and September
Data entry, analysis and compilation	July
Report submission	Late July

5.2.1.2. Formative evaluation findings.

The findings presented the general view from the respondents based on the evaluation questions as follows.

1. To what degree does the implementation of project was followed as planned in project document.

88% of the respondents (mobilized members, community, trained members, project implementers, community development, cooperative, ADP-Mbozi workers and leaders) interviewed showed that, the project activities has been implemented as stated in project document by 95% whereby 573 community members were reached, 67 members were sensitized to save regularly , 30 members were trained in entrepreneurial and development skills.

Two savings mobilization meetings and one training on entrepreneurial and business development skills were not implemented due to the fact that the scheme had no enough money and reliable transport to support project implementation.

However the scheme requested ADP-Mbozi and the district council to include it in their plans and continue with mobilization.

Furthermore, members requested regular follow-ups to sensitize members to make more savings, and to expand their trainings so as to reach all members and enable them to indulge into viable economic activities.

Although the project activities were conducted as planned faced high costs of savings mobilization and time consuming to committee members who were directly responsible in mobilizing savings.

2. To what extent did a savings strategy influence community, member's savings habits, members' savings, and services?

Members interviewed showed that developed savings strategy influenced community savings because through savings mobilization meetings, 48 community members were convinced and joined the scheme.

67 members reached, increased frequency of savings three times. In addition to that members savings were increased as shown in table bellow;

Table 16 : Amount of savings deposited.

Members	Amount of savings September 2005.	Amount of savings as per December 2006.
9	500,000/= to 1,000,000/=	1,000.000/= to 1,650,000/=
13	101,000/= to 499,000/=	451,000/= to 999,000/=
22	51,000/= to 100,000/=	151,000/= to 450,000/=
30	500/= to 50,000/=	100,000/= to 150,000/=

Source: Progress Report December 2006.

Moreover, the scheme improved services because instead of waiting for members to come for savings deposits, project implementers were the one who makes regular follow-ups of savings deposits to members hence reduces savings costs to members.

From the document reviewed indicated that, provision of credit was improved as it is shown in Table bellow;

Table 17 : Amount of credit provided.

Period	Amount credited.
December 2005	15,568,000/=
April 2006	25,500,000/=
September 2006	20,000,000/=
December 2006	45,000,000/=

Source: Progress report December 2006.

Furthermore, the scheme have updated records and analyzed records according to active members. These means that 25 out of 75 are very active members because they make regular savings, attending meetings as required and make contribution without problem.

In addition to that the scheme has managed to separate savings account and loan account before the project intervention, it was very difficult to know exactly amount saved by members and loan payback status.

Therefore developed savings strategy influenced members to save more, increase new members and improve services.

3. To what degree do the participating members receive entrepreneurial and business development skills trainings?

95% of trained members in entrepreneurial and business development skills acknowledged that the trainings were relevant to them due to the fact that all training needs identified during training need assessment were trained. It was also very important to them due to follow-up questions which needed elaborations during training and after training.

Moreover the content and training materials were simply developed with live example which made members to request the project to expand trainings to other members and enable all members to get business development skills. Therefore 15 trained members improved their economic activities.

4. To what extent do trained members practiced entrepreneurial development Skills?

20 trained members out of 30 members were practicing skills imparted and they managed to diversify activities and other undertook poultry keeping activity after realizing that its market was locally available and was paying. For example within a short period of time one trained member who opted to undertake poultry keeping raised 150,000/= Tanzanian shillings after selling 10 chickens. 50,000/= was deposited in the scheme and enable to increase savings deposits.

During site visits, interviewed trained members complained that they face a problem of transporting their product to the market especially for those who were engaging into planting and selling of green vegetables. They proposed to organize themselves into market group where they can access transport easily by sharing costs.

5. Are the resources allocated to the project were appropriately directed to accomplish the objective?

The funds allocated to support project implementation, were well utilized accordingly, although the amount available was not enough to accomplish the intended activities.

5.2.1.5. Discussion of the formative evaluation.

The findings showed that project activities were implemented according to what was planned in the project document. Developed savings strategy influenced community and members savings habits as they increased their savings and community accepted to join the scheme after realizing its importance in income generation and poverty reduction.

Trained members on entrepreneurial and business development skills appreciated and acknowledged that the skills imparted to them were useful to them as they have started to apply them and showed positive results.

Resources allocated were directed to the accomplishment of the project goal.

5.2.2. Summative Evaluation.

Summative evaluation was conducted with the purpose of accessing the success of savings mobilization project. It focused on outcome.

It takes place after the project the changes have been made, after the impact of the project is stabilized and after the impact of the project has had a chance to be realized. Summative evaluation is very important to decision- makers and project implementers to decide on project expansion, continue funding, increase the funding, continue on probatory status or discontinue. Therefore this evaluation informed the decision makers about whether the activities and strategies were successful in helping the project or its participants reached their goals. Summative evaluation normally turns up anticipated outcomes. The findings that come to light during data collection or data analyses that were never anticipated when the study was first designed. Summative evaluation considered the issues concerning, the significance of the project, Project design and delivery project achievement, Project cost- effectiveness.

Therefore the evaluation was guided by evaluation questions based on the four issues mentioned, for example how the project reflects current priorities and objectives of MKUKWAMBO savings and credit scheme? Are members of MKUKUWAMBO comfortable with the services provided by the project? To what extent the project achieved its expected results?

5.2.2.1 Methods used in summative evaluation.

In order to achieve the evaluation exercise qualitative and quantitative methods were used to collect information.

Documents review.

Documents were reviewed. Existing data source were assessed which included a formative evaluation report.

Follow-up interview.

Follow-up interview was conducted to members, trained members on entrepreneurial and business development to verify the information found in reviewed documents. Also to examine what they say about savings mobilization project and how useful the project was for them.

Focus group discussions.

Focus group discussion guided by checklist was conducted to members who were sensitized to increase savings deposits and those who joined the scheme together with leaders so as to examine if the project interventions contributed any changes among

them or not. The method was used because not all respondents knew how to write and read.

Observation

Observation was applied to verify some of information given by those who were interviewed and their behaviors toward savings mobilization project.

Table 18: Summative evaluation questions.

Evaluation issues.	Evaluation questions
Project significance	<ul style="list-style-type: none"> - How significance savings mobilization project is to MKUKUWAMBO savings and credit scheme and participants? -to what extent does the project reflect the needs and objectives of MKUKUWAMBO savings and credit scheme? -Does the project interventions bring into being outcomes that reflects MKU KUKUWAMBO savings and credit needs? -Is the project operates according to what is planned in project document?
Project design and delivery	<ul style="list-style-type: none"> -Are project activities developed reflected to intended outputs? -Are members comfortable and acknowledging what project offers to them?
Project impact	<ul style="list-style-type: none"> - Are the intended achievement been met by the project? -Are other recipients benefited from the project? -Are there any changes within participants due to project interventions? Do members benefited from the project? - Is MKUKUWAMBO savings and credit being satisfied with the project?
Cost –effectiveness of the project.	<ul style="list-style-type: none"> -How cost –effective the project designed in a way of achieving the expected outcome? -Are the resources allocated being directed as were intended? -Are there more effective methods of achieving the same outcome?

Study Design.

Observational description was designed for the purpose of collecting information for evaluation intention. The evaluation focused on the measurable CED products that were obtained directly from the project.

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Study Design.

Observational description was designed for the purpose of collecting information for evaluation intention. The evaluation focused on the measurable CED products that were obtained directly from the project.

This include the number of savings mobilization meetings, business trainings, trained members with profitable income generating activities, amount of savings deposited and the number of new members. All the information collected was compared with baseline data collected before establishment of the project.

Sampling Approach.

Descriptive analysis is a statistical tool used to ascertain the effect resulted from the project. Evaluators examined whether the project was significant to MKUKUWAMBO savings and credit scheme. Qualitative data from the interviews and documents review were used to help explain the findings from statistical analyses and provide the basis for recommendation of the project. The evaluation involved 30 participants as a sample size whereby face to face interview was conducted. Purposively selection was done in order to accommodate key informants like leaders, project implementers, village leaders and representatives from SACCOS.

Data analysis plan.

The plan was developed to guide the evaluation activity. Descriptive analysis was used to describe the outcome and the impact of the project interventions.

Table 19: Summative Evaluation Analysis Plan.

Issues	Indicators	Data source	Who collect data	Sampling Approach.	Analysiss.
Project significance.	-No of project objectives achieved. -New strategies developed. -No of community members reached and served. -% of achieved planned activities.	-Document review. -Members. -Project implementers. -Leaders. -Survey	-Project advisor. -Project implementers. - Supervisor.	-Simple random and purposive sampling.	- Descriptive statistics.
Project design and delivery	-No of strategies developed. -no of meetings conducted.	-Members -Project implementers,	-Project implementers, -Project	- Random , Purposiv	Descriptive statistics ,

	-no of trainings conducted. -no of activities revised -no of members reached. -type of services provided.	-leaders, -Survey, -Interviews -Documents review,	Advisor, -Executive secretary	e samplin g.	Observa tion of sessions.
Project success.	-Increased amount of savings available for credit. -% of members accessing financial services. - Frequency of savings deposits. -No of new members joined the scheme. -no of trained members applying business development skills.	-Documents review. -Trained members. -Members, -Project implementers, -Leaders. -Interviews.	-Project implementers, -Project Advisor, -Leaders, - Supervisors	- Random , - Purposive samplin g.	- Descriptive statistics
Cost-effectiveness.	-Amount of resources allocated vs. amount of savings collected.	-Document review. -Key informants -Document review income and expenditure, ledger review.	-Project implementers, -Project Advisor, - Supervisors	- Random and purposive samplin g.	- Descript ion statistics

Timeline for the implementation of summative evaluation.

Summative evaluation was planned to be conducted in mid January 2007. On the other hand data was continuously collected. Activities involved in evaluation process included document review, interviews and follow-up site visits to evaluate changes that occurred due to project interventions, focus group discussion and session's observations.

Table 20: Timeline for summative evaluation.

Activity	Schedule.
Collect and review documents	December 2005, march 2006, September 2006.
Conduct interview, focus group discussions and follow-up site visits.	September 2006 and December 2006.
Conduct session's observations.	November 2005, June 2006 and October 2006.

Achievement of the project.

For 18 months the period of project life, the project showed the success in achieving the goal of improving savings mobilization to MKUKUWAMBO savings and credit scheme and enabled to mobilize savings, which made them to loan two times as in table 21 below which highlights the expected project outcome and actual project outcome.

Table 21: Summary Evaluation table.

Indicators.	Expected outcomes	Actual outcomes
Project Goal: To improve savings mobilization in MKUKUWAMBO savings and credit scheme so as to increase savings volume that will enable the scheme to have sufficient capital investment. Impact: % of members have access to financial services from MKUKUWAMBO savings and credit scheme Outcome: frequencies of savings deposits. Output: Number of community members reached.	 60% 4 time yearly	 60% 4 times

	575	640.
Specific objective 1: To develop savings strategy for MKUKUWAMBO savings and credit scheme that will be used in mobilizing savings by December 2006. Impact: - Amount of savings deposited. -Number of new members joined the scheme. Outcome: Number of community members aware on the importance of making savings. Output: Savings strategy developed and in use.	60,000,000/= 120 members 575. 1	69,000,000/ 134 640. 1
Specific objective 2: To improve entrepreneurial and business development skills to 45 members of MKUKUWAMBO savings and credit scheme so as to indulge into viable economic activities by December 2006. Impact: Number of trained members improved and has viable economic activities. Outcome: Number of trained members applying business skills. Output: Number of trained members in entrepreneurial and business development skills.	45 45 45	22 22 30

5.2.2.2 Findings and Discussions.

Findings from the study were presented basing on issues identified in the term of reference.

1. Project Rationale/ significance.

To what extent the project was significant to MKUKUWAMBO savings and credit scheme?

From the data collected, it is noted that the project was relevant to the stakeholders because it was a need of the scheme with the reason that the scheme was facing the

problem of low savings, which was not easy to provide credit service to members. There was high demand of capital from the community and the demand of loan was very high compared to the amount of savings deposited in the scheme. These problems identified by members enabled members to come up with a need of savings mobilization project, with the purpose of tackling the mentioned problems.

Are the projects activities operated according to what has intended in project document?

From the documents reviewed, interviews conducted to key informants, focus group discussions and sessions observations revealed that the project activities implemented as scheduled and work within its mandate. The project aimed at increasing savings by improving saving mobilization strategy as means of poverty alleviation. According to the findings, 75% Of members capital depend in MKUKUWAMBO savings and credit scheme, and the scheme have no sufficient capital. it was recommended by them to start savings mobilization within members themselves, convince community members to join their scheme and encouraged members to engage into profitable economic activities that enabled members to generate more and save through imparting entrepreneurial and business development skills.

It was very possible for members to produce more as it was noted during the survey that the majority of members' aged between 30 to 45 years who are productive one. In addition to that members, have ability to save since they earn 201,000/= Tanzanian shillings to 400,000/= Tanzanian shillings as argued by 67.5% of the respondents if they will be encouraged.

By implementing this project, the scheme managed to provide financial services to members by 60%. During the implementation of project activities, members, community members and other stakeholders requested the project to extend its activities so as to reach more people in the area of entrepreneurial and business development skills.

1. Project Design and Delivery.

Are project activities developed reflecting the intended outputs?

The findings from documents reviewed, face- to- face interviews, spot visits, discussions with key informants and members together with observations indicated

that planned activities contributed to the achievement of the project objectives. For example savings mobilization meetings conducted to members on the importance of making savings contributed to the increase of savings because after being mobilized, members were aware on making savings and manage to increase frequencies of making saving and increase volume of capital investment of the scheme which was the main purpose of implementing the project.

Are members comfortable and acknowledging what project offered to them?

The community and members of the scheme were comfortable and appreciated with the services provided by the project. This was due to the fact that 30 trained members on entrepreneurial and development skills are applying the skills of which, 22 members have viable economic activities. In addition to that, after project interventions the scheme managed to collect 69,000,000/= Tanzanian shillings which enabled 60% of members access financial services.

Through organized sensitization meetings, members changed positively attitude towards savings mobilization and made them plan for savings as part of monthly expenses. Members were comfortable with the project as the project reduced cost of savings because the services are closer to members. Therefore the scheme make follow-up of savings to members instead of waiting for members to bring savings to the office.

3. Project success.

Are intended achievements been met by the project?

It was noted that 95% of intended achievements were met by the project. It was believed that by implementing this project, the scheme managed to collect 69,000,000/= Tanzanian shillings and the estimated collections were Tshs 60,000,000/= by December 2006. This was achieved after developing and application of savings strategy.

New members who joined the scheme after project were 134 compared to estimated 120 new members and made the scheme to contribute toward increased savings.

Through sensitization members managed to increase frequency of savings from one to two up to four times. In general discussions with key informants, members, project advisor, scheme leaders revealed that those 22 trained members in business development scheme improved their economic activities.

All in all it can be said that the project was appropriate and effective because it reached what the project intended to achieve.

Are other recipients benefited from the project?

In the causal of project implementation, the project involved different stakeholders who in one way or other were there to advise, share experience and learn. Two savings and credit groups were encouraged and appreciated the way the project was implemented. Therefore, they adopted the strategy which made them to increase savings from their members as follows:

- Iwalanje savings and credit scheme, increased their savings from 600,000/=Tanzanian shillings(Jan 2006) up to 3,500,000/=Tanzanian shillings by December 2006
- Ilembo peasant group, increased their savings from 2,400,000/=Tanzanian shillings (September 2005) to5, 000,000/= by (December 2006.)

Are there any changes within participants due to project interventions? Do members benefited from the project?

66% of the respondents and from the document reviewed, showed that changes occurred within participants. These changes include attitude change toward savings habit which enabled them to save regularly after been sensitized by the project.

Also members benefited from the project because now they are getting financial services whenever they need it.

Through trainings on entrepreneurial and business development skills imparted, trained members managed to improve their businesses.

Is MKUKUWAMBO savings and credit being satisfied with the project?

The scheme satisfied with the project implementation as the scheme managed to collect more than 69,000,000/= Tanzanian shillings and enabled the scheme to provide services to 60% of its members.

The project also enabled the scheme leaders to gain confidence in mobilizing savings within members and encourage more people to join the scheme, compared to the period before the interventions.

Through savings strategy, the scheme has been up-dated and analyzed records and come up with 25 active members because they are saving regularly, attending meetings and make contributions without problem.

The project was very useful to the scheme because it helped to improve scheme transactions. The scheme has separated the accounts. Before the interventions, it was very difficult for members to know exactly the amount of savings of the scheme because all money was in one account (Loan and Savings).

4. Cost –effectiveness of the project.

How cost –effective the project designed in a way of achieving the expected outcome?

Findings showed that, the project was designed in a cost effective in a way that expected outputs were achieved. The money allocated to support the project were 7,658,350/=Tanzanian shillings. The amount used was 3,829,175/= Tanzanian shillings managed to achieve 95% of project objectives and solicit of 69,000,000/= Tanzanian shillings.

Also the scheme managed to increase members from 75 members to 134 members. Therefore we can say that the amount and resources available from the scheme managed to achieve the expected outcome.

-How does the government contributed to assist the project?

From the findings, the government in one way or other contributed to the project achievement. For example the government provided salary to 2 expertises that were hand in hand providing technical support in savings mobilization meetings, record keeping and train business development skills to members.

6.2.10. Challenges during the implementation of the project.

Although the project achieved 95% its objectives, during the implementation, the project encountered the following challenges:

- Costs of savings mobilization was very high and time consuming to committee members who were directly responsible in mobilizing savings.

- Perceptions toward savings mobilization to some members and leaders slowed down the speed of mobilizing savings.
- Politically, the project was being undertaken during the election campaign last year 2005. Some of the scheme members were contesting in leadership position, which affected fast decision-making. For example the chairperson was contesting a ward counselor position.
- Price inflation, fuel crisis lead to high inflation rate and increased the cost of inputs affected profitability of income generating activities and therefore the amount of savings decreased.
- HIV/AIDs. Due to the increase of deaths and taking care of sick people, these affected members not to participate fully in the project because members use more time and money in burial and taking care of the sick people as result affect the amount to be saved.

Discussions.

From the findings, it was noted that the project is relevant and appropriate to the scheme and stakeholders because it was the need of the scheme with the reason that the scheme was facing the problem of:

- Low savings which were not enough to provide credit service to members.
- There were high demands of capital from community.
- The demand of loan was very high compared to the amount of savings deposited. Therefore the project developed savings strategy that enabled to sensitize members to make regularly and convinced the community to join the scheme with the purpose of increasing savings that can make the scheme to have sufficient capital investment. This enabled the scheme to collect the amount of 69,000,000/= Tanzanian shillings. According to the key informants interviewed, reviewed documents showed that business developed skills imparted to members enabled them to improve their business and raise income that was the need of members.

The findings showed that 95% of the project objectives were met, as a result 60% of members managed to access financial services from MKUKUWAMBO, moreover there was improvement in transactions by separating accounts and enabled the scheme to have exactly the status of savings collected and amount of loan paid back and those not paid.

The amount allocated to support the implementation of activities was well utilized and managed to achieve 95% of project implementation.

Although the project objectives were accomplished by 95%, some challenges were met which in one way or another affected the implementation of the project. These challenges include high costs of savings mobilization, perceptions towards savings mobilization to some members and leaders slowed down the speed of savings mobilization.

Two groups have benefited from the project as they managed to increase savings. Because of its importance, members requested the project to expand its service other areas so as to reach more peoples.

5.3. Project Sustainability.

5.3.1. In order to ensure that the project continue to function regardless of changes in external funding and phasing out;

- The project will continue to function taking into consideration that the project is community initiative; therefore it will be easily sustained.
- The project will use developed savings strategy to ensure that more savings is mobilized because members themselves have developed the strategy and it provides room to members to commit themselves, which will enhance savings mobilization.
- Leaders will use capacities equipped by project to organize and coordinate well activities regarding savings mobilization and make sure that all planned activities and resources are used accordingly. Capacities equipped include leadership management and financial management.

- Members will use business development skills to strengthen and improve their economic activities, which will increase savings from income to be generated from their profitable economic activities.

Furthermore skills equipped will enable members to diversify into other economic activities, which in one way or other will contribute in increasing savings within members.

- Knowledge about gender issues to members will help to distribute economic responsibility among household levels, thereby help to increase member's savings.
- Continue sensitize community on HIV/AIDS and malaria that consumes substantial savings at the household level.

5.3.2. Political.

The project is acceptable since the government of the fourth phase is encouraging people to make savings as means of poverty reduction. Therefore the project will get support.

5.3.3. The institutional.

The project has developed good relationship with ADP-Mbozi together with the District council, which will enable the project to continue with its functions. Therefore ADP-Mbozi will continue to build capacity of members in the following areas;

- Financial management.
- Record keeping.
- Leadership.
- Business and marketing
- Reviewing of constitution
- Support development of policies.
- Link the scheme to financial institution to get more exposure and learning in relation to savings mobilization aspects.

5.3.4. Village governments will continue to provide conducive environment to the project so that it will be easy for the project to mobilize savings. This is due to the fact that one of the tasks of the village leaders is to encourage community to develop saving culture among them.

5.3.5. District council, since the district council participated from the beginning of the project, it has already included project activities in its development plan. So the district will continue to build capacities of members and leaders.

CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS:

6.1 CONCLUSION.

From the study conducted we can say that savings mobilization has its importance in mobilizing capital investment in any scheme dealing with savings and credits services. The findings implied that the major cause of low savings in savings and credit scheme is the poor savings strategies.

The study confirmed that there were no clear developed savings strategies the scheme uses in mobilizing savings that is why amount deposited was low.

Leaders were using their level best to mobilize members to increase savings and sensitize community to join the scheme.

The study also confirmed that most of members have ability to save due to the following reasons:

- Members undertake more than one income generating activities, which can enable them to earn more income and make savings.
- Income earned every year with members ranges from 201,000/= to 400,000/=Tanzanian shillings
- The majority of members ranged between 30 to 45 years of age, which are productive age. Therefore if members work hard as required can generate enough money and the surplus can be kept as savings.
- High costs of savings has contributed to low savings deposited in the scheme as members who were very far from the service (headquarter of the scheme in Vwawa town) fear on the costs incurred during the process of depositing savings which was more than 20,000/=Tanzania shillings plus the time spent waiting for service. Automatically they were discouraged to make more effort to save.
- Low savings culture among community members contributed to low savings due to the fact that people think that if you wanted to save need to have big amount of money and thought that they have nothing to save. Also the culture was caused by low level of understanding and exposure.

- Members had little information about what was going on in the scheme regarding to the amount of savings the scheme has, that is why members request credits because they do always think that money was there.
- Few follow-ups conducted by the scheme have caused members contributes a small amount of savings in the scheme for long period of time.
- The scheme has no developed training program on business development as the result, member's uses experience to run their economic activities. This made them not to run their economic activities profitably.
- The project contributed a lot in MKUKUWAMBO savings and credit scheme, the scheme manages to increase the volume of savings and enable the scheme provides financial service to members.
- It was through savings strategy enabled the management to improve it operation and realize that with well-stipulated and understood strategy the scheme can manage to mobilize resource internally.
- The project managed to accomplish activities by 95%, which contributed to the achievement of the objectives. This was due to the fact that members together with leaders were involved in all project life cycle.
- By using improved savings strategy enabled leaders to gain more confidence in mobilizing savings within their members and encouraged more people to join the scheme, compared to the previous time before the project interventions.
- The reception of members, scheme leaders, local government leaders and partner institutions were positive toward the project. For that reason, savings strategy used, skills on management and business development were appreciated and acknowledged. As the result two savings and credit groups were encouraged and appreciate the way the project was doing its interventions.

Therefore they adopted strategy used, these are Iwalanje savings and credit scheme before have 600,000/=Tanzania shillings(Jan 2006) increased its savings up to 3,500,000/=Tanzania shillings by December 2006 and Ilembo peasant group, increased their savings from 2,400,000/=Tanzania shillings (September 2005) to5, 000,000/=by (December 2006.)

- The project will continue to function taking into consideration that the project was initiated by community therefore, it will be easily to sustain.
- The project could have achieved if the scheme had enough capacities in terms of money, time and adequate knowledge to both members and leaders.
- Costs of savings mobilization was very high and consume time to committee members who were directly responsible in mobilizing savings
- Perceptions toward savings mobilization to some members and leaders slow down the speed of mobilizing savings.
- National election campaign of 2005 and fuel inflation had affected the implementation of the project, which was not expected by the project.
- Precisely savings and credit schemes are contributing to easy accessibility of financial services to small and medium producers, in spite of all the problems encountered.

6.2. RECOMMENDATIONS.

For the purpose of continuation of the project, scheme, and those who are expecting or implementing the same project the followings are recommended so as to achieve mobilizing savings and enable the scheme to provide services to members as required and contribute toward achievement of the first millennium development goal and the national development strategy for poverty reduction.

- It is recommended that before starting project it is better to involve those who are concerned to participate fully in project identification, this help the organization to identify project that effectively address what community need.
- The management should encourage members to participate fully in planning, implementation and evaluate the performance of the scheme. This will commit them, since they will be the one who made those decisions.
- The scheme has to use effectively savings strategy developed to mobilize savings and develop others strategies in order to make low capital a history, and make sure that every person understands clearly with strategies.
- Monitoring and Evaluation system should be developed to ensure the effectiveness and efficiency of the strategies.

- Training program should be designed in such a way that can facilitate members engage themselves into profitable economic activities, which will enable them to save more.
- The management should be trained on savings mobilization techniques and on how to manage the scheme and be transparent to their members to avoid unaccountable members.
- The scheme has to make sure that they make regular follow-up to members. These follow-up will keep them conscious in deposit savings regular.
- For the best practice it is better to involve different people with different skills, knowledge that will help to improve performance.

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