

**EFFECTIVENESS OF MICROFINANCE IN UPLIFTING
WOMEN'S DEVELOPMENT
A CASE STUDY OF SUMBAWANGA DISTRICT COUNCIL**

**EFFECTIVENESS OF MICROFINANCE IN UPLIFTING
WOMEN'S DEVELOPMENT
A CASE STUDY OF SUMBAWANGA DISTRICT COUNCIL**

By

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**Dissertation submitted in Partial fulfilment of the Requirement
for award of the Degree of Master of Science in Accounting and
Finance (MSC A&F) of Mzumbe University**

2014

CERTIFICATION

We, the undersigned certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled: **Effectiveness of Microfinance Programmes in uplifting women’s Development .The Case of Sumbawanga District Council**, in fulfillment of the requirements for award of the of Degree of Master of Science in accounting and finance of Mzumbe University.

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DECLARATION

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ACKNOWLEDGMENT

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DEDICATION

I would like to dedicate to my lovely wife Bahati Mwangi and my sons Erastus, and Goodlucky, my parents, my brothers and sisters for their kindness, advice, material support, prayers, caring and financial support during my study. I have nothing to pay to them but I pray to God to bless them in everything.

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LIST OF ABBREVIATIONS

LGA	Local Government Authority
MFI	Micro Finance Institutions
MSC A&F	Master of Science in Accounting and Finance
MSE	Medium and Small Enterprises
PTF	Presidential Trust for Self-Reliance
SDC	Sumbawanga District Council
SEDA	Small Enterprise Development Agency, and Presidential
SPSS	Software Package for Statistical Science
TAMFI	Tanzania Association of Microfinance Institutions
WDF	Women Development Fund
YDF	Youth Development Fund

ABSTRACT

The study aimed at looking on effectiveness of Microfinance Programmes in uplifting women's development the case of Sumbawanga District Council. There have been many challenges that affect its performance in uplifting women's development such as mobility of the clients, poor network among the Microfinance programmes and inconsistencies with the repayment schedules, high default, diversion of funds, and high interest rates.

In the light of attaining such aim; the objectives of the study were to Access the ways in which micro finance programmes have effectively enhanced women financial sustainability in an integrated community development, Examine the extent to which credit services provided to women have effectively improved standard of living of their households, determine challenges facing MFIs in uplifting women development and suggest pertinent aspects that would make microfinance uplift women development in the study area.

Data collection were done by means of interviews and questionnaires in which a total of 90 respondents comprised women households who have received credits from the developed council funds, MFIs and who have not received credits from other MFIs, employees from MFIs and council and managerial post from MFIs and council as the important respondents of this study, who were involved in the study using simple randomly sampling and purposive sampling.

Research findings indicate that microfinance programmes in uplifting women development were not attained.

Based on these findings, it is concluded that microfinance programmes in Sumbawanga District Council failed to improve women household livelihood. Therefore, through improved suggestions such as increased networking and collaboration among the Microfinance programmes, continuous sensitization and training of the clients, encouraging women's group work, and Government intervention on microfinance programmes will contribute to uplift women development.

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CHAPTER ONE

1.1 Introduction

This chapter comprise of back ground of the problem, statement of the problem, main objective of the study, specific objective of the study, significance of the study, hypotheses, scope and limitation of study and delimitation of the study.

1.2 Background of the problem

Maximization of economic growth became the major development goals of the 1950s and 1960s. By then, policy makers believed that benefits accrued from this economic growth would trickle down and reduce income disparities (Bagachwa, 1994). That was not the case because by 1970s the strategy couldn't guarantee full employment and alleviating poverty. This led to new approaches of enhancing economic growth, which were directed to increasing employment opportunities, meeting basic needs, reducing inequality in income and raising productivity (Chijoriga and Cassimon, 1997). It was within this arena that microfinance was considered as an important tool for development.

Micro finance emerged as social innovators began to offer financial services to the working poor who were previously considered "un-bankable" because of their lack of collateral. The proponents argued that poor people might improve their living standards by becoming micro entrepreneurs and that financial institutions should support their initiative with small loans. Availability of micro-finance services to small business and low income earners could thus greatly enhance their economic strength and eventually break the vicious circle of low income-low savings-low investment-low income (Yunus, 1984). Since then Microfinance has become an increasing important means to promoting Medium and Small Enterprises (MSEs) development. It is also seen as an important tool to empowering disadvantaged group of people in particular women and children (Chijoriga and Cassimon, 1997, and Mayoux, 2005).

Over the last two decades, microfinance has become one of the preferred strategies for economic development for the poor in both developed and developing countries (Msoffe, 2008). The increasing microfinance programmes is one of its feature, which according to Micro-credit Summit Campaign (2002), 2,168 micro-credit institutions have been documented as being operating in over 100 countries and reaching over 54 million clients with affordable credit. Most of the programmes intended to promote financial services to disadvantaged people specifically women and children.

Micro-finance programmes targeting women became a major plank of donor poverty alleviation and gender strategies in the 1990s (Holvoet, 2005). In many programmes women were targeted on both equity and efficiency grounds. Women were targeted on equity grounds basing on the fact that they comprise large portion of poor across the globe. They were also targeted on the ground that they are easier to organize and are disciplined to paying loans. According to the World Bank (2003) women were targeted in view of improving living standards within their households. Thus bilateral and multilateral agencies incorporated micro-credit in their development projects as argued by Wood and Sharif (1997) to provide loans to the poor and in particular women development.

In Tanzania microfinance development has been operating through three phases: the first phase begun from 1980-1990, which was characterized by minimal activity that was conducted through project based on experimental design approach. During that time the projects were couched within internal efforts aimed at alleviating poverty that received a very limited fund. The second phase of microfinance development was from 1994-2000, when Non Governmental Organizations such as SEDA and Pride Tanzania began to operate with the aim of providing financial services to poor people.

The third phase began in 2001 which is still operating until now (Shima, 2004). This phase is characterized by so many financial institutions providing financial services to poor people. These institutions included credit based institutions which are about 80 to 100 out of which 42 are registered members of Tanzania Association of

Microfinance Institutions (TAMFI). These involve NGOs such as PRIDE Tanzania, FINCA, SEDA (Small Enterprise Development Agency, and Presidential Trust for Self-Reliance (PTF). Others include SIDO, YOSEFO, SELFINA, Tanzania Gatsby Trust, Poverty Africa and the Zanzibar Based Women Development Trust Fund. The rest institutions are banks such as NMB, CRDB, Akiba Commercial Bank, Dar es Salaam Community Bank, Mwanga Community Bank, Mufindi Community Bank, Kilimanjaro Cooperative Bank, Mbinga Community Bank, Kagera Cooperative Bank and the Women Bank.

In order to ensure that these financial institutions operate effectively, the government established a fully fledged directorate of microfinance within the central bank- Bank of Tanzania (BOT), which spearheaded a number of key processes towards the development of this industry. The first step taken was to formulate the National Microfinance policy in 2002 which provided guidelines for microfinance activities in the country. This policy gave rise to the formulation of legal, regulatory and supervisory framework for microfinance activities (BOT report, 2009). The development of legal, regulatory and supervisory framework according to Randhawa and Gallardo (2003) was highly participatory which involved all stakeholders, which was concluded in 2003 by an amendment of the Banking and Financial Institutions Act 1991, Bank of Tanzania Act 1995 and Cooperative Societies Act 1991. The acts mandated BOT to licence regulate and supervise deposit taking into consideration the equity based microfinance companies to be established. It was within this scenario that the government instituted many micro finance services and loan schemes.

In implementing it, the government, in 1997 directed local government authorities to establish loan schemes for the most vulnerable groups specifically women and youth within the society. Most of the councils established such loan schemes such as Development Fund (WDF) and Youth Development Fund (YDF) to facilitate development of the disadvantaged groups in society. Sumbawanga District Council followed the same suit by establishing the women micro finance schemes in 1998

which provided funds to women and youth. The aim of these schemes was to provide financial services to women so as to facilitate their economic activities that would lead to improving their standard of living. In addition to that it was established to reduce the vulnerability of the poor by increasing their capital base for small income generation activities. The concern of these micro finance services was to serve women credit needs, but only small women's groups were supported leaving majority of them not likely to have access to any financial support. A number of initiatives have been taken to settle the matter and increase start-up rates and performance levels of women-owned MSEs. These initiatives have been taken by the council, international donors and non-governmental organizations (NGOs), both local and international. However, women in the sector specifically Sumbawanga District Council are still found predominantly in low growth areas, earning lower revenue than their male counter parts. According to SDC Report, (2009), 60-69% of the poor population specifically women have no access to conventional financial institutions. Their access to long-term capital investment, as addressed by SIDO Rukwa (2008) has appeared even more secluded. This has made many women in the council to finance their activities from informal sources which include own funds, loans from friends, money lenders, relatives, rotating savings, credit groups and donor agencies, which have no value for their development. Following this scenario, lot of questions can be posed as regards the destiny of the effectiveness of microfinance in uplifting women development in SDC, which in our case is subject to empirical evidence.

1.3 Statement of the Problem

The importance of microfinance institutions as a means for empowering women in society is put under scrutiny. According to Randhawa and Gallardo (2003) there are close to 8 million small and micro entrepreneurs who need financial services and the number is growing by 4% annually, where the majority of them are poor specifically

women who are concentrated in rural areas. The mode of operation of microfinance is skewed in favour of bankable individuals leaving majority of need people underserved and hence has no access to financial services from formal lending institutions due to poor infrastructure, high risk and high cost of operation (World Bank, 2003). The evidences from literatures such as Ziorklui and Senbet (1997) have identified that lack of long-term capital being a major constraint to development in Africa. Commercial banks which were considered as powerful catalyst for economic development are still reluctant to offer credit to the rural poor specifically women or small businesses (Kuzilwa and Mushi, 1997). In addition to that a thorough review of literature about the contribution of MFIs to uplift women development, reveal that the significance of these institutions still remains unclear and negligible. According to Rutashobya (1991) a large body of literature in SSA has consistently shown own savings, family and friends as major sources of financing investments.

In Tanzania RPED (1997) reported that lack of credit was rated as number one problem, which has rendered women to being powerless and helpless, forcing them to enter into precarious types of employment including casual, piece rate work or part-time jobs. In addition to that, the little loans from microfinance women programmes that have been issued to them has not been satisfactory due to the fact that many borrowers have been behind schedule making difficult for the fund to extend loans to other potential borrowers (SDC report, 2009). Several factors have been identified as causing this failure which according to Hall (1995) include inadequate capital for the programmes and poor financial management skills.

Sumbawanga District Council is among the councils affected by this problem. According to the figures adopted from Sumbawanga District Council- Community Development Department, 186 women groups and 4 community banks received business advisory services and loans amounting 33,500,000 Tshs whereby 21,500,000 were provided to women groups and 12,000,000 to community banks. This indicated an average of 115,591.40 Tshs for each women group of five (5)

members, which justify inability of the developed loan schemes in the council to provide certifiable loan amount, which generally results to uncertified household subsistence need. In all, the problem is so severe due to the fact that the possibility of access to financial services is becoming narrow because the industry in the council is very young as compared to the growing number of micro entrepreneurs developed by women who need financial services. Since little attention is given to its effects and no study has been conducted in SDC to rectify the problem, there is a need for an appropriate response to the problem, which is based on empirical assessment. Consequently, the focus of this study is to come up with answers to the question that states; *to what extent microfinance has been effective to uplifting women development*

1.4 Objective of the Study

The aim of this study was to investigate whether microfinance has been effective to uplift women development in the council.

1.5 Specific Objectives

The specific objectives were to:-

- i) Access the ways in which micro finance programmes have effectively enhanced women financial sustainability in an integrated community development.
- ii) Examine the extent to which credit services provided to women have effectively improved standard of living of their households.
- iii) Determine challenges facing microfinance institutions in uplifting women development in SDC.
- iv) Suggest pertinent aspects that would make microfinance uplift women development.

1.6 Research Questions

The central research question being addressed here is; to what extent microfinance has been effective to uplifting women development? The supplementary questions will be as follows:-

- i) How microfinance programmes have effectively driven women financial sustainability in an integrated community development?
- ii) To what extent credit services provided to women have effectively improved standard of living of their households?
- iii) What are the challenges facing microfinance institutions in uplifting women development in SDC?
- iv) What should be done to make microfinance uplift women development?

1.7 Significance of the Study

This study is anticipated to be significant due to a number of factors. The findings of the study will help policy makers to find ways of improving micro finance programmes so that they may more fully benefit the micro enterprises in terms of increasing access to credit and profitability. It will thus be very useful in the whole issue of the war against poverty. The findings will contribute to existing literature on the field of microfinance, micro-enterprises, women empowerment and financial management in general. In practical level, this study will benefit the Sumbawanga District council in its efforts to improve the well being of its people especially women through this kind of scheme. It is expected that the lessons that will be identified and articulated by this study will help the fund management to improve the performance of the fund and ensure women groups have access to the funds.

1.8 Hypotheses

The study anticipates testing the following hypotheses:

Ho: There is no significant relationship between micro finance programmes and women financial sustainability in an integrated community development.

Ho: There is no correlation between credit services provided to women and the improvement of standard of living of their households.

1.9 Scope and Limitation of the Study

The scope of the study is limited to the effectiveness of microfinance in uplifting women's development in SDC. This study has been of much used to cover all the District Councils. However due to time limit, the study examined only Sumbawanga District Council.

1.10 Delimitations of the Study

This research was conducted within the following parameter:

- i) Only Sumbawanga District Council (SDC) was included in this research.
- ii) The study was limited to the effectiveness of microfinance in uplifting women's development
- iii) All the steps which was involved in this research process was completed within six month period (Jan 2014-June, 2014). This will place a limit on the overall magnitude of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter consists of 3 sections: first, theoretical framework secondly empirical studies and finally, defining the main concepts to envisage on the study gaps. It reviews the main concepts, literature and theories about microfinance and women development. It expounds on the conceptual and theoretical framework within which the findings and recommendations of this study will be contextualized plus the study gaps.

2.2 Theoretical Framework

The role of finance as a catalyst to economic development has consequently received a good deal of scholarly attention in the economic literature. Generally, there are two theoretical strands on the subject which have been trying to speculate on the role of microfinance to crediting poor people (Rutashobya, 1995).

The first strand is the beneficiary school of thought which has been viewing credit as the panacea to the development of the informal sector. The advocates of this school of thought believe that credit targeted to poor has a greater impact on poverty alleviation than financing large firms. According to Msoffe (2008) their attention focuses on impact on the side of the users thus the advocates are determined to find the best model to be used in financing poor people. Their central idea based on the World Bank promotion agenda which rose in 1980 focusing on poverty alleviation and improved standard of living. The proponents like Yunus (1984) and Grande (1984) viewed those loans could enable the individual member to enjoy the benefits of economies of scale and would break the vicious circle of low income-low savings-low investment-low income. According to Hulme and Mosley (1996) this approach seems to be more demanding in terms of methodology and cost because it involves dealing directly with beneficiaries. On top of that the approach assumes that

assessment sometimes could focus not only on the recipient of the credits but also to immediate beneficiaries. This approach is supreme in that financiers of MFIs programmes would always like to see the impact of their efforts on their clients and as such their desire is to increasing economic activities and improving quality of life for the clients focusing on high return.

The second strand was the Ohio School of thought who advocated that credit is not the only cure for economic development. They argued that lending to the poor does not improve their standard of living and therefore the support of the first trend is waste (Hulme and Mosley, 1996). The basis of their argument is that, credit plays a facilitating and not a leading role in the economic development and those financial services should be supplied to meet existing needs and not in advance of demand. According to Yaron et al (1997) the great focus of this school of thought has been on institutional outreach and sustainability. The significance of this outlook builds on the concept of sustainability focusing on the impact of MFIs programmes. The assumption may be supported by theoretical arguments, but it is considered as invalid in number of experiments such as non-disclosure of borrowers cross financing of loans, something which is a threat for a long term viability of MFI programme.

Basing on these two strands, our study will focus on the intended beneficiary school of thought or the first approach, while drawing some elements from the other school. This strand is chosen for the reason that it emphasizes on the ideas of conventional evaluation, basing on the assessment of the results which depicts the extent to which individuals and households as intended beneficiaries have benefited. Furthermore, we shall focus on micro-finance programmes dedicated to women development. Our base will be from the advocates of these programmes who believe that offering credit to women, empowers them power to control resources because they are more trustful and have high repayment rates than men and as such MFIs face less adverse selection and moral hazards by offering loans to women (Chijoriga and Cassimon, 1997).

2.3. Empirical Literature Review

This section covers a review of similar projects dealing with similar project in Tanzania and other projects outside Tanzania.

Many research studies have been undertaken by different scholars in relation to the issue of microfinance and women development. . The following is the brief review of their studies and their findings.

There are good reasons to target women's development. According to the World Bank (2001) societies that discriminate on basis of gender have greater poverty, slower economic growth, weaker government and lower standard of living. The UNDPs (1995) human development report found that 70 percent of 1.3 billion people living on less than a dollar a day are women. This led to the promotion of micro finance programmes for women with the view of improving their standard of living.

2.3.1The Tanzanian Experience

According to the study conducted by Professor Prof. J.M. Lusugga Kironde (2003).

Micro-finance institutions (MFIs) can be defined as those institutions that offer loans and other financial services to Micro and Small Enterprises (MSEs). Loans are usually small, in addition, the conditions to get access to credit are usually not as stringent as those demanded are by formal financial institutions (FFIs).

The realization of the importance of micro-finance lending has increased in recent years on account of a number of reasons including:

- The need to tackle poverty which is prevalent and in some cases increasing in both the rural and urban areas.
- The declining role of the public sector, and the increasing role of Micro and Small Enterprises (MSEs) in promoting economic growth and development, offering employment and reducing income disparities;

- The realization that the increased participation and contribution of MSEs leads to an increased need for financial services, particularly credit, to support their initiatives;
- The unwillingness of the Formal Financial Institutions (FFIs) to offer credit to the poor or small business undertakers. In any case, the latter would find it difficult to meet the conditions set by the FFIs to extend credit to their operations;
- Economic liberalization which has seen many FFIs streamlining their operations and concentrating on profitable ventures, thus leaving out rural areas and the poor.

Micro-Finance Institutions (MFIs) in Tanzania

Categories of MFIs in Tanzania:- Four main categories of institutions that are engaged in the delivery of micro credit in Tanzania can be identified. It is possible that these categories are echoed in other countries. These are:

1. Non Governmental Organisations micro -finance institutions (NGO-MFI)
2. Government and Public sector sponsored micro - finance programmes
3. Saving Associations and Credit Co-operative Societies (SACCOS)
4. Formal financial institutions that offer micro credit services.

We consider each category in turn. Non-Government Micro - Finance Institutions (NGO-MFI) category dominates the micro-finance industry in Tanzania. Most NGO-MFIs started operations during or after 1995 and operate in urban and peri-urban areas. The urban bias is prompted by the high transaction costs in financing rural based undertakings. This means that they do not reach the poor of the poor who are mostly in rural areas. All appear to have received capital injection mostly from foreign sources. Legally, MFIs in Tanzania are not allowed to mobilize savings but many of the NGO-MFIs engage in the mobilization of "savings" in the guise of "loan insurance funds". All provide loans to ongoing businesses and only very, few provide start-up capital. None of them directly provide loans for other purposes such

as consumption, education or health. Some provide credit to women only. In any case, some 77% of all the loans from NGO-MFIs are received by women.

Most NGO-MFIs in Tanzania only lend to individuals in groups. Few use both group lending and loans to individuals and very few only lend to individuals. Nearly 90% of the NGO-MFIs require some collateral. This takes the form of compulsory saving (i.e. the loan insurance fund) before the loan is disbursed. Interest rates are generally higher than those charged by FFIs (i.e. between 17-30%).

Most NGO-MFIs offer their clients complementary services including the preparation of business plans. Most of the staff in NGO-MFIs engaged in credit delivery have some form of training, mainly short term training. However, the majority of the staff in NGO-MFIs not involved in credit delivery receive no training mainly as a result of high costs. Looking at the Tanzania scene, it is realized that over 80 percent of the loan portfolio of all NGO-MFIs is dominated by four institutions namely PRIDE, MED A, SEDA, and FINCA International Inc. We look at these in turn, get a glimpse of the activities and reach of NGO-MFIs as shown below:-

- **PRIDE (Promotion of Rural Initiatives and Development Enterprise)**

PRIDE started in 1994 with the aim of testing the applicability of the Grameen Bank micro lending model in Tanzania. Despite its name, it operates only in urban or peri-urban environments whose population must exceed 100,000 people. Currently it has a network of 23 branches and 3 sub-branches located in 16 major urban centres in the country. The initial capital for PRIDE was provided by capital injection of US\$ 1.2m from the Norwegian Agency for Development (NORAD), which injected another US 3.4m for the expansion of PRIDE's micro credit services. However, PRIDE also collects from its clients "loan insurance funds" which are used to augment its lending capacity. In effect

PRIDE is mobilizing services, which is not allowed by law. The fund also acts as collateral for loans and had accumulated to over Tshs 6.5bn/= in 2000. Loan provided range from Tshs 50,000/= to Tshs 5,000,000/= and beneficiaries are those with ongoing businesses only. Over 80% of the borrowers are women. Loans are only provided to individuals in groups. Loans are graduated. The lending rate is around 30%.

• **MEDA (Mennonite Economic Development Associates)**

MED A started operating in Tanzania in 1987 with a start-up capital of US \$300,000 from Canada. It became an NGO-MFI in 1993. Loans are provided to both individuals directly and to individuals organized in groups. The borrower must have an ongoing business and must contribute 20% of the loan value as a loan insurance (collateral). The loan size ranges from Tshs 50,000/= to Tshs 150,000/=. The lending rate is 48% and charges for technical services is 12% for the first round but falls to zero by the third round of borrowing.

• **SEDA (Small Enterprises Development Agency)**

Initially started as a department of World Vision, SEDA got subsequent capital injection from the Ford Foundation and US AID. It became an NGO-MFI in 1996. Loans are available for ongoing business with a minimum loan of 50,000/=. More than 77% of the loans are made to women. The lending rate is 24%. In addition, 13% of the loan value is charged as cost of processing the loan and training the beneficiaries. SEDA lends only to individuals who must first form a ROSCA group of not less than 10 members and contribute 20% of the loan amount in advance. Loans are graduated.

• **FINCA (Foundation for international Community Assistance)**

This is a non-profit making organization, which started working in Tanzania in 1998 with a capital injection of US\$ 1 million from USAID. It operates in both rural and urban areas and attempts to reach the poorest of the poor women, so that they can create jobs for themselves, raise household income and improve their standard of living. Loans are only available to women with ongoing business. Training is

provided. Borrowers are required to have a savings in a group account with an FFI. Groups must not be less than 30 members. As of 2002, FINCA had disbursed loans worthy Tshs 10bn/=. The minimum loan size is Tshs 100,000/= and the maximum, Tshs 2.5m/= The loan term is between 4 and 6 months.

- **Government and Public Sector Institutions and Funds**

These are sponsored by the government or other public institutions. They include the Small Industries Development Organization (SIDO), the Presidential Trust Fund (PTF), the Youth Development Fund (YDF) and the Women Development Fund (WDF). The latter two are of special interest to this forum, since they are anchored within local government authorities.

- **Small Industries Development Organization (SIDO)**

SIDO began operations in 1974 and is a majority government-owned MFI. It has received capital injection from the government and from donors. Borrowers are serviced with both start-up capital and working capital loans of between Tshs 50,000/= and Tshs 6.5m/=. It uses both the individual and group lending approaches. The interest rate charged is 30% p.a. Training, business write-ups and advocacy services are provided.

- **The Presidential Trust Fund (PTF)**

PTF was set up in order to give micro credits services for self-reliance in 1985 with the government contributing the start-up capital. Loans of between 50,000/= and 600,000/= are provided to ongoing businesses only. The main target is women. Loans are extended to individuals organized in groups of five members that may federate with others to form a credit centre. Borrowers must first contribute 5% of the loan amount as collateral.

- **The Youth Development Fund and Women Development Fund**

The government has supported two micro credit funds. These are the Youth Development Fund (YDF), under the Ministry of Labour and Youth Development and the Women Development Fund (WDF) under the Ministry of Community Development, Women Affairs and Children. The funds were instituted in 1993/94

and are administered by local authorities. Both started with government funding and were supposed to be topped up by local authorities contributing 10% of their annual local collections to these funds. The YDF was meant to enable the youth to get access to credit for economic activities. They must be organized in groups of 20 members. The WDF was meant to target women who are farmers organized in groups and living in villages. WDF set a lending rate of 24%). Beneficiaries were expected to be trained before credit delivery. The success of these two funds has been very limited. The volume of fund has been too small compared to the needs. The groups are too big and the amount obtained by the individual borrowers too small (average Tshs 30,000/=). Loans have been urban biased, lack follow up and in some cases have eluded the targeted groups. The funds too are considered to have been too politicized accounting for poor loan repayment. The latter is also accounted for by lack of staff trained in micro -finance, and institutional framework for credit delivery and enforcement of loan repayment at the level of the local authorities.

A live example of the operation of this fund is Kinondoni Women and Youth Development Fund (KWYDF) set up by the Kinondoni Municipal Council in the city of Dar es Salaam, which, between April 1998 and December 2000 gave out loans to 644 groups and 318 individuals totaling Tshs 241.8m/=. Repayment of the borrowed money has proved to be a problem, so much so that as of May 2001, only Tshs 67.5m/= had been paid back. Many borrowers do not repay on time, or fail to repay at all, rising fundamental problems of sustainability of the Fund.

At the National level, many local authorities have failed to remit their required contribution for the Fund. Between 1996 and 2000 only Tshs 2.8bn/= was contributed out of the expected Tshs 9.8bn/= This is only 29% of the expected contribution. During that period, the central government contributed Tshs 790.1m/= Loans of up to Tshs 100,000/= have been given out to qualifying groups. Many of the borrowing groups lack training, advice and expertise. Many of the loans are not repaid back, so much so that between 1996-2000 only 35% of the expected loans were repaid back (URT 200 Id). The government has now required local authorities

to assist borrowers to prepare viable project write-ups, to organize training courses, and to make a close follow up to ensure that projects succeed and loans are repaid. Meanwhile, although local authorities have been required to continue with their contributions, the Ministry has suspended the further giving out of loans until a new system is worked out and repayment improves.

Some success has been realized with respect to the Dar es Salaam City Council whose programme has been transformed into a Community Development Bank, which has recently started operations, with a major aim of providing micro-finance services to SMEs. Makombe and others; (1999) agrees that financial institution in Tanzania does not formally discriminate against women. However, few women have received credit from institutions because they lack collateral and adequate knowledge on how to process loans, long distances of banking services from the rural and high cost of processing the loan. Although the credit scheme for women in Tanzania started in 1970's the number of women who receive loan still very low especially in the rural areas. Makombe et al (1999) argued that it has been observed that credit is a key element in economic empowerment because it assures the productivity of the enterprise being financed. However, a credit scheme may fail to empower women depending on how it managed and its components or packages.

Also there is no amount of credit even at the most reasonable rates can guarantee higher productivity or income among credit recipient unless it is accompanied by other packages such as infrastructures, agricultural subsidies, supportive services, credit policies as well as the management of credit scheme itself.

Rotating Savings and Credit Associations

Within Tanzania, as in many other countries, ROSCAs are mainly utilized by women. They are also more common in urban than in rural areas, and usually formed for specific purposes, and comprise people from a similar status and background with assured and regular incomes (Mlowe; 1994.) The urban preponderance is in the main due to the need for geographic closeness of people with a common need or requirement, and the need for regular income, in order that the

periodic payment is made. The predominance of women may be seen as a response to their lack of access to other sources of credit, which their male counterparts have access to.

One international NGO in Arusha has developed a programme using the ROSCA concept, having piloted this for a year. The Small Enterprise Development Agency (SEDA) was initially rural based, but expanded into the town. Their client is a group of size thirty, and interestingly, they offer life insurance at five percent of the loan. Ironically, though SEDA began their operation within the rural community, they have decided to abandon this, as they could not operate it economically.

Gender and Financial Facilities within Tanzania

The social environment in Tanzania as elsewhere has produced a set of structures that place women in a second-class or subjugate position. The level of such patronization is noted by Von Bulow *et al* (1998 p86), who found that within the social structures of the area in Northern Tanzania, women and 'youths' (of age 40 or more) have been treated as dependants of their husbands, fathers or local authorities. This subjugation manifests itself in the many different facets of rural life, from inheritance practices through to the creation of alternate financial structures, such as ROSCAs. While some inroads are being made in legislation and government interventions, much of this is more evident in the urban areas than in the rural, as greater levels of inter-community interaction, education, training and communication disseminate gender concepts more efficiently.

At a government and institutional level, much has and being propounded about gender equality and the elimination of discrimination. For example, in interviews with institutions such as the Co-operatives Department and COOPNET, reference made to the fact that the 1992 Co-operatives Act prohibits discrimination against women. However, what further emerged was that propagation and dissemination of this act has been less than widespread, and the resources necessary to implement change have not been forthcoming. It was found out that in interviews at village level that some of the participants were still operating under the 1982 act, and were

unaware of the existence or the detail of the newer act, which exemplifies the gap between legislation and social/cultural practices.

There are some general statements that may be made about gender and financial services within Tanzania. For example, Mkwizu (1992) points out that Tanzanian women have a trait of saving more than men. She suggests that as this is the case, greater levels of savings could accrue if more income were available to women. Kashuliza and Kydd (1996) found that there were levels of discrimination against women in terms of access to formal credit. Their study concluded that female farmers, who were household heads, were relatively discriminated from formal credit facilities because of the prevailing socio-cultural framework prevalent in many rural areas in Tanzania.

Under traditional law in Tanzania, women do not own land. This has resulted in the nominal membership of a number of women in crop marketing co-operatives, despite the fact that it is the women who carry out most of the tasks of handling the crop. While some NGOs are attempting to redress the imbalance in women's access to financial resources, their efforts remain mainly confined to the urban population. As was mentioned, in a case where one NGO was involved in a rural programme, they withdrew from this involvement because it proved uneconomic.

Levels of female participation are very high among alternative financial services provider. There is a strong demand for financial services among women in Moshi district that manifests itself in the membership levels of local NGO micro financing institutions, which are predominantly female. For example, Mwananchi Informal Sector Development Association (MISDA) has an eighty percent rate of female membership. MISDA say that they are trying to encourage men to join, but that there is a perception that it is a 'women's' society. While MISA (Poverty Africa) claims not to promote one gender over another, ninety-five percent of their members are women. Promotion of Rural Initiatives and Development Enterprises (PRIDE, Moshi) has a female membership level of seventy-five percent. Small Enterprise Development Agency (SEDA) membership appears to be exclusively female.

However, most of these NGOs are urban-based, and enterprise-focused, and while some attempts are being made at outreach to the smaller towns and villages, these attempts are small in scope. They are having no significant impact on the rural female population.

The existing institutions such as SACCOS, by perpetuating male-biased allocation rules, are reinforcing gender inequities. They are offering some services to women, but largely only savings services. These services are unquestionably of benefit to women. However, by effectively restricting the level of services available to women, these practices can be seen as promoters of inequity, reinforcing existing gender prejudices, rather than being a means of advancing their position.

Several factors have led to increased interest in micro credit in promoting growth with greater equity. There has been a growth in the recognition of the importance of empowering all people by increasing their access to all the factors of production, including credit. In addition, the value of the role of non-governmental organizations in development is receiving more attention.

It is in that context that micro credit has recently assumed a certain degree of prominence. It is based on the recognition that the latent capacity of the poor for entrepreneurship would be encouraged with the availability of small-scale loans and would introduce them to the small-enterprise sector. This could allow them to be more self-reliant, create employment opportunities, and, not least, engage women in economically productive activities. Currently, there are estimated to be about 3,000 microfinance institutions in developing countries. These institutions also help create deeper and more widespread financial markets in those countries.

2.3.2. Worldwide experience

A study conducted in Ethiopia by Zenebework, Eshetu, and Konjit, (2002) shows that the women who were beneficiaries of micro credit admitted that their lives have improved. They specifically mentioned that they were able to pay their house rent, fulfill other basic needs, cover health expenses, send their children to school, and they were empowered to negotiate in the household.

Another study sponsored by AEMFI revealed that the women's decision making power in relation to saving, credit receiving, repayment and utilization has increased; their income has improved and their businesses expanded; there is also improvement in the women's asset base as well as their self-confidence (WABEKBON Consult, 2006).

According to the State of the Micro credit Summit Campaign Report 2005. As of December 31, 2004, 3,164 micro credit institutions have reported reaching 92,270,289 clients, 66,614,871 of whom were among the poorest when they took their first loan. Of these poorest clients, 83.5 percent, or 55,622,406 million, are women. Seven hundred eighty-one of these institutions submitted an Institutional Action Plan in 2005. Together these 781 institutions account for 90 percent of the poorest clients reported. Assuming five persons per family, the 66.6 million poorest clients reached by the end of 2004 affected some 333 million family members.

Gender has been viewed as a mitigating factor in development, with much focus being given to the financial empowerment of women, in the hope that such financial empowerment may reflect on their overall empowerment. Within the context of the provision of facilities in Tanzania, the means by which this is addressed may be an enabling or a disabling factor, or both, as will be discussed.

Financial transactions in rural areas imply a high number of small amounts, which formal institutions avoid, because of the 'fixed-cost' nature of finance (Koning; 1998.) Informal finance providers' transaction costs are typically low. The ability of informal providers to sustain their service is also critical. Informal financial services providers in rural areas keep default rates low through operating within constrained

geographies, where reliable information supports their operation. Linkages with input providers and produce buyers support this information gathering system. This availability of good quality information has a risk-reducing effect. It has been found that lenders will then attempt to counteract such costs by looking to longer maturity loans with greater returns (Baydas *et al* ;1993). This in turn has been compared with formal institutions, which do not have such informational opportunities (Herath; 1996).

According to Adams, Dale W. (1995) Forty years ago, credit was thought to be a critical part of a package of inputs needed to boost agricultural production. Initial results of donor and government efforts to expand agricultural credit were so encouraging that by the early 1950s some experts felt they could transplant credit programmes from developed countries that would succeed in most low-income countries. Optimism persisted for several decades until the early 1970s when problems began to surface in numerous credit programmes. The gravity of these problems became more apparent and pessimism grew until in the late 1980s major donors began to abandon agricultural credit efforts and instead increasingly focused on rural finance. This contribution discusses the evolution of agricultural credit into rural finance. It gives also an explanation for why this evolution occurred, and then summarizes the lessons that have been learned along the way. The paper concludes by outlining the major challenges for future financial infrastructure building in rural areas.

Basu, Santonu (1997) examines why institutional credit facilities remain unable to extend credit to the rural poor. Its analysis indicates that poor peasants at best can offer an entitlement set as a mortgage, comprised only of future shares of their harvest, which itself is subject to risk. Consequently, lenders cannot advance loans without risking extensive loss of loanable funds. As landlords' income is subject to the same risk as that of peasants, they advance loans to ensure that their own income is not affected by the peasants' financial situation. An extension of institutional credit to peasants results only in subsidization of landlords.

Micro credit in India

About 70% of India's population lives in villages, but many companies still focus on urban areas, where competition is intensifying as the economy expands and profit margins are thin. "For many fast-moving consumer good companies, the bottom of the pyramid is not marginal anymore — that's where the market is," says C.K. Prahalad, a professor at the University of Michigan's Stephen M. Ross School of Business, Ann Arbor, Mich., and an author of several books on rural marketing. "It's not about making cheap stuff, or being nice to poor people. Western markets are saturated." When executives at Hindustan Lever were plotting how best to reach untouched markets in rural India in 1999, they noticed that dozens of agencies were lending micro credit funds to poor women all over the country. These would-be micro entrepreneurs, the company thought, needed businesses to run.

Women are also having a hard time with the bureaucracy involved - they get frustrated and confused when they have to fill out multiple forms and visit multiple counters to do their banking. Women have work in the home, work outside of the home, education and training programs, and now micro credit. This is just adding one more thing to their lists of obligations.

Micro credit is one part of micro-enterprise the most important part is education for the right to exercise our rights. Women need to do advocacy for public policies - at local and bigger levels. Need for women to have experiences locally and globally and balance the two. Soma: they have done a study on micro credit. Some of the points:

- Only 30% of banks have given loans to savings groups more than 2 years old (see my post on SEWA for explanation of savings groups). This means the bank is sitting on 70% of this money, revolving it out and making more money on it. They should be using it for development purposes.
- Literate women tend to be leaders in credit and savings groups, but organizations are not doing literacy training. 50% of those going for training are already literate, when only 30% of women overall are literate. (Coredeiro, S.; 2004)

Furthermore Aredo (1993) conducted a study in Ethiopia where he found great bulk of the population making little or no use of formal savings and lending institutions. He revealed that the country has few banks and credit associations that have their operations being limited to only urban areas. He found the deposit per person not more than 90 birr. The factors associated with this were ineffective use of formal institutions, complex bureaucratic lending procedures, elaborate paper work, high collateral requirements and delays. He further found that low interest rate offered to savers does not provide an incentive to the public. In contrary, Mayoux (2005) in his study on micro-finance and women's empowerment found that access to credit was seen as vital to women's ability to earn an income and contributing to an increase in their status and autonomy. Holvoet (2005) on the other hand, found mixed results, where women with state bank loans were often found using loans for consumption and emergency purposes such as health care expenditures, dowry payments or repayment of earlier debts. Moreover, she found that direct credit delivery form banks to women does not influence decision making patterns in the household hence the group fund and their individual savings accounts made it possible for women to protect part of their income from men. She further found that group fund have enhanced women to gain longer term access to financial resources and have improved their status within the household. The three studies were conducted outside Tanzania which has different socio cultural and economic backgrounds of which we found it as a gap that we are intending to cover. In addition to that it is almost 4 to 16 years since these studies were conducted which we found it as a gap which is subject to empirical study so as to see whether they can produce the same results.

Ishengoma (1988) in his study concerning an economic evaluation of factors affecting acquisition and repayment of NBC loans by small scale industries in Tanzania found that administrative costs of lending to small scale enterprises are significant higher than lending to small large scale borrowers, small scale firms have higher incidences of default as compared to large firms and small scale enterprises posses very little collateral and thus actual losses is fairly high. Ziorklui and Senbet

(1997) identified lack of long-term capital being a major constraint to development in Africa. This was also found by Obiro (2005) in his study on when microfinance as an appropriate poverty alleviation strategy found that there is still a high delinquency rate which meant that most micro-finance clients either delay in repaying their loans or default completely. These studies together identified challenges and problems facing micro finance on offering financial services. Since all these studies were done outside Sumbawanga which has different characteristics we found it as a gap that we are intending to cover. In addition to that these studies focused on identifying the factors challenging micro finance operation, which is different from what we are intending to cover which is to look unto effectiveness of micro finance.

Sebstad (1992) found women in Kenya using informal facilities for saving mostly than men. About 77 percent of the surveyed micro entrepreneurs were women who made most use of financial services. He further found strong evidence that MFIs contribute to women empowerment and as such there was increased self confidence and self esteem. He also found the increased participation in decision making by women which enabled them to gain more respect from their family. Basing on the fact that the study was conducted in Kenya for the past 18 years, we found it as a gap that needs an empirical study.

Khandker (1998) in his critical review on micro credit programme evaluation in Bangladesh found that lending groups provide means for women to know and be known by other women, which provided a forum for learning leadership skills and basis for the development of trust, friendship and financial assistance. He further revealed that it improved relationships with suppliers and more strategic planning and pricing diversification and expansion into more profitable product lines. Khandker (1998) focused on the role of micro-finance, which is different from what we are intending to cover. We are intending to go beyond that so as to find the extent to which microfinance is effective to uplifting women development.

Shima (2004) made a study in Dar es Salaam concerning an assessment of microfinance credit contribution to the growth of women micro and small enterprises

(MSEs). He found the existence of positive relationship between loans offered among women operators of MSEs, which was however not strong because the net effect of loans was not reflected in the business growth due to diversion of loan funds in other family problems and concluded that the growth was due to personal initiatives. Basing on the fact that he made a study in Dar es Salaam which is advantaged with so many micro finance institutions it would be of interest to use the same approach to different place like Sumbawanga District council which is endorsed with a very minimal MFIs as compared to Dar es Salaam. Moreover its social and economic development is quite different from Dar es Salaam and as such a gap is realised which need to be covered.

Jube (2005) conducted a study concerning the role of micro-finance institutions on poverty reduction in NMB in Dar es Salaam. She found a clear correlation between availability of micro credit and poverty reduction. She found that majority of people who borrowed from NMB experienced an increase in their sustainable income levels after obtaining loan and have experienced remarkable improvement in their standard of living and basic needs. She thus recommended that Banks should extend their services to very poor segments of the society. The gap that was found as regard the study of Jube (2005) is her approach to the problem. She focused on the role of micro finance to poverty reduction while on our case we are intending cover its effectiveness to women development.

Following these empirical studies we found the most predominant gap is geographical where all the studies were conducted outside SDC which have different socio-cultural and economic characteristics as compared to the Council. Such studies include Jube (2005), Holvoet (2005), Shima (2004), Khandker (1998), Obiro (2005), Mayour (2005) and Arebo (1993). Other gaps that we are intending to cover are time and the approaches that have been employed. Such studies like that of Jube (2005) and Sebstad (1992) had concentrated on whatness while for us we want to look on whatness, how and why. In all, the study that we are intending to conduct has never

been conducted in Sumbawanga and in particular the study on the effectiveness of microfinance on uplifting women development.

2.4 Conceptual Framework of the study

What is a conceptual framework

A conceptual framework is described as a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (**Reichel & Ramey, 1987**) When clearly articulated, a conceptual framework has potential usefulness as a tool to scaffold research and, therefore, to assist a researcher to make meaning of subsequent findings. Such a framework should be intended as a starting point for reflection about the research and its context. The framework is a research tool intended to assist a researcher to develop awareness and understanding of the situation under scrutiny and to communicate this. As with all investigation in the social world, the framework itself forms part of the *agenda for negotiation* to be scrutinized and tested, reviewed and reformed as a result of investigation (**Guba & Lincoln, 1989**).

After reviewing what other searchers have said concerning Microfinance in uplifting women's Development, the researcher is able to formulate conceptual framework that will summarize the study in case of independent and dependent and variables.

The researcher concentrated on collection of data that based on accessing the women financial services and its sustainability. And these were accessed based on the dependent variables which were procedures of issuing credits, microfinance institutions and credit services. From the conceptual framework below, women development is linked with a simple system model. And this can be presented in the framework as follows;

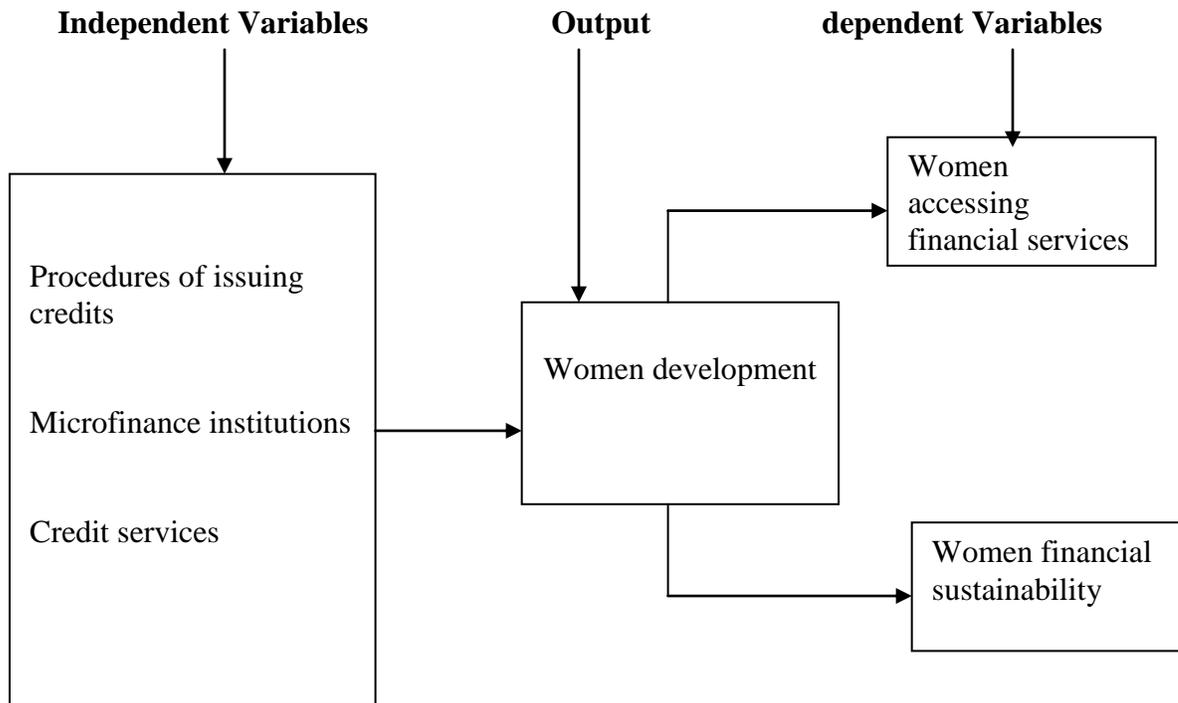


Figure 1: A conceptual framework

2.4.1 Microfinance institutions

The term has been referred to the extension of small amounts of collateral-free institutional loans to jointly liable poor group members for their self employment and income generation (Rahman, 2001). It involves activities directed at provision of access to financial services for working poor or small and micro-enterprises. According to Randhawa and Gallardo (2003) it comprises services such as micro credit, savings, micro leasing, micro insurance and other forms of financial services. It is also referred to financial intermediation, where many organizations which provide microfinance services also provide social intermediation services such as group formation, development of self confidence and training in financial literacy and management capabilities. For the interest of this study we will conceptualize microfinance in terms of micro credit which deals with provision of working capital to fuel the productivity of the world's poor majority. We will consider it as a steady

jobs and reliable sources of income which elude the very poor and helping them to create and run their own tiny businesses-micro-enterprises-in the informal sector.

2.4.2 Women Development

Women development is sometimes referred to women empowerment which is a strategy with an outcome goal of reducing gender inequality and subsequently attaining increased social transformation. Women development is a social transformation which according to Holvoet (2005) enhances women to realize their production and other social roles potential in the society. It implies increasing their access to different opportunities in all spheres of economic activities through which they can satisfy their basic needs for existence, earn living, improve their management skills, and marketing skills. For the purpose of this study women development will be related to economic improvement as regard standard of living and business enterprises. It will focus on the business expansion quantitatively and qualitatively.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides aspects of the research methodology including the study area, research design, methods used in collecting and analyzing the data. The objective of this chapter used to explain the research methodology used in the study.

3.2 The Study Area

The study area of this research was Sumbawanga District Council, which is one of the 4 councils of Rukwa region. Sumbawanga District Council, is estimated to be in Latitude 7.8 and 9 South of Ikweta, and Longitude 31 and 32.1 East Greenwich; The Sumbawanga District Council is 1,700M, above the sea level. The Council borders Kalambo District Council on South, Mbeya Region on East, Lake Rukwa on North, Nkasi District Council and Sumbawanga Municipal on West and Katavi Region North - West. (SDC profile, 2013). The Council covers 8,871 square kilometers, of which 8,203 square kilometers are land area while the remaining 668 square kilometers are water. It has 4 divisions, 15 wards and 101 villages. According to the August 2012 census, the district has a population of about 305,846. of which 156,784 are female and 149,062 are Males. Sumbawanga District Council has 53,841 households. (SDC Report, 2013). The rationale for selecting this council was because it was by far the most affected council by the problem because of its population being dispersed to remote areas and poor infrastructure leading most of its women population being limited to access credits.

3.3 Research Design

The study employed a descriptive cross sectional research design in an attempt to evaluate effectiveness of microfinance in uplifting women development. The major purpose to applying the descriptive research design was to portray the state of affairs

as they existed (Kothari, 2004). The study therefore used primary data that were collected through survey questionnaires, where by the researcher desired two sets of questionnaires. One set was distributed and administered to individual women households and the other was distributed to microfinance institutions and council employees specifically community development department and the department of finance. In addition to that, secondary data were collected from different sources such as reports from microfinance institutions, SDC reports and text books from the Mzumbe University. Statistical measurements such as mean and standard deviation were employed to analyze the data and finally linear regression model and Q-square test was employed to test the hypotheses, which enabled the researcher to evaluate the effects of microfinance on uplifting women development.

3.3.1 The characteristics of Cross - sectional design (data collected at one point in time)

A cross-sectional design collects information at one point in time only. The survey used a cross-sectional approach as it felt to offer the benefits of-

1. Being more timely in providing impact information, making it immediately useful to program managers
2. being less expensive and resource intensive because it requires only one round of data collection
3. The data collected in a cross-sectional approach can serve as a base line for later use.

3.4 Sampling Techniques

The sampling unit for this study was included women households and employees in microfinance institutions and in the council. Women households were selected using stratified random sampling technique for the reason of covering the district which was dispersed. In order to fulfil this, the women households were grouped into three divisions where one division included women households who have received credits

from the developed council funds, the second group comprised women households who have received credits from other microfinance institutions and the third group was for women households who have not received funds from any microfinance institutions. The rationale for grouping women households in this was to get representation from all categories and economic levels of women entrepreneurs. Then simple random sampling technique employed so as to obtain the number of women households who were included in the sample size. Thus a sample of 60 women entrepreneurs each group having 20 respondents for the reason of getting equal representation for each group were included in the sample size. In addition employees from financial institutions and SDC specifically departments of finance and community development were to be included in the sample size through deliberate sampling because they provided the facts on how credit services have been provided to women entrepreneurs. Then interview researcher selected 30 respondents carrying managerial posts in the council and in the microfinance institutions which were 15 employees from microfinance institutions and 15 employees from the council making a total of 90 sample size.

3.5 Data Collection Procedures and Instruments

The researcher used both secondary and primary sources for data collection. The following techniques were employed:-

3.5.1 Documentary sources

The secondary data were collected from relevant documents such as journals, pamphlets, research papers, report project, records, different statistical data and text books. The rationale for using this technique was to get the theoretical and empirical background information of the study.

3.5.2 Focus Group Discussion

From the sample size, the researcher selected 20 respondents to be involved in the focus group discussion. The rationale for using this technique and 20 respondents

was to ensure a free environment for authentic participation in the discussion so as to capture information from their inner feelings about how they value Microfinance services provided to them. All were selected because they had certain characteristics in common that relate to the topic under discussion i.e. micro credit. Group members were invited and share their ideas, views, skills and knowledge on micro credit. Group discussions were organized at different times with similar types of participants to identify trends and patterns in perceptions. Answers from the group were representing a consensus or different opinions, not facts or specific data. Focus groups discussions enabled tapping information through discussions with heterogeneous groups in the community such as adult women, female youth, opinion leaders and village leaders. Discussions were held with two or more combinations of such groups. Focus group discussion was very instrumental in unfolding hidden information mostly related with "how" and "why"

3.5.3 Questionnaires

Is the most popular method of data collection particularly in cases where the research is dealing with a large enquiry/community area. Questionnaires were the heart of the survey operational so in this case it was carefully constructed because the survey was bound to fail if were not careful set. The forms for the questionnaire were closed handed i.e. "Yes" or "No" type of questions and open ended i.e. invitation for free response (the respondents they expressed themselves). When structuring the questionnaires the easy questions come first and some open questions that put too great as trainer on the memory of the respondent were avoided. Such questions as of personal character, wealth etc.

The questionnaires were be administered to women entrepreneurs who have received credits from financial institutions and women households who have not received credits, employees and management from financial institutions. Researcher used close-ended questions, which were distributed to 54 respondents for the reasons of covering 2/3 of the sample size which is assumed to be easy to administer. Also

researcher used open questions to 20 respondents during the focus group discussion with the reason to obtain more facts and information.

3.5.4 Interview

This method concerns presentation of oral, verbal stimular under reply in terms of oral/ verbal responses.

Personal interview/ face to face contact with the respondents in a structured way (Structured interview) because of the use of predetermined questions and highly standardized techniques of recording it has rigid procedure because the questions were organized and logically set. The interview approach was friendly and informal.

Interviewing key informants: Most of key informants were identified by virtue of their positions specifically on their knowledge in the area of micro credit. In depth, discussions were conducted in a structured manner with individuals who were carefully chosen because of their knowledge about micro credit facilities. The interview assisted the team researchers to target the study. The key informants included Community Development Officers, Trade Officer, and Officers from the micro credit institutions, village executive officers and village chairpersons. They were also important for giving information that sometimes would not be obtained by other means, as they had a good idea of what went on in their respective areas.

Researcher used the semi-structured interview technique, which was consisting of questions on the theme of microfinance and women development. The rationale for using this technique was to get the facts and information that enabled to make relationships between microfinance programmes and microfinance institutions as variables enhancing women development. In addition to that, head of departments and microfinance managers were more likely to be interviewed rather than filling questionnaires for the reason that some would like to be assured about the way in which information will be used (Saunders et al, 2007).

3.6 Data Analysis Techniques

Descriptive statistics analysis used as the tool of analysis. The analysis based on the statement of the problem, the research objectives and research questions. The data from the questionnaire were coded and then a statistical analysis program known as Software Package for Statistical Science (SPSS) version 16 used to process the data. The rationale for using SPSS version 16 is because it enabled a researcher to perform the entire statistical analysis and classification analysis required in this study making it compatible to the data and problem in question. It was also a user friendly program. Using SPSS program, frequencies and thereafter percentages were used to summarize the data collected. Further statistical analysis was done to bring out any significant differences between various bio data categories were analyzed and for this purpose cross tabulation was used to bring out trends to conclusions. As for qualitative analysis researcher analyzed data using explanation building, matching of information and data as well as comparisons. Then the results were presented qualitatively through conceptualization and in descriptive forms where information obtained from interviews were analyzed and matched with the secondary sources. The descriptive forms were included frequent counts, percentage distribution, cross tabulation and graphical forms. The rationale for employing these techniques was to interpret, describe and explain findings related to individual opinions, view points, and their attitudes towards effectiveness of microfinance in uplifting women development.

3.7. Reliable and valid instruments

Whatever methods of data collection are used, data collected must meet two conditions to be considered accurate: they must be valid and reliable. Respondents were tempted to answer questions in ways that they thought were expected of them or that do not place them in jeopardy. The researcher explored some steps to ensure that they have obtained the most accurate (i.e., valid and reliable) responses in the field. Data collection item (such as a question on a questionnaire) was used in

measure what it claims to measure. The table below was used to assess the performance of instruments used as follows:-

T Y P E O F V A L I D I T Y	C H A R A C T E R I S T I C S	C O M M E N T S
1. Face	Casual review of how good an item appears	Checking for face validity was done through giving the instrument to another person for review.
2. Content	Formal expert review of how good an item appears	Individuals with expertise on micro credit were assessed

Table 1: Validity table

	C H A R A C T E R I S T I C S	C O M M E N T S
1. Test - Reset	Measures the stability of the responses over time, typically in the same group of respondents.	Administration of survey to a sample at two different and appropriate points in time was done.
2. Intraobserver	Measures the stability of responses over time in the same individual respondents.	The completion of a survey by individual respondents was done at two different and appropriate points in time.

Table2: Reliability table

3.8 The internal and external validity of the survey

Internal and external validity is the two primary criteria for assessing the "goodness" of a study.

3.8.1. External Validity

When examining the external validity of a study, we are asking, "If the study were carried out again under slightly different conditions, would I expect to find the same results?" External validity has to do with the replicability (i.e., repeatability) of a study under conditions that vary in some way from the way in which the original study was carried out. In this sense, the study quarantined the results of the survey from the respondents because extensive pilot testing and choosing the participatory methods that is most precise and accurate such as interviewing were explored. Also the use of questionnaires, which hides the respondent identity and enable to improve the validity of the study due to confidentiality.

3.8.2. Internal Validity

In the simplest case, internal validity concerned with whether the study had demonstrated a meaningful relationship between the variables under investigation. The study guaranteed internal validity by making sure that the target groups women participate fully in the whole process of survey and other CSOs/NGOs who had the stake in the study. The sample was representative from the entire population of the community.

3.9. Limits on Internal and External Validity

3.9.1. Limits on Internal Validity

The study guaranteed internal validity by making sure that the target groups women and youths participate fully in the whole process of survey and other CSOs who had the stake in the study. In addition, the interview were carefully structured and questionnaires in order to be consistent and precise. However, due to low level of education (75.5% of respondents' were standard seven leavers and not attending

school at all) some questions were not clear and required time to explain and fill the questionnaires.

3.9.2. Limits on External Validity

External validity has to do with the replicability (i.e., repeatability) of a study under conditions that vary in some way from the way in which the original study was carried out. In this sense the study quarantined the results of the survey from the respondents due to the fact that extensive pilot testing and choosing the participatory methods that is most precise and accurate i.e. interviewing. Also the use of questionnaires, which hides the respondent identity and enable to improve the validity of the study due to confidentiality. Therefore the external validity were based on response rate which was 70 out of 90 i.e. 77.8% for respondents.

3.10. Methods of data presentation

Several techniques were used to present survey data. These include reproducing a summarized version of the questionnaire, its responses, tables, charts, bar, and line graphs and drawings as described below:-

- Tabular presentation: Data was presented by using both simple tables and cross tables methods especially for descriptive attributes such as sex, age and occupation of respondents.
- Graphs: Both simple and compound graphs were used to present data related to problems of micro credit.
- Charts: The data was presented by using the pie chart and bar charts when considering descriptive attributes especially those related to the profile of respondents such as sex and literacy.
- Pictures: This will involve use of photograph to display the surveyed areas.

3.11 Characteristics of Respondents

It was important to find out from the respondents their age, marital status and education levels. These specific characteristics would affect Microfinance to uplift women's development.

3.11.1. Age group of respondents

The results shows that 5.6% out of 90 respondents interviewed were ranging from age group of 18 to 29 years, 3.3% out of 90 respondents interviewed were ranging from age group of 50 years and above. While 33.3% out of 90 respondents interviewed were ranging from age group of 40 to 49 and 57% out of 90 respondents interviewed were ranging from age group 30 to 39 years. This could be attributed to the fact that age group with high percentage has several responsibilities to undertake especially paying school fees and feeding the family. Thus when the available funds are not enough, they resort to MFIs in order to fulfil their obligations in the family. This resulted to allocate loans to non intended objective hence effectiveness of microfinance in uplifting women's development not achieved.



Figure 2. women participate agriculture activity.

Source : Field work , Sumbawanga District Council, 2014

The above picture taken from the field area shows how women participate in development activities such as agriculture

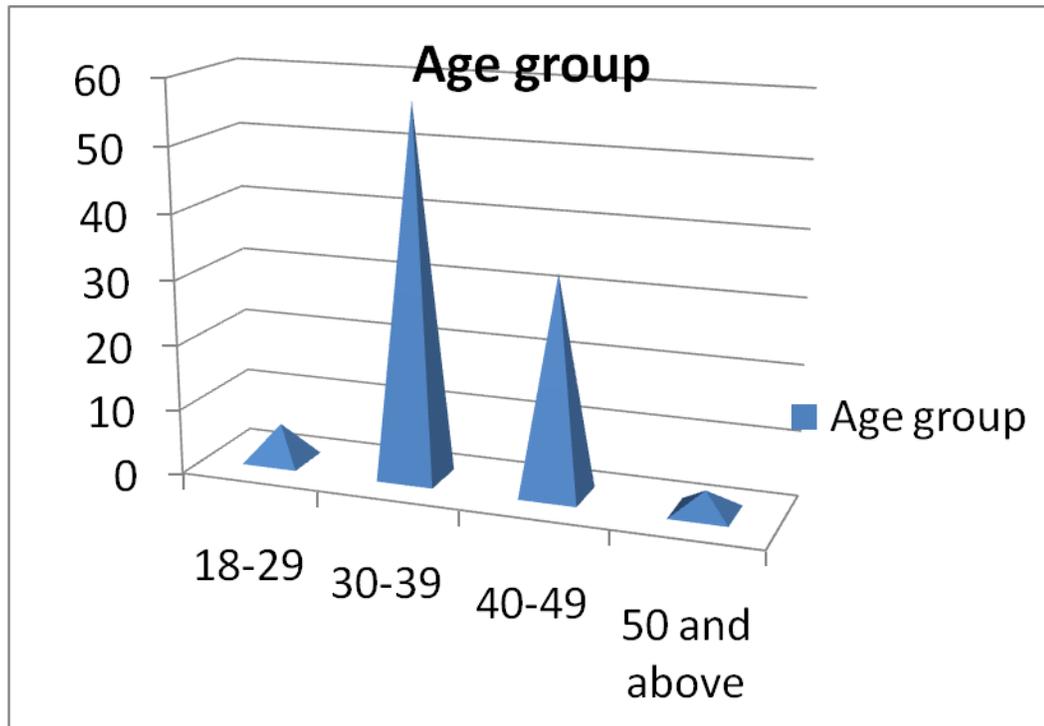


Figure 3. Percentage distribution of age group of respondents.

Source : Field work, Sumbawanga District Council, 2014

3.11.2. Marital Status

It was found that 7.8% out of 90 respondents interviewed were living in divorced status, 20% out of 90 respondents interviewed were living in single marital status while 72.2% out of 90 respondents interviewed were living in married status. This revealed that majority of the respondents that was seventy two percent were either legally or traditionally married. This could be attributed to the fact that because some MFIs focus on women, the husbands encourage their women to get the loan to start a business, or pay school fees or purchase household items. While those who lived in single and divorced marital status they were not committing amount of loans from Micro financial institutions to economic project because of spending to family and relatives responsibilities. Hence that may affect effectiveness of microfinance in uplifting women's.

3.11.3. Educational level

The result shows that 52.2% out of 90 respondents interviewed were not attended any classroom, 23.3% out of 90 respondents interviewed were having primary education level while 8.9% out of 90 respondents interviewed had secondary education and 15.6% out of 90 respondents interviewed had education level of college and above who were professionally employed in government and in the microfinance institutions. It revealed that the issues of expansion and diversification of businesses, asset accumulation, interest calculations were not well understood and practiced by the non educated people.

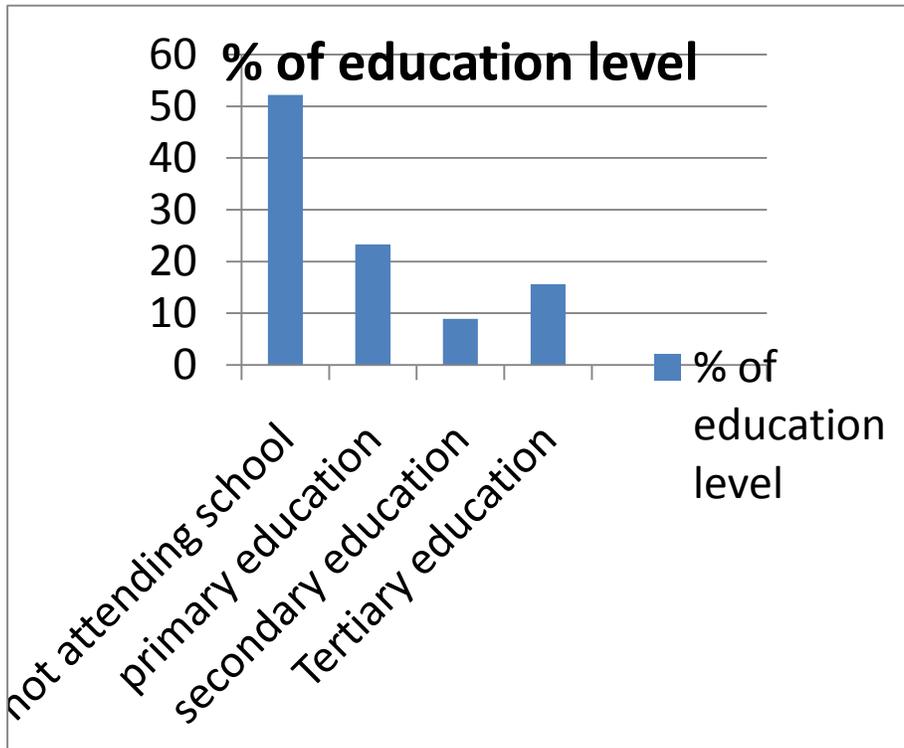


Figure 4. Percentage distribution of education level of respondents.

Source: Field work , Sumbawanga District Council, 2014

3.11.4. Average income per house hold

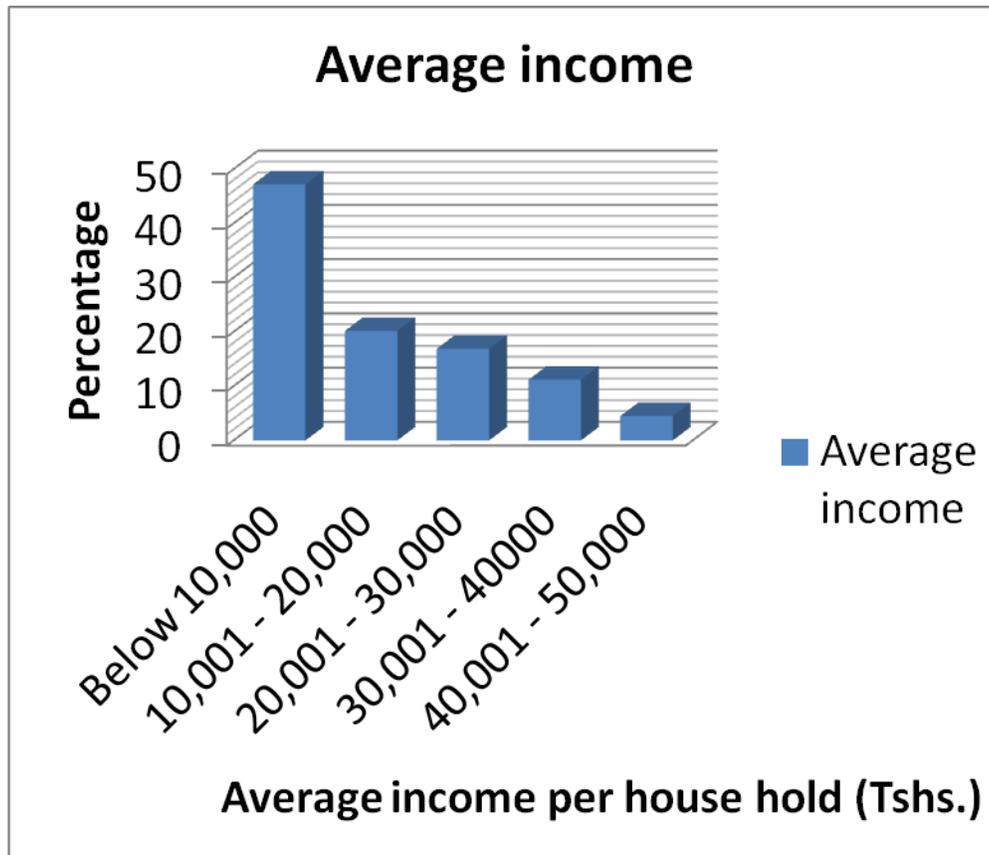


Figure 5: Percentage distribution of average monthly income per household

Source: Survey findings, Sumbawanga district council, 2014

Figure 5 indicates that, the average income of the households is very low, as one would expect from most rural people in Tanzania. In fact more than half (67.4%) of the households are getting a monthly income of below 20,000 Tshs. An equivalent of 15 US Dollar. 16.9% ranges from 20,001 - 30,000, 11.2% ranges from 30,001 - 40,000 and 4.5% ranges from 50,000 Tshs and above. In such a small amount of income, it was only 15.6%) of the households at least could meet their basic needs

(food, school fees etc), therefore micro credit facilities are very crucial to increase income of women and youth in the villages.

Table 3: Summary of Socio-demographic characteristics of respondents

Parameter	Frequency	Response (%)
Age		
18-29 years	5	5.6
30-39 years	52	57.8
40-49 years	30	33.3
50 years and above	3	3.3
Total	90	100
Level of education		
None	47	52.2
Primary education	21	23.3
Secondary education	8	8.9
College education and above	14	15.6
Total	90	100
Marital Status		
Single	18	20.0
Married	65	72.2
Divorced	7	7.8
Total	90	100

Source: Fieldwork Research Survey, 2014

CHAPTER FOUR

PRESENTATION OF FINDINGS

4.1 Introduction

The study was aimed to make a general assessment on whether microfinance has been effective to uplift women development. The study area was Sumbawanga District Council. The literature reviewed showed that microfinance has worldwide support as a strategy to eradicate poverty in the developing countries, has also evolved from small to big organizations providing the services and targets women.

The respondents were selected using judge mental sampling in order to get the key informants and direct beneficiaries from the microfinance institutions and a total of sixty respondents were selected for the study.

The first section presents the demographic characteristics of sample of respondents comprised women households who have received credits from the developed council funds, women households who have received credits from other microfinance institutions, women households who have not received credits from other microfinance institution, employees from financial institutions, employees from council and managerial post from microfinance institutions and council as the important respondents of this study in the study area .In the second section, the ways in which micro finance programmes have effectively enhanced women financial sustainability in an integrated community development in the study area have been analyzed.

The third section examine the extent to which credit services provided to women have effectively improved standard of living of their households in the study areas, fourth section determine challenges facing microfinance institutions in uplifting women development in the study area and finally, suggesting pertinent aspects that would make microfinance uplift women development in the study area. The main source of data for the findings was primary and secondary data. The tools used to

obtain data from the respondents were interviews and the questionnaires which yielded the focus for the presentation in this chapter

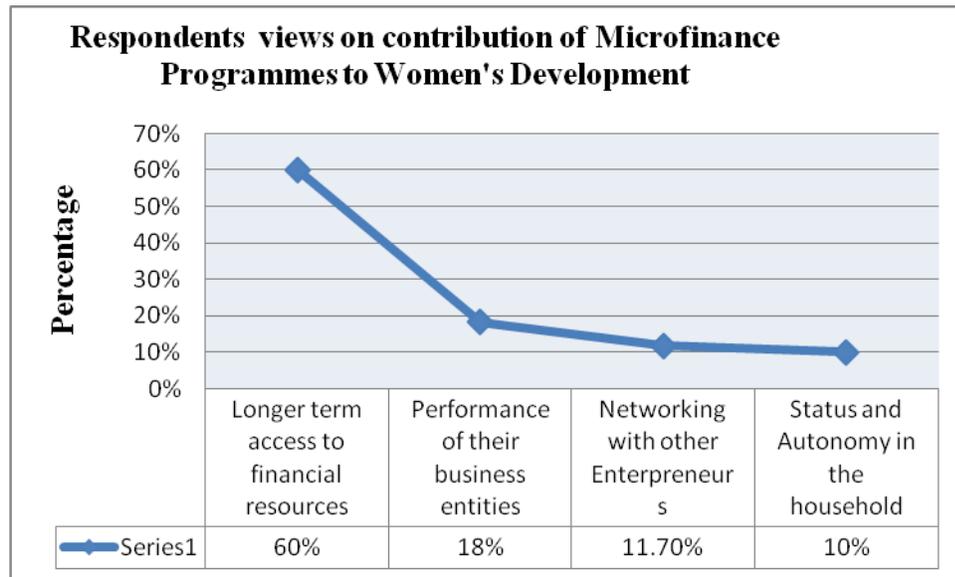
4.2. Effectiveness of Microfinance programmes to enhance women financial sustainability

The findings shows that 62% out of 60 women respondents argued that source of financing their entire business came from family support, 28% out of 60 women respondents stated that source of financing their entire business came from their own sources and 10% out of 60 women respondents argued that source of financing their entire business came from microfinance programmes in the study area.

It was found that the effectiveness of microfinance programmes to enhance women financial sustainability in the study area was low. For instance; 60% out of 60 respondent women's households who have received credits from the developed council funds in the study area argued that in accessing credits from the council they experienced a complex bureaucratic lending procedures, delay to receive loans and high interest rates for repayment of their loans, these made them to spend their capital investment as well as longer term access to financial resources. While 18.3% out 60 respondent women's households who have received credits from the developed council funds in the study area argued that microfinance programmes enabled them to increase performance of their business entities.

The findings from women's households who have received credits from the financial institutions shows that 11.7% out of 60 respondents, stated that microfinance programmes enhanced them to improve status and autonomy in their household after using opportunities from microfinance programmes of getting loans and directing to their economic activities such as small business, animal keeping and farming. While 10% out of 60 respondents women's households who have received credits from financial institutions responded that microfinance programmes made them to build networking with other entrepreneurs in the study area as shown by the following table.

Figure 6: Shows Microfinance programmes to enhance women financial sustainability



Source; Fieldwork Research Survey, 2014

4.3. Credit Services and the Improvement of Women Standard of Living

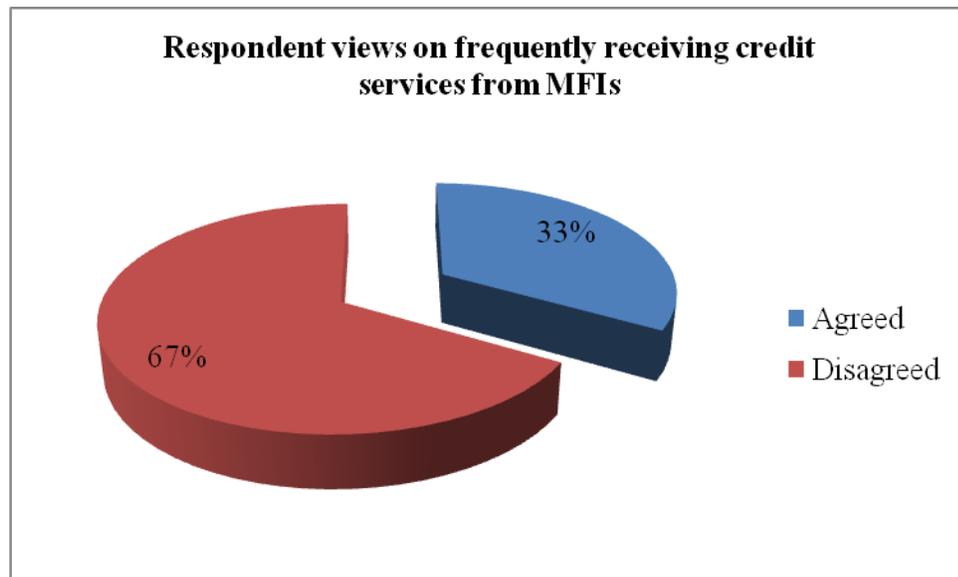
The researcher here wanted to examine the respondents' views on credit services from MFIs and its contribution to improvement of women standard of living in the study area.

4.4. Situation of Women to receive credit services from Financial Institutions

In order to identify the role credits services and the improvement of women standard of living; the respondents were requested to explain whether they always receive credit services from the MFIs. The results show that 33.3% out of 60 respondents (women) agreed that they always received credit services from financial institutions and 66.7 % out of 60 respondents argued that they are not always receiving credit services from financial institutions. While the key informants from the MFIs also explained that few women access credits services from financial institutions. Furthermore, respondents explained that most of the MFIs in the community have been situated in Sumbawanga town rather than operating in remote areas where there

are many opportunities of women's to practice socio-economic projects that may enhance income levels and improve their living standard.

Figure 7: Shows Situation of Women to receive credit services from Financial Institutions



Source; Fieldwork Research Survey, 2014

4.5 Clients utilization of loan from Microfinance programmes

The respondents were required to explain whether they diversify loan funds in other family expenditures such as food, shelter, education health and repayment of earlier debts. There were several responses given by the respondents to indicate the diversification of loans. The results shows 65% out of 20 respondents who received loan from Microfinance programmes were strongly agreed that they diversify loan funds in other family expenditures such as food, shelter, education, health and repayment of earlier debts while 20% of 20 respondents who received loan from Microfinance programmes were disagreed to diversify loan funds in other family expenditures such as food, shelter, education, health and repayment of earlier debts and 15% of 20 respondents who received loan from Microfinance programmes were

neutral to state diversification of loan funds in other family expenditures such as food, shelter, education, health and repayment of earlier debts as indicated in the table below.

Table 4: shows Clients utilization of loan from Microfinance programmes

Parameter	Frequency	Responses (%)
Strongly agree	13	65
Disagree	4	20
Neutral	3	15
Total	20	100

Source; Fieldwork Research Survey, 2014

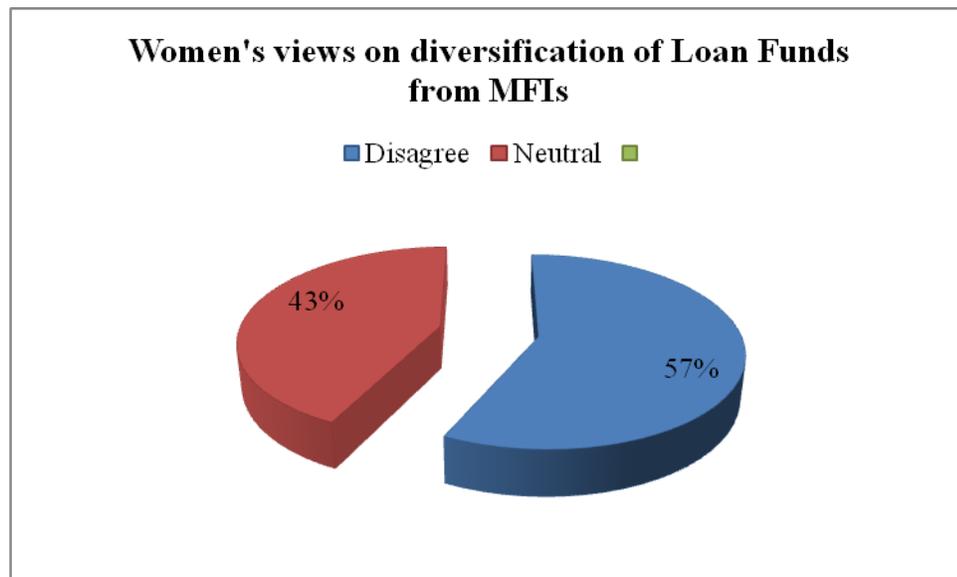


Figure 8. shows Clients utilization of loan from Microfinance programmes
Source; Fieldwork Research Survey, 2014

4.6 Challenges facing Microfinance Programmes in Uplifting women Development

The respondents established that although Microfinance programmes were signed to support women's development through providing credit services, there are some

challenges faced Microfinance programmes in uplifting women household development. Some of the challenges were outlined in the table below.

Table 5: Challenges facing Microfinance Programme

Challenges faced	Percentages of Respondents
High interest rate	38
Inadequate amount of loan	26
Lack of entrepreneur skills to women's	22
Lack of Sound Microfinance policies	14

Source; Fieldwork Research Survey, 2014

4.7. Suggestions to eliminate the challenges faced Microfinance programmes to uplift women development

The respondents had specific suggestions that could overcome the challenges faced Microfinance programmes to uplift women development. The suggestions given were as follows;

The respondents established that the Microfinance programmes could increase the amount of loan given to the women's so as to allow them expand and diversify their investment opportunities, provision of entrepreneurial skills to women's, reduce the interest rates so that all the profits realized do not go towards paying the interest and also increase the grace period to allow the growth of the enterprise and also for the organization of payment.

It was suggested that the government should be involved in the provision of regulations to govern the microfinance programmes, the interest rate and safe guard the property of the clients. Furthermore, the Microfinance programmes are requested to establish loan products for social problems like school fees, and funerals, collaborate and share successes and failures so as to harmonize the service delivery and also to elicit the support of employers of the clients to assist in the repayment of money by their staff/employees. It was also suggested that Microfinance programmes should continuously sensitize their women's on loan utilization from

microfinance programmes and repayment and discuss with their clients before they confiscate their property. This is because the clients say that if given more flexible terms they would be able to pay back the loan and remain with profits for improving their livelihood. Hence these will create a room for women's to benefit from Microfinance programmes.

4.8. The findings from the key informants

The key informants that were employees of the Local government council and MFIs operating in the area also had special attention they gave to the questions regarding their services, access to their loans and whether there has been any impact to the women as a result of their services. The findings were revealed that most of their council microfinance programmes and MFIs have been operating in Sumbawanga District Council from as early as 2000 to date. The main services provided involved preparing the women's to access the loans, disbursement of the loan and the monitoring and supervision of the clients. The target groups for the services included women groups, mixed groups, individual members, business entrepreneurs and salaried employees.

The process of accessing the loans from the council and MFIs was explained to include the fulfilment of various requirements such as; recommendation from the village chairman, group registration, group security, individual collateral, recommendation from employer, salary slips, opening an account with the MFIs and beginning to save and or make deposits with the MFIs, loan application, membership fees where applicable. There were some challenges that were mentioned by the key informants that had been experienced by the council grants and MFIs. They included; the mobility of the clients such that there is no trace and thus loss of funds for the council and MFIs, poor network among the Microfinance programmes and inconsistencies with the repayment schedules due to late payment of salaries for the civil servants. It was also mentioned that there was a high default rate, diversion of funds whereby the funds were not used for the purpose intended but used to meet

social obligations like funerals and medical bills and poor performance of the clients' projects whereby some losses were incurred by the client yet he had to pay back the loan. The negative attitude of the clients towards loan repayment and poor mobilization of the community, the high staff turnover, few personnel and poor follow up mechanisms by the Microfinance programmes also pose challenges in that the clients take advantage and they default.

CHAPTER FIVE

DISCUSSION OF THE FINDINGS

5.1 Introduction

This chapter summaries the main ideas of findings based on specific objectives of the study so as to deduce whether the microfinance programs has been effectives in uplifting women's development

5.2. Effectiveness of Microfinance programmes to enhance women financial sustainability

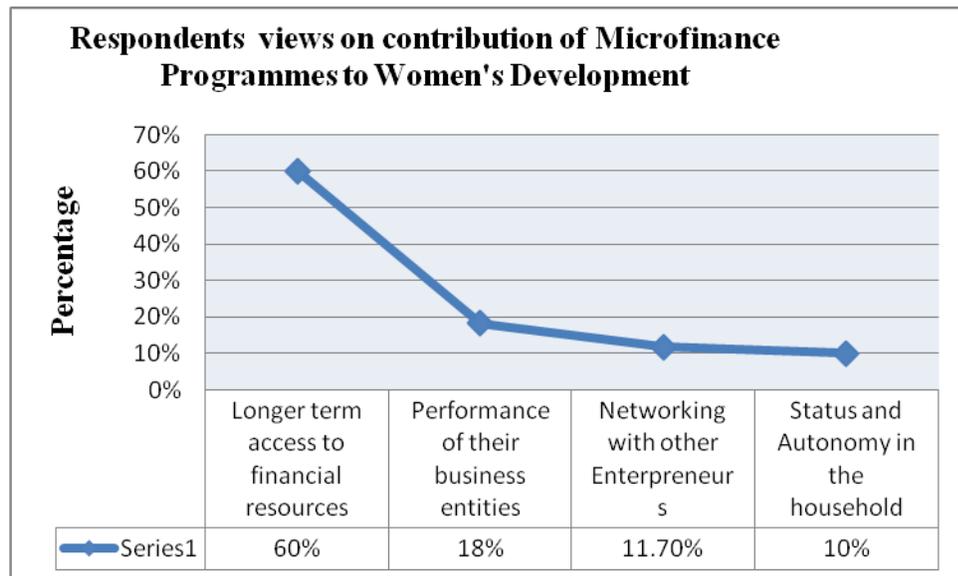
The findings shows that 62% out of 60 women respondents argued that source of financing their entire business came from family support, 28% out of 60 women respondents stated that source of financing their entire business came from their own sources and 10% out of 60 women respondents argued that source of financing their entire business came from microfinance programmes in the study area. This revealed that effectiveness of microfinance programmes to enhance women financial sustainability were not attained

It was found that the effectiveness of microfinance programmes to enhance women financial sustainability in the study area was low. For instance; 60% out of 60 respondent women's households who have received credits from the developed council funds in the study area argued that in accessing credits from the council they experienced a complex bureaucratic lending procedures, delay to receive loans and high interest rates for repayment of their loans, these made them to spend their capital investment as well as longer term access to financial resources. While 18.3% out 60 respondent women's households who have received credits from the developed council funds in the study area argued that microfinance programmes enabled them to increase performance of their business entities.

The findings from women's households who have received credits from the financial institutions shows that 11.7% out of 60 respondents, stated that microfinance

programmes enhanced them to improve status and autonomy in their household after using opportunities from microfinance programmes of getting loans and directing to their economic activities such as small business, animal keeping and farming. While 10% out of 60 respondents women's households who have received credits from financial institutions responded that microfinance programmes made them to build networking with other entrepreneurs in the study area as shown by the following table. This revealed that effectiveness of microfinance programmes to enhance women financial sustainability in the study area was not much used.

Figure 6: Shows Microfinance programmes to enhance women financial sustainability



Source; Fieldwork Research Survey, 2014

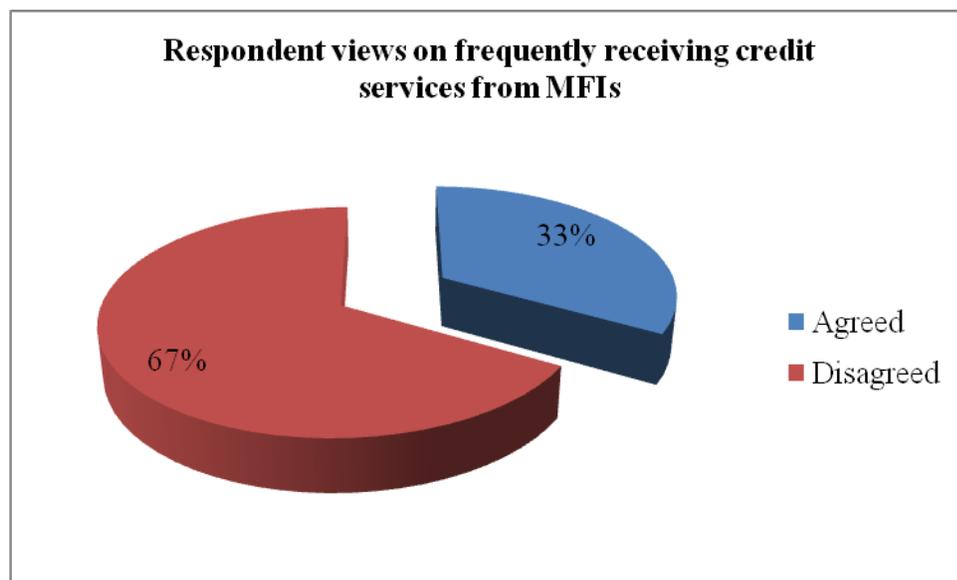
5.3. Credit Services and the Improvement of Women Standard of Living

The researcher here wanted to examine the respondents' views on credit services from MFIs and its contribution to improvement of women standard of living in the study area.

5.4 Situation of Women to receive credit services from Financial Institutions

In order to identify the role credits services and the improvement of women standard of living; the respondents were requested to explain whether they always receive credit services from the MFIs. The results show that 33.3% out of 60 respondents (women) agreed that they always received credit services from financial institutions and 66.7 % out of 60 respondents argued that they are not always receiving credit services from financial institutions. While the key informants from the MFIs also explained that few women access credits services from financial institutions. Furthermore, respondents explained that most of the MFIs in the community have been situated in Sumbawanga town rather than operating in remote areas where there are many opportunities of women's to practice socio-economic projects that may enhance income levels and improve their living standard.

Figure 7: Shows Situation of Women to receive credit services from Financial Institutions



Source; Fieldwork Research Survey, 2014

Another important aspect that was established as an obstacle for the women to receive credits services from the MFIs was lack of mobilization of savings and opening of personal bank accounts with the existing commercial banks in Sumbawanga District Council. The MFIs usually prefer the loan disbursement and repayment through the Banks and thus each beneficiary had to open up an account. These bank accounts would have been great importance to women who have engaged themselves in other lucrative ventures whose payments are through the bank. The performing of the banking function also would have to enhance self confidence to women in that they go to the bank and fill in the forms and assist others to do the same. The accounts would also yield some interest that was earned at the end of the year thus increasing on the money available for use by the women.

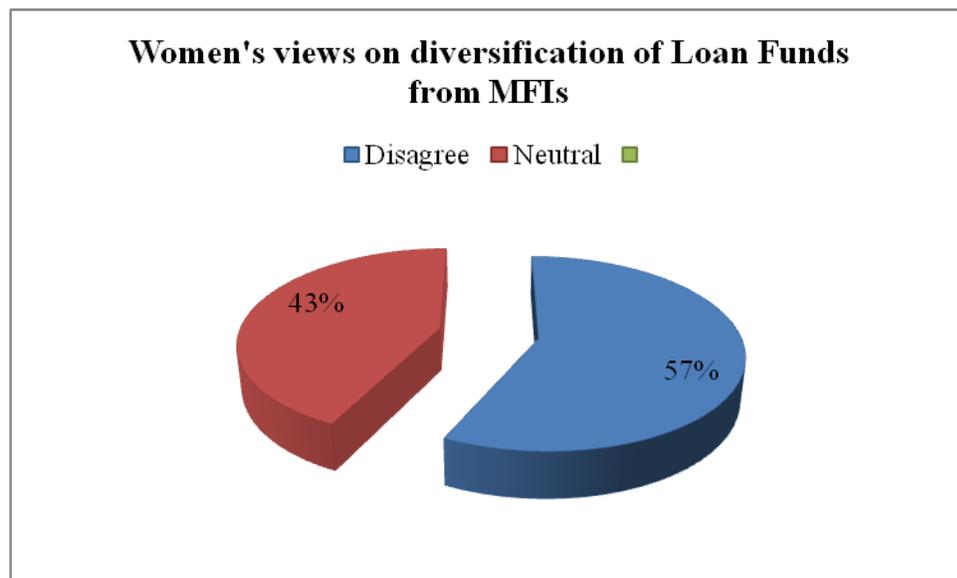
5.5 Clients utilization of loan from Microfinance programmes

The respondents were required to explain whether they diversify loan funds in other family expenditures such as food, shelter, education health and repayment of earlier debts. There were several responses given by the respondents to indicate the diversification of loans. The results shows 65% out of 20 respondents who received loan from Microfinance programmes were strongly agreed that they diversify loan funds in other family expenditures such as food, shelter, education, health and repayment of earlier debts while 20% of 20 respondents who received loan from Microfinance programmes were disagreed to diversify loan funds in other family expenditures such as food, shelter, education, health and repayment of earlier debts and 15% of 20 respondents who received loan from Microfinance programmes were neutral to state diversification of loan funds in other family expenditures such as food, shelter, education, health and repayment of earlier debts as indicated in the table below.

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Parameter	Frequency	Responses (%)
Strongly agree	13	65
Disagree	4	20
Neutral	3	15
Total	20	100

Source; Fieldwork Research Survey, 2014



Source; Fieldwork Research Survey, 2014

It was explained that the most of loan funds accessed by women's from Microfinance programmes had been diversified to family expenditures, in the sense that the women had been able to use loan to facilitate family food, shelter, health repayment of earlier debts and educate their children through paying of school fees. This has especially been a big relief to the women who suffer the burden of looking after children when they have been abandoned by their fathers or when the husbands have died. This meant that when the women received loan from MFIs and profits of

their investments they channelled some of it to the education of their children. The respondents also reported that through Microfinance programmes funds, some women in Sumbawanga District Council had been unable to start and or expand their income generating activities/enterprises. This is because of diversification of loans; as one respondent argued *“it becomes difficult for the women to start up income generating activities such as selling used clothes, farming and crop produced, retail trade in shops, petty trade in fresh produce sold in daily markets or along the road sides and shoes due to diversifying credit from MFIs as initial capital”*. Lack of capital has also led the women failure to expand their stock in the shops and diversify into other enterprises hence failure to uplift women’s development. The capital from microfinance institutions would have stimulated women income generating activities that led to earn daily income for family expenditure and development. This lack of capital is usually a set back to the socio-economic development of women. It made women failed to earn income from their enterprises to purchase household items like standard furniture, beds and beddings, clothing and solar equipment. As a result of the acquisition of these properties women would have improve the levels of hygiene and reduce the incidence of diseases in their family level. Hence boost their social status in the community because their homes would look very neat.

5.6 Challenges facing Microfinance Programmes in Uplifting women Development

The respondents established that although Microfinance programmes were signed to support women’s development through providing credit services, there are some challenges faced Microfinance programmes in uplifting women household development. Some of the challenges were outlined in the table below.

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Challenges faced	Percentages of Respondents
High interest rate	38
Inadequate amount of loan	26
Lack of entrepreneur skills to women's	22
Lack of Sound Microfinance policies	14

Source; Fieldwork Research Survey, 2014

The majority of respondents that comprised thirty eight percent suggested that interest rate was highly a great challenges and this created the feeling that the client worked for the benefit of the Microfinance programmes and not for herself. This meant that the profits were shared between the client and the Microfinance programmes I. This caused a lot of fear and anxiety among the beneficiaries to access loan from Microfinance programmes.

Twenty six percent of the respondents were dissatisfied with the initial amount disbursed to them by the Microfinance programmes. The small amounts of loan given at a time affected the growth of the enterprises of the women. That mean with the small amount of loan, the choice of investment was limited and in most cases the profits realized were very scanty and only enough to pay back the loan. This was because they felt it was not enough for the business venture that they were to undertake. This often resulted into the clients changing the initial investment to other options that were totally new to them and the failure rate in this regard was high yet the loan had to be paid back.

It was reported that twenty two percent of the respondents claimed that most of women's who accessed loan from microfinance programmes were lacking entrepreneurial skills to run their income generating activities. That led to low sustainability of their business entities.

Lack of sound microfinance policies underlie the course of poor approach to solve the incapacitation of the women to move out of poverty. It was found that fourteen percent of the respondents explained that the Microfinance programmes had strict

and rigid policies that could not be changed no matter what. Examples included paying of fines when one could not fulfil the repayment schedule, not granting the loan to a group even if it was only one member who had failed to pay and confiscating property when one had failed to pay. These policies affected women to credit services from Microfinance programmes in the area. They instilled fear and anxiety that made the women to shy away from getting a loan from the Microfinance programmes.

Also respondents affirmed that MFIs demanded for collateral or security as a prerequisite for accessing loans yet most women didn't have any kind of collateral. Lack of security as a challenge faced women's while accessing loans from MFIs. It has been reported borrowing requires collateral, and the most common type of security is land, and yet women have limited opportunities to inherit land and other family property. These discourage women from accessing loan to Microfinance programmes.

Also long procedure of accessing the loan was also mentioned by respondents as a big challenge. Such as paper work involved in filling the forms and signing agreements and contracts was cited by respondents to affect the speed with which the clients handled the applications as well as repayment period being too short. This was because some Microfinance programmes require their clients to make the repayments weekly. This was rather too short a period for the business to have yielded any returns from which to get money to service the loan. The respondents also revealed that they had been forced by these circumstances to join as many Microfinance programmes as possible so as to service the loans while they wait for the business to progress steadily; as a result it affected the flow of money from the business to women's development.

5.7. Suggestions to eliminate the challenges faced Microfinance programmes to uplift women development

The respondents had specific suggestions that could overcome the challenges faced Microfinance programmes to uplift women development. The suggestions given were as follows;

The respondents established that the Microfinance programmes could increase the amount of loan given to the women's so as to allow them expand and diversify their investment opportunities, provision of entrepreneurial skills to women's, reduce the interest rates so that all the profits realized do not go towards paying the interest and also increase the grace period to allow the growth of the enterprise and also for the organization of payment.

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The key informants that were employees of the Local government council and MFIs operating in the area also had special attention they gave to the questions regarding their services, access to their loans and whether there has been any impact to the women as a result of their services. The findings were revealed that most of

their council microfinance programmes and MFIs have been operating in Sumbawanga District Council from as early as 2000 to date. The main services provided involved preparing the women's to access the loans, disbursement of the loan and the monitoring and supervision of the clients. The target groups for the services included women groups, mixed groups, individual members, business entrepreneurs and salaried employees.

The process of accessing the loans from the council and MFIs was explained to include the fulfilment of various requirements such as; recommendation from the village chairman, group registration, group security, individual collateral, recommendation from employer, salary slips, opening an account with the MFIs and beginning to save and or make deposits with the MFIs, loan application, membership fees where applicable. There were some challenges that were mentioned by the key informants that had been experienced by the council grants and MFIs. They included; the mobility of the clients such that there is no trace and thus loss of funds for the council and MFIs, poor network among the Microfinance programmes and inconsistencies with the repayment schedules due to late payment of salaries for the civil servants. It was also mentioned that there was a high default rate, diversion of funds whereby the funds were not used for the purpose intended but used to meet social obligations like funerals and medical bills and poor performance of the clients' projects whereby some losses were incurred by the client yet he had to pay back the loan. The negative attitude of the clients towards loan repayment and poor mobilization of the community, the high staff turnover, few personnel and poor follow up mechanisms by the Microfinance programmes also pose challenges in that the clients take advantage and they default.

In order to overcome and control these challenges, the key informants suggested that there should be increased networking and collaboration among the Microfinance programmes, continuous sensitization and training of the clients, encouraging women's group work, encouraging diversification of the projects and collaborating with the Government extension workers for the provision of specialized services.

CHAPTER SIX

SUMMARY, CONCLUSIONS AND POLICY IMPLICATIONS

6.1 Introduction

This chapter consist of summary, recommendations conclusions and policy implications based on the findings of the study.

6.2. Summary

The study was aimed at assessing effectiveness of microfinance in uplifting women development. The literature on microfinance programmes and how it operates was reviewed. There was also a review of the literature on UN agencies' support of microfinance, microfinance in Africa and in Tanzania in particular. There were ninety respondents that were used in the study and the qualitative and quantitative methods of research were employed to arrive at the results of the study. The study area was Sumbawanga District Council and the respondents included the women households who have received credits from the developed council funds, women households who have received credits from other microfinance institutions, women households who have not received credits from other microfinance institution, employees from financial institutions, employees from council and managerial post from microfinance institutions and council as the important respondents of this study in the study area. This chapter shall address specific conclusions, policy implications and research for farther study as drawn from the research findings.

6.3. Conclusions from the research

These conclusions were drawn from the research findings as guided by the research objectives and questions. The main objective of the research was to determine the effectiveness of Microfinance programmes in uplifting women development in the study area. This was arrived through making field study of microfinance programmes and women financial sustainability in an integrating community

development in the area, assessing credit services and the improvement of women's standard of living , identifying some challenges faced by microfinance programmes in uplifting women's development and how these challenges could be overcome. These conclusions are also policy recommendations that may be adopted by the relevant authorities accordingly.

6.4. Microfinance programmes and women financial sustainability in an integrating community development.

The research was aimed at establishing whether there were effective microfinance programmes in uplifting women's development in a community and in so doing determine whether women have benefited from microfinance economically and socially. In order to establish the findings, there were five guiding questions whose conclusions are presented as follows: One of the guiding questions that were used was "*what were the sources of your fund in financing your entire business?*"

The findings reveal that many women have been financed their business entities by using funds from family supports and their own sources. This was evidenced by the fact that the women have feared to use loan from microfinance programmes as their sources of funding their income generating activities because of high interest rates, long procedures of getting loan with short period of repayment and lack of collaterals. Another question asked was; "*to what extent Microfinance programmes have enhanced women financial sustainability?*"

The findings reveal that there have been enabled women to make longer term in accessing financial resources, networking with other entrepreneurs, performance of their business as a result of microfinance. This was evidenced by the fact that the women have been unable to meet financial sustainability of their income generating activities, increase savings, expansion of their project and income level. Also "*Does credit services from Microfinance programme improved women household's standard of living*"

The findings revealed that microfinance programmes have a little contribution to women's household's standard of living. This was evidenced by the fact that women spent most of their profits generated from their business entities to pay back loans to Microfinance programmes in the study area. Furthermore respondents were asked on *"I they made diversification of loans from microfinance programmes to other family expenditures"*

The findings revealed that most of women diversify loan from microfinance programmes. This was evidenced by the facts that many women's once they get loans from microfinance programmes they diversify to family expenditures such as food, shelter, education to their children, health and repayment of earlier debts. The research concludes that there is a need to put forward some initiatives to microfinance programmes in uplifting women development in community.

6.5. The challenges faced microfinance programmes in uplifting women development

The study also set out to find out the challenges faced microfinance programmes in uplifting women development. This objective was guided by the research question: *"what are the main challenges for microfinance programmes in uplifting women development?"*

It was established that microfinance programmes face several challenges such as the mobility of the clients such that there is no trace and thus loss of funds for the Microfinance programmes, poor network among the Microfinance programmes and inconsistencies with the repayment schedules due to late payment of salaries for the civil servants, high default, diversion of funds, high interest rates, high staff turnover, high interest rates, difficulties in fulfilling the repayment schedule, lack of empathy from the clients. These challenges have also brought about some negative attitude about Microfinance programmes to the extent that they are regarded as property snatchers/grabbers because they confiscate the property of the defaulters. These microfinance programmes are also regarded as a badwomen in the sense that when

one gets a loan, due to anxieties and fears, the business may be affected. Thus the poor performance in terms of poor payment and defaulting is caused by too much worry about the repayment instead of concentrating on working hard and getting alternative enterprises from which to get money to pay back the loan. The research established that despite the challenges and misgivings of some client members about microfinance programmes, it is regarded as a very practical and strategic intervention in providing the much needed funds for the women's who may not have easy access to the mainstream financial services.

6.6 Suggestions to improve microfinance programmes in uplifting women development

In light of the identified challenges faced microfinance programmes in uplifting women development there are some suggestions that have been made in order to improve service delivery. The guiding question was "*What should be done to make microfinance programmes uplift women development?*" The research established that the suggestions for improvement included the following: microfinance institutions should try as much as possible to increase the money given to the women so as to enable them to expand and diversify their investment opportunities, reduce the interest rates so that all the profits realized do not go towards paying back the loan and also increase the grace period to allow the growth of the enterprise and also for the mobilization of money for payment. There were also suggestions that the microfinance institutions should expand the spectrum of their products to include social loans for funerals, health, as well as non economic aspects like school fees for children education. This could be coupled with rigorous training and supervision of the clients in order to know the progress of the projects. It was also suggested that the government could increase its involvement in the provision of regulations to govern the microfinance programs, the interest rate and safe guard the property of the clients.

6.7 Recommendations from the research

These recommendations from the research findings are geared towards making policies at institution level to enable the provision of better services uplift women development. This is because the Microfinance programmes have been in existence in the area for over ten years and people have benefited little from their services, therefore, it is important to address the needs of the clients so as to harmonize operations for more impact in the women's development in the study area and the country in general.

6.7 Recommendations for microfinance institutions

The respondents recommend that the MFIs could reduce the interest rates, increase on the amount given as loans to the clients and assess repayment capabilities before loan provision. The MFIs are urged to establish loan products like the school fees and asset loans and they should not ask for group security where groups are just formed for loan purposes. Further requests are made to the MFIs to continuously supervise, monitor and follow up their clients adequately and closely to avoid diversion of funds, to network and collaborate with other MFIs in the area, to improve on customer care and not to rely on groups only but also consider individuals on merit as well. The MFIs should also collaborate with and facilitate the local government technical and extension workers to monitor and supervise their clients in the areas where they operate. This is because the government workers are skilled and always in the field to promote government programmes in the villages.

6.8 Recommendations for the government

The government is urged to get involved in determining the interest rate, centralize the interest rates such that the rate is uniform for the Microfinance programmes and also monitor the services of the Microfinance programmes. The respondents also recommend that the government could increase amount of loans from the council for women and protect the borrowers from the Microfinance programmes and also

provide women's sensitization and training guidelines for the access and utilization of Microfinance programmes services.

6.9 Recommendations for Microfinance Programmes in Uplifting women development.

The respondents recommended that Microfinance programmes clients should be trained thoroughly before undertaking loans for running their enterprise, use money for intended purposes only and avoid money misuse and diversion of funds. The clients are also urged not to move from one Microfinance programmes to another but rather study the operation of the Microfinance programmes before accessing its services and also support each other with skills, supervision and monitoring as a group. The clients are further encouraged to get more investment opportunities instead of only one, have an enterprise before borrowing the money and not to use credit to start investments but rather to expand or diversify investments.

6.10 Recommendations for further research

The respondents recommended further research to be carried out on the impact of credits from Microfinance programmes on the small scale industry in Tanzania, the factors that lead to people joining more than one Microfinance programmes and the possibilities of providing asset loans rather than cash loans for some beneficiaries.

6.11 Conclusion

The study was aimed at establishing the effectiveness Microfinance programmes in uplifting women development. The findings reveal that there is a little effectiveness played by microfinance in uplifting of women development. This is because the access and utilization of microfinance services by the women has not give them opportunity to access capital to start small enterprises, expand the existing enterprises and as a result increase their incomes. These have led to the women not attained financial sustainability. The access to and utilization of the micro-credit facilities has had a share of challenges for the women but the benefits outweigh them

for the study to conclude that microfinance has had invaluable impact and lessons for the women development. The experience obtained by women through their participation in the microfinance programmes has enabled them to suggest to the government to get involved in controlling the interest rates on the loans and also for the beneficiaries to utilize the loan for its intended purposes. The microfinance programmes have thereby been urged to be more flexible, reduce interest rates, increase the size of the loan and continuously train, supervise and monitor the progress of the projects of the customers. The study has conclusively confirmed that microfinance programmes plays a little role in uplifting women development. The above analysis of conclusions confirms that there is a little contribution played by microfinance programmes in uplifting women development in the study area. The challenges that led to low performance of microfinance programmes in uplifting women's development have been clearly discussed and it is important to note that the study will provide one of the very first resource books for loan officers, policy makers and development partners in the field of microfinance programmes in Sumbawanga District Council

The above discussion has shown in order for microfinance programmes to uplift women's development in Sumbawanga District Council the above suggested initiatives take into account of all stakeholders of community development. As it was established that giving out loans, training the clients, sensitizing women's groups about the organization and other cross cutting issues like HIV/AIDS, food security and enterprise development as well as conducting supervision and monitoring of the loan beneficiaries' projects will assist Microfinance programmes to uplift women development

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APPENDIX A: QUESTIONNAIRE FOR FEMALE ENTREPRENEURS

Introduction

This study is interested on revealing the Effectiveness of Microfinance on uplifting women development. The aim of the study is not only academic but also practical. We want to contribute to SDC initiatives on its efforts to funding women development projects through its established funds. We believe that your contribution very much shares our concern. We therefore request you to generously provide information required and would like to assure you that no information will be used for purposes other than this study.

Please tick in appropriate box for questions with boxes and explain to those questions that demands explanations.

Part 1: General Questions

1. Ages

- | | |
|-------------------|--------|
| 18-29 years | () |
| 30-39 years | () |
| 40-49 years | () |
| 50 and abve years | () |

2. Education level

- | | |
|-----------------------|--------|
| Certicicate | () |
| Diploma | () |
| Advanced diploma | () |
| First degree | () |
| Post graduate diploma | () |
| Master degree | () |

PHD ()

3. Marital status

Single ()

Married ()

Divorced ()

4. What type of business are you doing

5. Length of entry in the business

1-5 years ()

6-15 years ()

16-30 years ()

31 years and above ()

Part II: Microfinance programmes and women financial sustainability in an intergrated community development.

6. Which of the following is the source of your fund in financing your entire business

Banks

NGOs

Microfinance programmes

Donor funding

Family support

Money lenders

Own sources

7. To what extent microfinance programmes have enhanced the following aspects that keep you financially sustainable

Savings

Performance of your business

- Expansion of your project
- Networking with other entrepreneurs
- Your income levels
- Your status and autonomy in the house hold.
- Your decision making patterns
- Your longer term access to financial resources

Part III: Credit services and the improvement of women standard of living

8. Do you always receive credit services from microfinance institutions?

Yes

No

9. I always diversify loan funds in other family expenditures such as food, shelter, education, health and repayment of earlier debts.

I strongly agree []

I disagree []

Neutral []

I disagree []

I strongly disagree []

10. Credit services have to some extent improved the household's standard of living

I strongly agree []

I disagree []

Neutral []

I disagree []

I strongly disagree []

Part IV: Challenges of microfinance on uplifting women development.

11. Mention five problems that you get before receiving credit services from microfinance institutions

.....
.....
.....
.....
.....

12. Mention five problems that you get after receiving loan

.....
.....
.....
.....
.....

13. What do you think are the main challenges for microfinance programmes in uplifting women development

.....
.....

Part V: Pertinent Aspects that would make microfinance uplift women development

14. What do you think should be done to make microfinance uplift women development

.....
.....

APPENDIX B: INTERVIEW QUESTIONNAIRE GUIDE

Introduction

This study is interested on revealing the Effectiveness of Microfinance on uplifting women development. The aim of the study is not only academic but also practical. We want to contribute to SDC initiatives on its efforts to funding women development projects through its established funds. We believe that your contribution very much shares our concern. We therefore request you to generously provide information required and would like to assure you that no information will be used for purposes other than this study.

1. Name of the firm/Department
.....
2. Do you provide credit services to women Yes or No
3. Which method do you use to provide your clients with loan or credit facilities/ which programme do you use
4. What is the estimated repayment rate from your clients
5. In your experiences of serving micro enterprises which gender group composes a large proportion of loan defaulters

Part II: Microfinance programmes and women financial sustainability in an intergrated community development.

6. To what extent you think your credit programmes have enhanced women financial sustainability in an integrated community development
To a greater extent
To a reasonable extent
To a least extent
Somehow
Not at all

Part III: Credit services and the improvement of women standard of living

7. Credit services to women have to some extent improved their household's standard of living

- I strongly agree []
- I disagree []
- Neutral []
- I disagree []
- I strongly disagree []

Part IV: Challenges of microfinance on uplifting women development.

11. What do you think are the main challenges for your financial programmes in uplifting women development

.....
.....

Part V: Pertinent Aspects that would make microfinance uplift women development

12. What do you think should be done to make microfinance uplift women development

.....
.....
.....
.....
.....