

**THE IMPACT OF VILLAGE COMMUNITY BANKS ON HOUSEHOLDS FOOD  
SECURITY:  
A SURVEY STUDY OF FULWE VILLAGE IN MOROGORO RURAL  
DISTRICT**

**BY:**

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**A Dissertation Submitted in Fulfillment of the Requirements for Award of the  
Degree Masters of Science in Accounting and Finance of Mzumbe University  
2013**

## **CERTIFICATION**

We, the undersigned, certify that we have read and here by recommend for the acceptance by the Mzumbe University, a dissertation entitled “ The Impact of Village Community Banks on Households Food Security: A Survey Study of Fulwe Village in Morogoro Rural District” in fulfillment of the requirements for award of the degree of Master of Science of Mzumbe University.

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## **ACKNOWLEDGEMENT**

Thank to almighty God for marvelous things has done to me, regarding life, capacity, good parents whom despite of the scarce resources endowed, but were able to manage my school needs and sponsor all my studies. May God bless my parents and I wish good healthier and long living.

I wish to express my sincere gratitude to my supervisor Dr. Haruni Mapesa for his tireless guidance, patience and support that made this work possible. Furthermore, special thanks are directed to my colleague on the MSc Accounting and Finance programme whose assistance I greatly enjoyed in both social and academic matters.

My sincere gratitude goes to my family members, friends, respondents and interviewee. I know it is difficult to mention the entire but only few of them: Ms. Pendo Kasika, Mr. & Mrs. Mujuberi, Mrs.Elizabeth Katondo, Mama Abia Kuboja, Ms. Mary Gwabila, Dr. Haruni Mapesa, Jeremiah Mujuberi, Kajale Kasika, Kasoga Kasika, Pendo Junior, Ms. Christina Mmbaga, and Mr. Josiah Komaji.

May God bless you all, kindly thanks

## **DEDICATION**

The researcher is grateful to dedicate the research study to beloved Mummy Ms. Pendo Kasika, beloved late Father Emmanuel Gwabila, Beloved uncle late Joel Kasika, beloved Guardian late Gideon Katondo for their positive contribution that enabled me to be as I am today.

## **ABBREVIATION**

Climatic Outlook Forum	(COF)
Food Security Information Team	(FSIT)
Food Security and Nutrition Assessment	(FSNA)
Gross Domestic Product	(GDP)
Income Generating Activities	(IGA)
Metric Tons	(MT)
Non Governmental Organizations	(NGO's)
Statistical Package for Social Science	(SPSS)
Tanzanian Shillings	(Tshs)
Village Community Bank	(VICOBA)
Village Savings and Loan Association	(VSLA)

## **ABSTRACT**

The study sought to investigate the Impact of Village Community Bank (VICOBA) on Households Food Security. The food production is normally satisfactory at national level, but food insecurity continues to be a challenge to some section of the population in both rural and urban areas. When farmers put their money in the Village Community Bank (VICOBA), they secure their livelihoods and establish supportive system throughout each other.

Specifically, the study sought to determine participation in Village Community Bank (VICOBA), major services offered by VICOBA, the likelihood of farmers uses their credit in agricultural food production, mitigating the food prices fluctuations buying extra food during harvest, and finally, to evaluate the credit use in maintaining the food storage means to enhance household food security.

The study involved a survey design to Village Community Bank (VICOBA) members and non VICOBA members, which were randomly sampled from Fulwe Village in Morogoro Rural District. The sample consisted of 62 respondents who included 39 women and 23 men. Instruments for data collection included Documentary review, Questionnaires and Interviews. Quantitative and qualitative data were analysed using Statistical Package for Social Science (SPSS).

The findings revealed that VICOBA members were influenced to join the group because of the following determinants: the financial services, the sense of unity that bring them together solving social problems, the interest rates which pegged lower than other financial institutions. The major financial services discovered are savings through buying community shares and deposits coming from contribution known as jamii, the provision of loans, training and yearly giving back annual profit, residual jamii and individual savings.

The findings came up with the evidences that the majority of rural population adhered to set their VICOBA credit use on agricultural activities, whether directly or indirectly involved, about 81.5 % responded that *“they were being involved in VICOBA activities in order for them to get resources for agricultural activities”*.

Finally based on findings, union is strength in view of the fact that through cooperatives the society can be transformed. The adoption of VICOBA became the best economic block to farmers as it assured the safety of their money and food security.

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## CHAPTER ONE

### INTRODUCTION

The chapter forms the introduction part of the study; it is composed of the background to the study, statement of the problem, objectives of the study, research questions, limitation of the study, its scope, significance and delimitation of the study.

#### 1.1 Background to the Study

Food Security means that all people at all times have physical & economic access to adequate amounts of nutritious, safe, and culturally appropriate foods, which are produced in an environmentally sustainable and socially just manner, and that people are able to make informed decisions about their food choices. Food Security also means that the people who produce our food are able to earn a decent, living wage growing, catching, producing, processing, transporting, retailing, and serving food.<sup>1</sup>

“The right to adequate food is realized when every man, woman and child, alone or in community with others, has physical and economic access at all times to adequate food or means to its procurement..... States have a core obligation to take the necessary action to mitigate and alleviate hunger even in times of natural and other disasters.”<sup>2</sup>

The remarks made on Agriculture and Rural Development Day, Durban, South Africa. 3 December, 2011 by Mary Robison explained “hunger and under nutrition are ever present threats, The Food and Agriculture Organization estimate that 925 million people in the world go hunger every day and every year 3.5 million children die from under nutrition while 11% of the total disease burden is attributable to material and children under nutrition.”<sup>3</sup>

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<sup>1</sup> <http://www.foodsecuritynews.com/What-is-food-security.htm>

<sup>2</sup> Robison, M. (2011), Food Security: A climate Justice Approach-Agricultural and Rural Development Day, COP17, Durban ,South Africa.

<sup>3</sup> ibid

The aggregate national food availability in Tanzania is not of plenty, but that of a critical balance between production and needs. The development of agriculture has been an important objective of the government. The focus has been producing more food to enhance food security and alleviate poverty, with the ultimate goal of becoming self-sufficient in basic food requirement.<sup>4</sup> Despite the ups and downs in the cooperative movements the government on one hand and scholars, all inspired by the fact that cooperatives are not only important vehicles for freeing producers and consumers from exploitation but also are agencies through which producers and production can be transformed.<sup>5</sup>

The adoption of Village Community Bank (VICOBA) become the best economic blocks (units) within both rural and urban settings. Its suitability and effectiveness in catalyzing development initiatives through efficient operation of savings and credit services together with appropriate Income Generating Activities (IGA), the loans given by VICOBA are normally soft and affordable to the poor and are utilized to support Income Generating Activities (IGA) that are carefully selected based on the market opportunities, appropriate technology and locally available resources.<sup>6</sup>

When farmers put their money into the community bank, they secure their livelihoods and establish supportive system through each other. Prior to the Village Community Bank (VICOBA) initiative, farmers were struggling in times of emergency. It was harder to imagine an improved future as an individual or as a family. Village Community Bank (VICOBA) has been an agent of empowerment for farmers allowing them to plan for their future.

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<sup>4</sup> [www.tanzania.go.tz/foodsecurity.html](http://www.tanzania.go.tz/foodsecurity.html) visited 21/11/2012

<sup>5</sup> Chambo S.A(2007), Empowering grassroots cooperatives in Tanzania, Tentative programme

<sup>6</sup> [www.sasatobavicoba.blogspot.com/p/vicoba-structure.html](http://www.sasatobavicoba.blogspot.com/p/vicoba-structure.html) visited 21/11/2012

*“One farmer says: Before we used to sell all our produce to earn an income, but today we sell but also keep for the household consumption. With our savings we are ready for any eventuality drought and as a group member we also support each other”<sup>7</sup>*

Bengasha (2012) explained from his findings that “regardless of the location (urban or rural) smallholder farmers share a common view that the village community Bank is only designed to facilitate consumption smoothing. Limited resources on the other hand and weather instability the daily struggle to cover food and health related costs, on the hand stretch smallholder farmers income.” Hence, in the midst of an uncertain future, smallholder farmers will find themselves spending most of their savings to smoothing out consumption.

### **1.3 Statement of the Problem**

Tanzania produces a number of food crops, which range from cereal to non-cereal. On average food production is normally satisfactory at national level, but food insecurity continues to be a challenge to some section of the population in both rural and urban areas. Even in times when food availability is deemed satisfactory, food access is still a challenge to rural households that produce less than 30% of their annual requirements. (Tanzania Agriculture and Food Security Investment Plan, 2011)

Agricultural productivity in Tanzania is highly susceptible to extreme weather variations and poor capitalization. Climatic patterns are becoming both less predictable and more severe.<sup>8</sup> A climate change affecting the food system and contributing to rising prices. (Robinson. M, 2011) A recent study on food Security & Nutrition Assessment (FSNA) conducted by the Food Security Information Team (FSIT) issued on November 2012 revealed that, food production was largely affected by below normal rainfall with

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<sup>7</sup>       ibid

<sup>8</sup>       <http://www.ntwk.esaonet.com/:climate-change-threatens-food-security-incomes-in-Tanzania>

sporadic rains accompanied by long dry spells particularly during the critical stages of crop development. On average, the performance of the 2011/2012 March to May rainfall in the assessed councils was 50% and 40% below normal in the bimodal and unimodal rainfall regimes, respectively on which Morogoro rural district was among. Despite supplies of new harvests in markets, access to food was undermined by high food prices. On July-September 2012 food prices increased significantly up to 80% (for maize) compared to the same period in 2011

It is clear that for many people in rural areas, there are few opportunities to save in a secure manner. This makes it particularly difficult to protect against the volatility of crop prices or against crop failure. One consequence of this is that the Government has to play a larger role, in terms of assisting at times of drought or food scarcity, and that private markets, which can help to compensate for local food scarcity, are less able to fill the gap than would otherwise be the case. Improving access to savings should help to reduce this.<sup>9</sup>

The center of the study resides on Village Community Bank (VICOBA) that provided the financial services mostly rural areas where the formal financial institutions haven't reached. There are few empirical studies which discuss the impact of Village Community Bank (VICOBA) on household growth that is poverty reduction and household food security. Therefore this study intends to link the gap in knowledge by addressing the impact of Village Community Bank (VICOBA) enhancing household food security.

## **1.4 Research Objectives**

### **1.4.1 General Objective**

To investigate the extent to which Village Community Bank (VICOBA) enhance food security to rural farmer households.

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<sup>9</sup> [www.tzonline.org/socialprotectionassuringaminimumincome.pdf](http://www.tzonline.org/socialprotectionassuringaminimumincome.pdf) retrieved 15/12/2012

### **1.4.2 Specific Objectives**

- i. To identify factors that influence participation in Village Community Bank (VICOBA) among rural farmer's households.
- ii. To identify the major financial services provided by Village Community Bank (VICOBA) in rural areas.
- iii. To assess Village Community Bank (VICOBA) credits use in production of agricultural crops
- iv. To determine the extent of the utilization of the credit given by Village Community Bank (VICOBA) in mitigating the food price fluctuations in order to ensure food security.
- v. To evaluate the extent of the utilization of credit in maintaining the food storage means and facilities that ensure reliable supply of food at family level.

### **1.5 Research Questions**

- i. What are the factors influencing rural farmers participation in Village Community Bank (VICOBA)?
- ii. What are the financial services provided by Village Community Bank (VICOBA) in rural areas?
- iii. To what extent are the credit taken by borrowers used for production of agricultural crops?
- iv. To what extent rural farmers use their Village Community Bank (VICOBA) credit to mitigate the prevailing food price fluctuations per season?
- v. To what extent rural farmers use their Village Community Bank (VICOBA) credit for food storage facilities per season?

## **1.6 Significance of the study**

- i. The study itself has a fundamental role in fulfillment of the requirement award of the Degree Masters of Science in Accounting and Finance.
- ii. The study would not remain as shelf findings but its impact would become the catalyst to improvement of food security among rural population.
- iii. The study presented the role of Village Community Bank (VICOBA) thus earmark the common interest i.e food security.
- iv. The study enlightens the rural farmers practice, challenges, and possible threats but also including the farmers on searching and advices that should create value in terms of food security.
- v. Despite of formal theoretical knowledge on issues related finance and real life practices, the study exposed the researcher to norms and life experiences.
- vi. The study would be taken by other researcher, readers and others whom in need of material on different aspects.

## **1.7 Limitation of the study**

- i. The subjectivity of the respondents, sometimes they adjudge to wrong information due to undesirable norms, fear of not respected one disclosing the family matters. This would be regulated by having different data collection methods that diminished the wrong perception of the respondents.
- ii. Limited availability of resources and time to undertake the study on a wider scale. This limitation can be rectified by selecting the representative of the population set to the sample through appropriate method.
- iii. The possibility of reluctant to frankly respond to some of the questions, but also farmers does not keep records and due to memory lapse, some of the questions will lack exact answers. The concern of the study would be stipulated in order to harmonize and improve the relationship with respondents.

- iv. Accessibility of Rural areas but also sparse rural settlement. Since the study included the sample population and motorcycle means of transport was taken to eliminate inaccessibility rural areas and rural settlement.

## **1.8 Scope of the study**

The study is addressing the food security by taking the rural farmer members of the Village Community Bank (VICOBA) activities at Fulwe Village in Mikese. Basically the study determined how the Village Community Bank (VICOBA) resources exposed to rural farmers and analyse the impact on enhancing the food security.

## **CHAPTER TWO:**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter is detailed with the authors thought explaining the related information regarding the subject of the study. The chapter comprises of theoretical part of the literature and conceptual framework

#### **2.1 Definition of key terms**

**Village Community Bank (VICOBA) or Village savings and lending associations (VSLAs)** are groups formed by the society members in target communities to provide sustainable and profitable microfinance services (micro savings, microcredit, micro-insurance, etc.), especially in remote places with no access to formal financial services.

Village Community Bank (VICOBA) are groups of maximum 30 people that meet regularly, usually once per week, to save shares in the Village Community Bank (VICOBA) and give loans to the members. Among the 30 people there is one chairperson, one secretary and one accountant. Village Community Bank (VICOBA) is informal and not regulated or controlled in any governmental act or policy and the Village Community Bank (VICOBA) form their own rules and regulations. (Bagasha N, S, 2012)

#### **Concept of food Security**

The initial focus, reflecting the global concerns of 1974, was on the volume and stability of food supplies. Food security was defined in the 1974 World Food summit as:<sup>10</sup>

“Availability at all times of adequate world food supplies of basic foodstuffs to sustain a steady expansion of food consumption and to offset fluctuations in production and prices” (UN, 1975)

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<sup>10</sup> [www.fao.org/docrep/005/y4671/y4671e06.htm](http://www.fao.org/docrep/005/y4671/y4671e06.htm) retrieved 10/12/2012

In 1983 FAO expanded its concept of food Security as “Ensuring that all people at all times have both physical and economic access to the basic food they need” (FAO, 1983) Alamgir, M & Arora, P. (1991), defined Food Security as “Enough food available to ensure a minimum necessary intake by all members”. The minimum is related to among other things, body size, weight, sex, nature of work and for women, pregnancy or lactation status.

The 1996 World Food Summit in its *Plan of Action* adopted a still more complex definition:

“Food security, at the individual, household, national, regional and global levels [is achieved] when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.” (FAO, 1996)

This definition is again refined in *The State of Food Insecurity 2001*:

“Food security is a situation that exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life.” (FAO, 2002)

## **2.2 Theoretical Framework**

### **2.2.1 Historical Background of Village Community Bank (VICOBA)**

The model for Village Community Bank (VICOBA) followed a traditional micro finance system and was based directly on the Grameen bank model. Village Community Bank (VICOBA) model provided opportunities to engage in small scale saving and loans.<sup>11</sup>

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<sup>11</sup> Susan .E (2011), A Study of Older People’s livelihoods in Tanzania, HelpAge International and Cordaid, London

The system of Grameen bank model based on the ideas that poor have skills those are under-utilized. A group credit approach is applied which utilizes the peer-pressure within the group to ensure the borrowers follow through and use the caution in conducting their financial affairs with strict discipline, ensuring repayment eventually and allowing the borrowers to develop good credit standing.<sup>12</sup>

VICOBA has proved to be the most effective lending model in rural areas in African countries such as: Niger where it was found in 1991 by CARE International in Niger, Zimbabwe, Mozambique, West Nile Uganda, and Eritrea. This lending model was introduced in our country by CARE Tanzania, Zanzibar Area Office (Jozani-Chwaka Bay Conservation Project) in year 2000 and later adopted by other conservation and community livelihood support projects in Pemba Island and Tanzania mainland. The quick adoption and outspread of this model to various districts/ projects is made through various development agencies mainly due to the good results it has shown in the areas where it was initially introduced.<sup>13</sup>

The effectiveness of Village Community Bank (VICOBA) scheme is due to its special features and operation principles, which emphasize on:

- Self help initiatives among the group members,
- Community capacity building and local resources mobilization,
- Community ownership and shared leadership,
- High level of transparency and effective information sharing,
- Promotes voluntary accountability among the group members and,
- Enhance good governance.<sup>14</sup>

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<sup>12</sup>       ibid

<sup>13</sup>       [www.sasatobavicoba.blogspot.com/p/vicoba-structure.html](http://www.sasatobavicoba.blogspot.com/p/vicoba-structure.html) retrieved 12/11/2012

<sup>14</sup>       ibid

### 2.2.2 VICOBA Processes:

People with common interest come together to deliberate on how they can go about the problems they are facing e.g. poverty at household level (food insecurity), non affordability of basic wants and lack of knowledge and skills in livelihoods diversification.

For group formation, members come together and register, set days, place and time for meetings. They establish group rules and regulations, agree on the amount money or resources to be contributed as savings. Members pledge their commitment to the group and begin making the contributions to achieve the set targets.

During the implementation stage of the Village Community Bank (VICOBA), members of the group conduct meetings on a weekly basis to mobilize savings, discuss other issues of common interests and explore possibilities to improve their living standards.

When savings become adequate, members start taking loans in turns and repay with interest. At the end of the Village Community Bank (VICOBA) cycle, members repossess their savings and share accumulated interest accrued from loans. Another cycle of VICOBA can be initiated.<sup>15</sup>

Apart from different rate and repayment time also other things differ between different Village Community Bank (VICOBA), such as minimum and maximum amount of savings and loans, and how often they divide the money among the members, but the organization and general operation is more or less the same for all of them.<sup>16</sup>

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<sup>15</sup> Lucy. A and Annoo . F(2009), Access to Markets Perspective, Saving for diversification in Karamajo. FIT Uganda Ltd, Kampala

<sup>16</sup> Bagasha, N, S(2012) VICOBA- Optimistic and Pessimistic Viewa from Smallholder farmers on The Microcredit Lending Model. Master's Thesis. Uppsala University

### **2.2.3 Summary of similar studies**

#### **Methodology**

A comparative case study was done by Bagasha (2012) between two VICOBA groups in Monduli district Arusha: Mto wa Mbu town and Engaruka Village. In-depth interviews and focus group discussion was used as the main source of data collection.

#### **Summary**

Findings from empirical investigation show that regardless of the location (urban or rural) smallholder farmers share a common view that the Village Community Bank is only designed to facilitate consumption smoothing. Limited resources on the one hand and weather instability, the daily struggle to cover food and health related costs, on the other hand stretch smallholder farmers' income. Hence, in the midst of an uncertain future, smallholder farmers will find themselves spending most of their savings to smoothing out consumption.

Another experience was the use of VICOBA credit on production opportunities, a good example was one of the 10 members interviewed, from Engaruka could afford to hire a tractor or have not done so in the past as it would require a traveling distance of roughly 55 km to the nearby town where the tractor could be hired, all together it is 110 km of paying for a tractor fuel plus hiring cost. All ten members used an old traditional method of farming (hand hoe).

#### **Implication to the research study**

We can learn from others practice, resources are scarce and the best use of the endowed resource, the chain value to food security would have been reached. To both rural and rural areas the Village Community Bank (VICOBA) activities provide the wide opportunity of financial resources to members that can be taken to valuable manner, helping the society to stand firm to secure the food productivity, accessibility and enhancing food security.

## **2.3 Conceptual Framework:**

### **2.3.1 The role of savings and credit enhancing food security**

Village Community Bank (VICOBA) works for the improvement of the livelihood and welfare of the community through its philosophy of human empowerment. Village Community Bank (VICOBA) dedicates and addresses itself to the well being of poor people and vulnerable groups of the society such as women, the young, the aged, the disabled, widows and orphans, etc. Village Community Bank (VICOBA) also works for the less fortunate people who are living under difficult conditions and who are living where there are poor social services or none at all.<sup>17</sup>

By increasing access to financial services, including both savings and credit, the livelihood of farmers can be improved substantially. It is revealed that very poor and remote populations have the capacity to save, and do save, significant amounts. They also need access to very small amounts of credit to help smooth incomes, meet predictable expenses and reduce shocks in emergencies. Quick access to a small amount of credit or accumulated savings, for example, can enable a farmer to defer selling or pre-selling his harvest to a time when prices are higher, in some cases substantially increasing incomes.<sup>18</sup>

### **2.3.2 Savings**

Through savings and loan groups, or Village Community Banks (VICOBA), poor people can gain new possibilities in life. They can save money and take out small loans from a mutual savings fund so that they can, for example, start their own business and create a livelihood. Thanks to savings and loan groups, poor people are able to improve their

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<sup>17</sup> <http://www.vicoba.co/services.html> retrieved 10/10/2012

<sup>18</sup> [http://www.akdn.org/rural\\_development/tanzania.asp](http://www.akdn.org/rural_development/tanzania.asp) retrieved 12/11/2012

own living conditions. Many can afford to send their children to school and no longer need to worry about whether they have enough food.<sup>19</sup>

### **2.3.3 Credit**

Access to credit is one of the most common ways of improving the financial accessibility and profitability of farm inputs for farmers. For success, agricultural credit schemes depend on the commitment of members to deploy credit resources in wise decisions.<sup>20</sup> Often used to purchase seed inputs (both improved and local) and tools as well as to hire labour. It is expected that the net effect of these loans is an increase in the production of crops (including key household staple crops.) An increase in food production can lead to an increase in food availability and also to an increase in access to income if more crops are being sold for profit. An increase in food production can contribute to yet long household food stability.

### **2.3.4 Training**

Training helps Village Community Banks participants to distinguish between personal money and business finances individuals can take loans from business. They learn to make sure their debtors are not too many, to find reliable sources of credit, to manage their stock flows, and simple booking to manage their cash flows.

### **3.2.5 Networking**

The motive of unity among themselves linked up their efforts in order to improve their social and Economic aspiration. Sense of unity creates network between them, sharing normal life experiences toward different challenges, normally no one knows each and everything himself.

Finally, the financial capital improved through an increase in yields enabling farmers to sell surplus crops. Families became better able to afford medicine and purchase quality

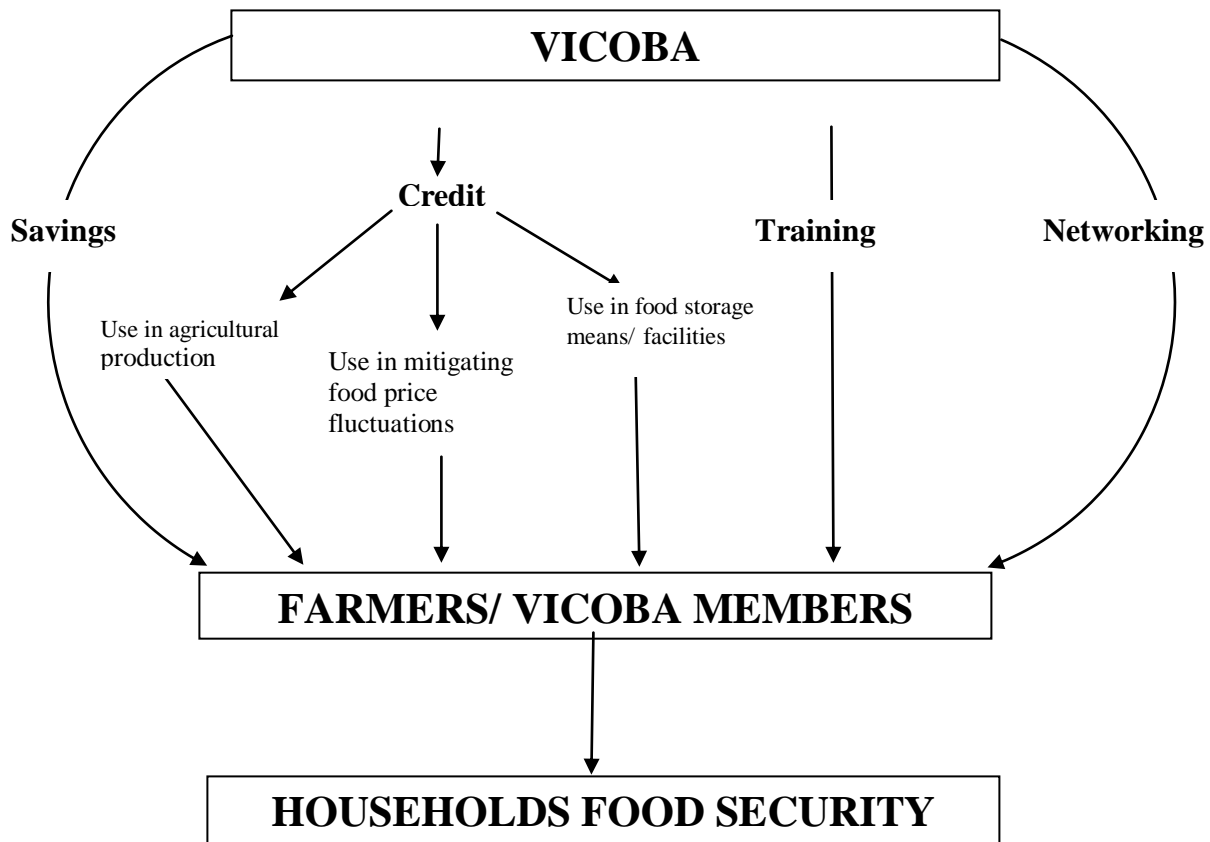
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<sup>19</sup> <http://www.kirkensnodhjelp.no/en/What-we-do/Where-we-work/Eastern-Africa/tanzania/>  
retrieved 10/12/2012

<sup>20</sup> Rukonge .A (2008), Responding to the Needs of Marginal Farmers: A review of selected District Agricultural Development Plans in Tanzania, Concern Worldwide

seeds. They also have better access to credit services through membership to VICOBA (Village Community Bank) enabling them to draw loans at low interest rates and without having to travel to the nearest town.<sup>21</sup>

**Figure 1: Conceptual Framework**



**Source: Researcher's Findings 2013**

<sup>21</sup> Owenya M et al(2012), Integrated Crop Management, Conservation Agriculture and Sustainable Crop Intensification in Karatu District, Tanzania, Vol. 15

## **CHAPTER THREE:**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter dealt with methodology and procedures that the researcher consider on gathering data, the chapter includes type of the study, study area, study population, sample size and sampling technique, types and source of the data collection methods and the data analysis.

#### **3.1 Research Design**

Survey research approach has regarded, it involves the number of respondents from members of village community. The members from Village Community Bank (VICOBA) and non members from Village Community Bank (VICOBA), the design provided means for gathering information about the characteristics, actions or opinions of respondents.

#### **3.2 Study area**

Fulwe is one of the two hundred fifteen (215) villages in Morogoro Rural District. It is situated approximately twenty five (25) km East of Morogoro Municipality along Morogoro-Dar es salaam Road. The study was conducted at Fulwe village, there are significant numbers of Village Community Bank (VICOBA) operations to this area approximately twenty (20) VICOBA at which 600(six hundred) people involved on VICOBA services means 30 members @20 VICOBA.

#### **3.3 Target population**

The target population of average number of villages 2,061(**Appendix III**) for which the study composed of Village Community Bank members, Fulwe leaders, VICOBA drop out members, and VICOBA leaders. The Village Community Bank became an

appropriate microcredit institution for this research study because it targets poor rural farmers.

### **3.4 Unit of analysis**

The unit of analysis was individuals whom belong to Village Community their extent on the use of their resources to influence food production, mitigating food prices fluctuation. How do they equip to food storage in order to ensure household food security, but also their motive to participate in Village Community Bank (VICOBA) that regard non members too.

### **3.5 Variables and the Measurements**

The first and second variable involved both qualitative and quantitative analysis. Qualitative analysis regard the use of quotes answered through interview while the measurement and analysis of quantitative data gathered through questionnaires used ordinal measurements. The responses were categorized as Yes, No and Neutral options.

Other variables that measured the Village Community Bank (VICOBA) credit use the ordinal scale measurements were assigned. The responses were categorized taking the form of very low, low, medium, often and very often.

The variables and measurement are summarized in the table below:

**Table 1: Variables and the measurements**

<b>S/N</b>	<b>Definition of the Variable</b>	<b>Measurement</b>
1	Factors that influence the participation in Village Community Banks (VICOBA)	Ordinal
2	Major financial services provided by Village Community Bank (VICOBA)	Ordinal
3	Credit use during production of agricultural crops	Ordinal
4	Utilization of the credit in mitigating food price fluctuations	Ordinal
5	Utilization of credit in maintaining the food storage means/ facilities	Ordinal

**Source: Researcher's Findings 2013**

### **3.6 Sample size and sampling technique**

#### **3.6.1 Sample size**

Due to limitation on time and resources available it is hard to meet every member of the population, the study regarded the use of sample, the representative of the population that facilitates the study. The researcher regarded the use of Nassiuma's Formula (Nassiuma, 2000) thus to reach the sample size for the study, as calculated and shown on **Appendix III**. The sample size for the study involved 62 respondents.

#### **3.6.2 Sampling techniques**

##### **3.6.2.1 Simple random sampling**

This sampling technique provided equal opportunity of selection of each element of the population. The procedure involved all the individuals in the group of Village Community Bank (VICOBA) members on which an equal and independent chance of being selected as a member of the sample. Since the list for Village Community Bank

(VICOBA) members was easier to be found the simple random sampling, conducted through Ballot technique and out of the sample of **62**, the **58** members of Village Community Bank (VICOBA) were drawn in non replacement manner. The 58 members representing 91%, the number for Village Community Bank (VICOBA) members has reached on calculation shown on **Appendix III** the second calculation.

### **3.6.2.2 Purposive and judgmental sampling**

The sampling method is non probabilistic method, purposely targets an individual who are believed to be reliable for the study. The power of purposive sampling lies in selecting information rich cases for in-depth analysis related to the central issues being studied.

Purposive sampling was adopted in addition to probability sampling (simple random sampling) in order to get addition information from key person to the study. This method involved Eight (8) respondents from non VICOBA members, and drop out members from Village Community Bank (VICOBA).

### **3.7 Types and Sources of data**

The study used both primary and secondary data, however the information primarily gathered from the research questionnaires and interview that organized and conducted by the researcher. The secondary data taken from documents that related to the subject area of the research study. The material source related books and other research that already done by others on related issue, internet information and material prepared by Village Community Bank showing the trend on financial services.

### **3.8 Methods of Data collection**

Data collection design method involved providing reliable and valid answers to investigate questions of a study. Investigative questions in social science research focus on describing, explaining, and/or correlating phenomenal social aspects. Ndunguru(2007). There are two modes of gathering primary data, namely, observation mode (aspects or things we can measure by observing) and communication mode (for aspects

we can measure by communicating with people). The study gathered through the use of communication mode, and the following are the method that taken:

### **3.8.1 Interview**

Interview method was used to collect data through list of questions on which request made to respondent to answer certain questions. Unstructured questions (not rigid pre-set), both open ended and closed ended questions were asked then observed the kind of response and attitude of 40% interviewed out of the sample of 62. 25 respondents formed part of the interview process, the process executed to Village Executive officers, the drop out members but also the VICOBA leaders.

### **3.8.2 Questionnaire**

The researcher used questionnaire method to collect data from fifty eight (58) respondents who were issued with the questionnaires to fill at their own time. The response rate was good, out of (58) fifty eight respondents (54) fifty four respondents returned the filled questionnaires which enables the researcher to obtain data needed.

### **3.8.3 Document review**

The data were documented from related textbooks, internet sources, other researchers view and related documents which contained material related to the topic of study.

## **3.9 Validity**

Validity of research results is ensured if adequate physical and/ or statistical control is put in place such that research measurement processes produce accurate data. Ndunguru (2007). The research ensured the index/ instrument measure characteristics adequately, with the wide range of possibilities, in a balanced way. The questions to be asked in interview and questionnaires reflected the fundamental content of the study.

The study regarded the use of statistical methods in drawing the sample size, the appropriate scaling and deliberately operational reflection of the research questions brought on the subject of the study with appropriate data. The study was free from biases

that, the researcher conducted without any influenced by fund or the desire to seek certain results.

### **3.10 Data analysis method**

According to Kothari, (2004) data analysis is a process, which implies editing, coding, classification and tabulation of collected data. Both quantitative and qualitative analysis was used for different types of data. Qualitative data were analyzed using content analysis technique. Quantitative data was coded, and the Statistical Packages for Social Scientists (SPSS) was employed in the process of data entry, and analysis. The frequencies were calculated and presented in tables.

## CHAPTER FOUR

### DATA ANALYSIS AND DISCUSSION OF THE RESULTS

#### 4.0 Introduction

In this chapter, the findings regarding Impact of Village Community Bank (VICOBA) on households food security conducted at Fulwe Village in Morogoro Rural District are analyzed, presented, and discussed. The findings are presented in a sequence according to the research objectives and research questions posed in chapter one. The chapter presents and discusses the reasons that influence Village Community Bank (VICOBA) participation, the services provided before presenting and discussing the credit use on the agricultural activities.

#### 4.1 Profile of respondents

The research was designed to give a broad view of rural farmers consists of different groups hence the diversity of the topic areas, had a section to identify between levels/length of experience and gender status of the respondents.

The researcher identified sixty two (62) respondents from three (3) levels of classification as VICOBA members, Drop out members from VICOBA and Non VICOBA members. Unfortunately only fifty eight (58) respondents were available to who received the questionnaires. Out of the fifty eight respondents, fifty four (54) respondents returned fully filled questionnaires that were 93% response rate.

**Table 2** below gives a breakdown of the respondents according to designation of the fifty four (54) respondents. Nineteen (19) were males and thirty five (35) females.

**Table 2: Composition of Respondents of VICOBA members**

Gender	1-3 Months			6-9 Months			1 Year			More than 1 Year			Total	%
	Jiamini A	Jiamini B	Maji Chumvi	Jiamini A	Jiamini B	Maji Chumvi	Jiamini A	Jiamini B	Maji Chumvi	Jiamini A	Jiamini B	Maji Chumvi		
<b>Males</b>	1	1	1	1	2	0	0	0	1	5	3	4	19	35
<b>Females</b>	2	1	1	1	0	1	4	5	3	7	6	4	35	65
<b>Total</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>12</b>	<b>9</b>	<b>8</b>	<b>54</b>	<b>100</b>

**Source: Researcher's Findings 2013**

Female rural peasant households were almost twice as many as males VICOBA members. Thus the table above shows that **35%** of the sample were males VICOBA members while **65%** were females, with their entire depth on how long they have engaged in VICOBA activities.

**Table 3: Composition of respondents of non VICOBA members and Drop out VICOBA members**

	<b>Non VICOBA members</b>	<b>Drop out VICOBA members</b>	<b>Total</b>
<b>Males</b>	2	2	<b>4</b>
<b>Females</b>	2	2	<b>4</b>
<b>Total</b>	<b>4</b>	<b>4</b>	<b>8</b>

**Source: Researcher's Findings 2013**

Also the researcher recognized the need of information from those persons who were not participating in the VICOBA activities. The composition constitutes four (4) males and four (4) females.

#### **4.2 Determinants of the participation in Village Community Bank (VICOBA).**

The study findings discovered the following reasons through two alternatives, methods of interview and questionnaires:

##### **4.2.1 Sense of unity**

The motive of unity among themselves linked up their efforts in order to improve their social and Economic aspiration. Sense of unity creates network between them, sharing normal life experiences toward different challenges.

Normally no one knows each and everything himself, one of the interviewee answered that VICOBA meetings facilitate the process of sharing different life experiences on different issues... how to come up out of poverty, how to improve our activities mainly agricultural activities in order to produce enough food and extra for sale. No one had

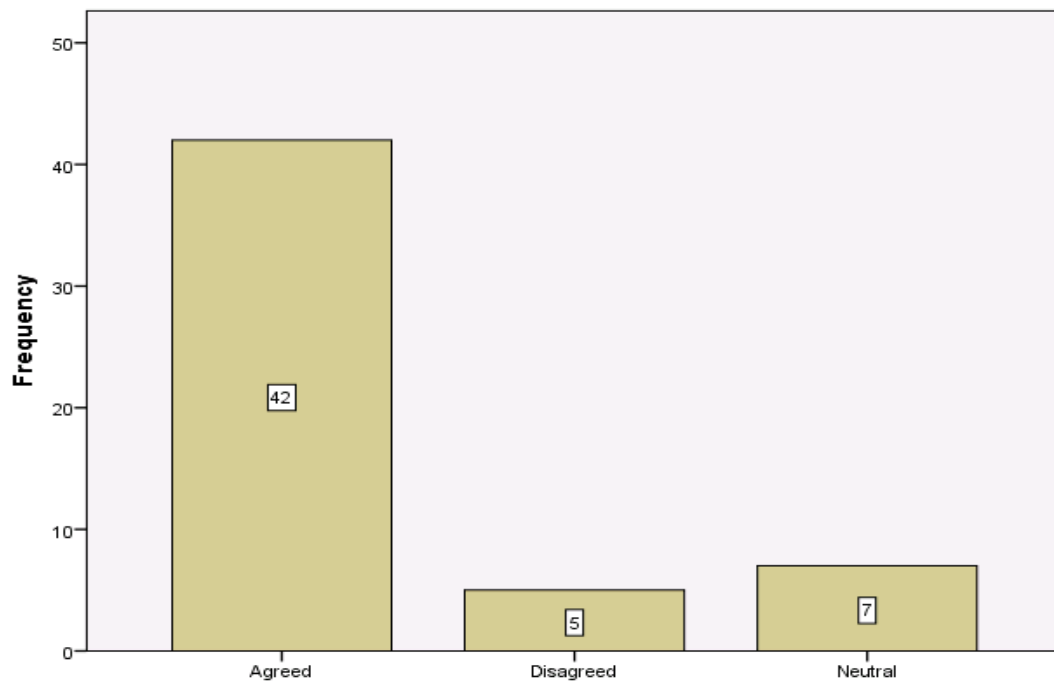
excused attending the weekly meetings unless for those with reasonable reasons, so the meeting included a good number of members.

**Table 4: Distribution of responses on VICOBA facilitates common sharing of ideas on agricultural activities**

Responses	Frequency	Percent	Cumulative Percent
Agreed	42	77.8	77.8
Disagreed	5	9.3	87
Neutral	7	13	100
<b>Total</b>	<b>54</b>	<b>100</b>	

**Source: Researcher's Findings 2013**

*Figure 2: Bar chart showing the responses as VICOBA facilitates community sharing common ideas on agricultural activities*



**Source: Researcher's Findings 2013**

The response given by respondents declared that, they were enjoying the services of VICOBA by sharing common ideas as a community on agricultural activities. The bar chart above revealed that **77.8%** of fifty four 54 respondents representing forty two (42) respondents agreed that they enjoyed sharing common ideas on agricultural activities, **9.3%** represent five (5) respondents disagreed and **13 %** also of the sample represent seven (7) respondents answered neutral.

#### **4.2.2 Major services offered by VICOBA**

The services that actually provided by Village Community Bank (VICOBA) especially soft loans without collaterals, socially ensuring the sense of security during social problems individually but also at family level when encounter social difficult such as suddenly serious illness, death.

The financial services offered by VICOBA are savings, the provision of soft loans, at the end of the year the distribution of profits, residual jamii and the training were provided fairly to members.

**Table 5 : VICOBA services**

	<b>VICOBA SERVICES</b>
1	Weekly savings
2	Monthly provision of soft loans
3	Jamii contribution
4	Training
5	Yearly distribution of profit, savings, jamii
6	Connect members & ensuring security during social difficult i.e Condolences,

**Source: Researcher's Findings 2013**

#### **4.2.3 Interest rate**

The interest rates fixed by Village Community Bank (VICOBA) to loans are modest about 10% per three months on loans, as compared to other financial institutions. For instance, if 10,000 credits taken then interest rate burden would be 1,000 on loan, the

interest with loan repayment should be paid equally on three (3) months starting from next month. The other financial institution appeared to have higher rates than Village Community Bank. One of the Village Community Bank member pointed out that “they use VICOBA lending model because it is the only available informal bank they have access to and the interest rates are achievable”

#### 4.2.4 Financial Resources

Individuals were not able to organize the financial services even at family level, while joining VICOBA as a group mobilizing savings establish broad endowed financial resources for members to borrow money at a soft loan was manageable. Bagasha (2012) had this to say that “Contrary to the old method of hiding money in the house, switching to VICOBA is seen to be very appropriate as it eliminates the risk of holding cash. VICOBA is also regarded to be cost effective as one doesn’t need to travel long distances to find a bank”.

**Table 6: VICOBA Financial services**

VICOBA Financial services	Annual Amounts		
	Jiamini A Tshs	Jiamini B Tshs	Maji Chumvi Tshs
Savings	7,080,000	7,010,000	7,105,000
Loans	16,858,820	16,926,503	17,207,200
Jamii contribution	288,000	288,000	288,000
Year Profit	11,464,702	11,609,154	11,822,920
Average profit @ 30 members given to members at the end of the year	<b>382,157</b>	<b>386,972</b>	<b>394,097</b>

**Source: Researcher’s Findings 2013**

According to the findings **81.5%** of the respondents fifty four (54) respondents that is forty four (44) respondents joined the Village Community Bank (VICOBA) because of sustaining their daily needs and be able to invest into agricultural activities which is the core source of income of the rural Tanzanians, as to (Rukonge, A. 2008) who said that access to credit is one of the most common ways of improving the financial accessibility and profitability of farm inputs for farmers. For success agricultural credit schemes depend on the commitment of members to deploy credit resources.

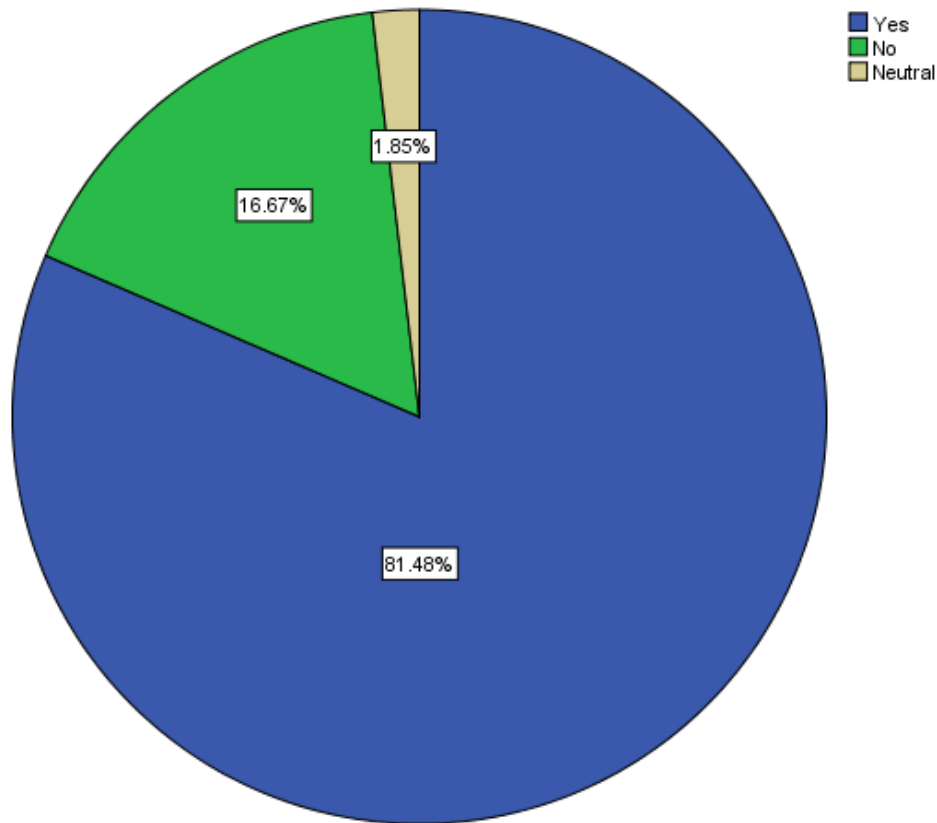
The 16.6% of the fifty four (54) respondents that is nine (9) respondents joined the Village Community Bank (VICOBA) with different views and 1.9% of the fifty four (54) respondents that is one (1) respondent joined VICOBA with no intention but just to be one of the group members as reflected in the table and pie chart below.

***Table 7: To show the distribution of VICOBA members involved in order to get resources for Agricultural activities***

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Yes	44	81.5	81.5
No	9	16.6	98.1
Neutral	1	1.9	100
<b>Total</b>	<b>54</b>	<b>100</b>	

**Source: Researcher's Findings 2013**

Figure 3: Pie chart showing the involvement of VICOBA members in order to get resources for agricultural activities



**Source: Researchers Findings 2013**

The provision of agricultural soft loans was one of the services benefited by members, **92.6%** of respondents representing 50 respondents out of 54 respondents agreed that they were enjoying the services which were attached to agricultural activities, thus it is supported by (Rukonge 2008) who pointed out that Agricultural loans are often used to purchase seed inputs (both improved and local) and tools as well as to hire labor. It is expected that the net effect of these loans is an increase in the production of crops (including key household staple crops.) An increase in food production can lead to an increase in food availability and also to an increase in access to income if more crops are

being sold for profit. An increase in food production can contribute to yet long household food stability.

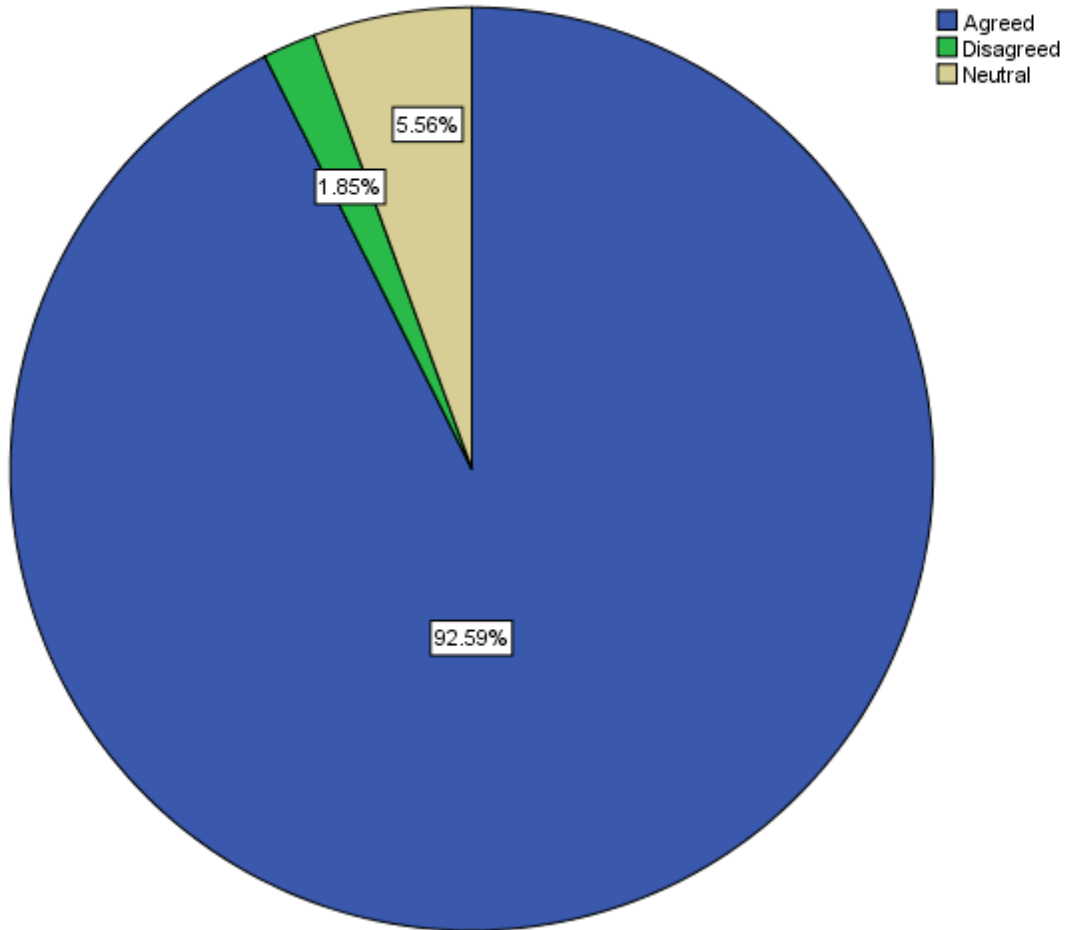
While 7.4% of the respondents had the idea that VICOBA did not benefited them as agricultural activities were concerned. Though it was so the majority 96.6% of the respondents agreed that they had benefited from VICOBA soft loans emotionally involved to agricultural activities as reflected in the table and pie chart below.

***Table 8: To show the responses on provision of soft loans that engaged on agricultural activities***

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Yes	50	92.6	92.6
No	1	1.9	94.4
Neutral	3	5.6	100
<b>Total</b>	<b>54</b>	<b>100</b>	

**Source: Researcher's Findings 2013**

Figure 4: Pie chart showing the VICOBA soft loans committed to agricultural activities



Source: Researcher's Findings 2013

#### 4.2.5 Timely delivery of services

VICOBA has different approach compared to other financial institutions, it was explained by one interviewee that the credit rating among them is very simple because VICOBA constitutes of only thirty (30) members who know each other. These enhance the timely provision of services but loan depends on the cash available and loan applications tendered.

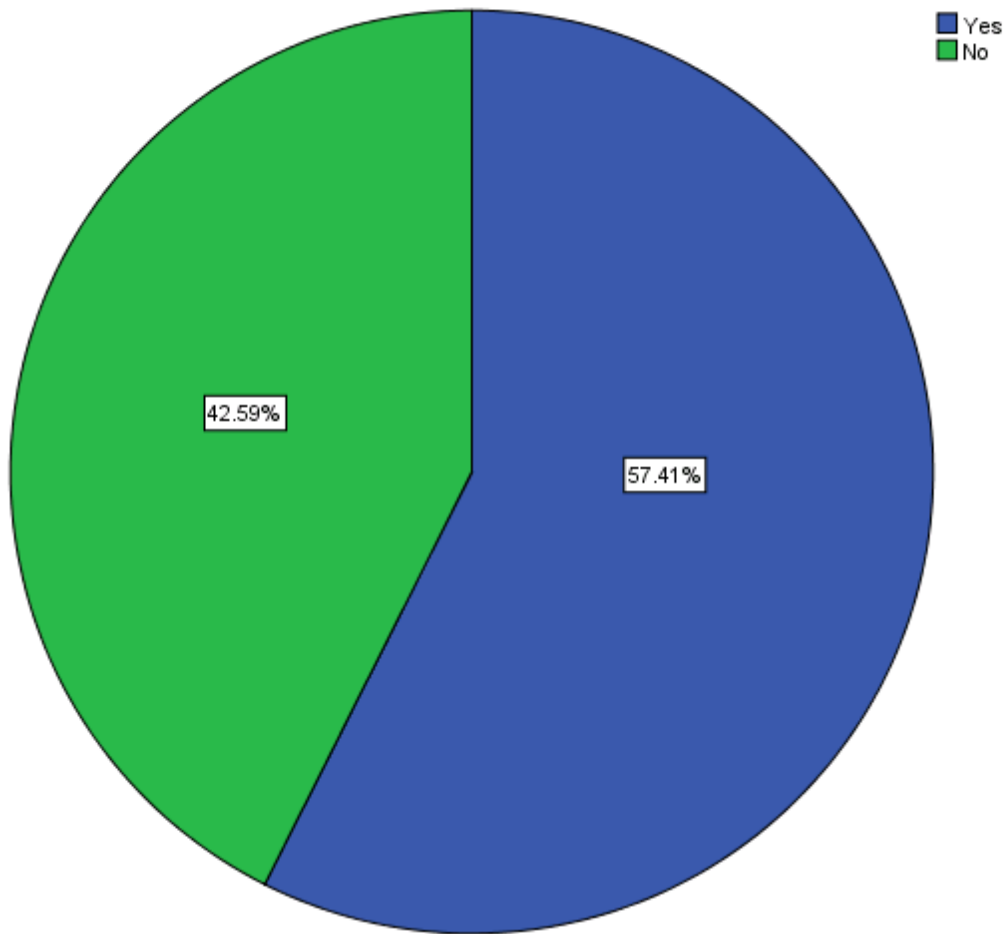
The members normally are given loans at the end of months, last meeting of the month of course other loans return also are made on the same meeting of last week of the month. The schedule of monthly provision of loans seemed to be fair to majority as explained in the following table and pie chart.

***Table 9: To show the response on whether the VICOBA services being given timely enhance to cover the food insecurity***

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Yes	31	57.4	57.4
No	23	42.6	100
<b>Total</b>	<b>54</b>	<b>100</b>	

**Source: Researcher's Findings 2013**

*Figure 5: Pie chart showing the responses on timely provision of VICOBA services enabled members to cover food insecurity*



**Source: Researcher's findings 2013**

The findings portrayed from above table no. 6 shows 31 respondents out of 54 sample representing 57.4% accepted that the services provided were running within the time that means their food needs were improved by VICOBA services, while **42.6%** (23 respondents) rejected that the services were not initiated within time

In order for the services to meet the expectations, time is one of the most important aspects that would make sure the adequate solution solving the problem intact. The researcher interested to discover if the services provided VICOBA being given on time so as to cover the food insecurity.

#### **4.2.6 Members helping each other**

VICOBA members have a good system of helping each other when difficulty emerges that harm individual or family of members. Once the member encountered a social problem, VICOBA organizes the collection of five hundred (Tshs 500) from each members and addition of fifteen thousand (Tshs 15,000) from jamii contribution would be added and sent to member whom faced the problem. The jamii contribution drawn is replaced at the next meeting by VICOBA members excluding the supported member.

#### **4.2.7 The information from Drop out members and Non VICOBA members**

##### **4.2.7.1 Migration**

Migration of the members from one place to another is one of the factors that contribute to the situation of members to abscond the VICOBA. The complication occurred when members leave the Fulwe village and went far away from the village, member fail to come to the VICOBA meetings, failure to bring back the loans and interest in time.

##### **4.2.7.2 Death**

Another reason is that membership seizes because of the death of member, one of the VICOBA leader interviewed revealed that one member died last year.

##### **4.2.7.3 Undesirable Behaviour of a member**

The undesirable behaviour of the member causes discontinuation of membership of members concerned like incidence of reluctance of members not recover their loans on time. Stubborn members who make the VICOBA unity not to run smoothly at the end of the year would be dropped out of the new VICOBA formed.

#### **4.2.7.3 Tight timetable**

One non VICOBA member who is a businessman said that the tight timetable encountered by him, was the obstacle for him to join the VICOBA unity. Time was so scarce he could have enough time for weekly VICOBA meetings, but also he did not see the need for him to join VICOBA since he had another sources to get loans.

#### **4.2.7.4 Grievances paced by VICOBA members**

The grievances that paced by members to outsiders on individual weaknesses related to loans recovery, attendance tend to prohibit non VICOBA members to join the VICOBA activities. The failures of VICOBA members not to keep the secretes of their organization make the outsiders not to join the VICOBA activities

### **4.3 The financial services provided by VICOBA**

The financial services presented by VICOBA in rural areas are given out by responses of interviewee five leaders of VICOBA.

#### **4.3.1 Savings**

The financial services in rural areas is not pressing because of few microfinance institutions managed to install their activities, though VICOBA since establishment the members motives to savings were improved, every member of VICOBA buying the shares called *Samaki* every meeting. The value of one *samaki* depends on the members concern when the group established, but among five (5) VICOBA visited their share price ranging from Tshs1,000-2,000 per *Samaki*. The contribution depends on ability and willingness but members are allowed to take at most five (5) shares (*Samaki*) per week. That is the savings services they involved in that ways.

Another kind of savings, the weekly contribution of Tshs 500 per member called *Jamii*. Every member was required to come with Tshs 500 on every weekly meeting. *Jamii* has different allocation in view of the fact that money was serving when one of members

died, got severely injured (accidents), serious sick and other circumstances as disclosed by their constitution. The monthly contribution for 2012 of VICOBA visited are shown on the table below

**Table 10: VICOBA monthly savings of 2012 for Jiamini A, B and Maji Chumvi**

<b>Savings</b>			
<b>Months/VICOBA Name</b>	<b>Jiamini A Tshs</b>	<b>Jiamini B Tshs</b>	<b>Maji Chumvi Tshs</b>
January-12	600,000	600,000	590,000
February-12	580,000	600,000	595,000
March-12	600,000	590,000	580,000
April-12	595,000	600,000	600,000
May-12	600,000	575,000	570,000
June-12	590,000	550,000	590,000
July-12	560,000	600,000	600,000
August-12	555,000	580,000	590,000
September-12	600,000	520,000	590,000
October-12	600,000	595,000	600,000
November-12	600,000	600,000	600,000
December-12	600,000	600,000	600,000
<b>TOTAL</b>	<b>7,080,000</b>	<b>7,010,000</b>	<b>7,105,000</b>

**Source: Researcher's Findings 2013**

As from the information above, Maji chumvi VICOBA savings are higher than other VICOBA of Jiamini A & B. Another observation the savings differs monthly as a result of different amount of weekly contribution collected by members. From September to December the savings seemed to be increased relatively from the previous months, the trend experienced because that duration approached the ending of the year where the

members desired to increase their shares as they can, in order to increase their returns once VICOBA cycle lapse.

#### **4.3.2 Loans**

This service organized from the member savings fund contributed, as from their weekly savings excluding Jamii funds. Members are allowed to prepare the loan applications and send early day of the months because the loans are provided at the end of the month the last week meeting of the month. The loan service hold opposing views as other financial institution practices, no collateral guaranteed in order to secure the loan, the credit rating regard the member historic records and their behavior individually determine the ability to return back the loans. The loans provided were pegged the interest 10% to loan and their loans must be returned within three (3) months.

VICOBA does not control or monitor the use of the money requested, the only responsibility arranged was to provide the loans to members the uses depend on the one requested. But primarily every member knew that VICOBA was established in order to empower the member to exploit the opportunities so as to lift out of poverty and improve their lot.

The following schedule is the list of loans provided to members of three (3) VICOBA named Jiamini A, B and Maji Chumvi.

**Table 11: Amount of loans provided by VICOBA to members**

<b>Loans</b>			
<b>Months/VICOBA Name</b>	<b>Jiamini A Tshs</b>	<b>Jiamini B Tshs</b>	<b>Maji Chumvi Tshs</b>
January-12	600,000	600,000	590,000
February-12	800,000	820,000	811,340
March-12	1,113,350	1,009,700	1,093,840
April-12	1,516,580	1,389,018	1,514,940
May-12	1,857,680	1,843,160	1,824,080
June-12	2,235,480	2,193,315	2,215,410
July-12	2,235,480	2,640,285	2,636,630
August-12	3,015,380	3,028,245	3,037,920
September-12	3,484,870	3,402,780	3,483,040
October-12			
November-12			
December-12			
<b>TOTAL</b>	<b>16,858,820</b>	<b>16,926,503</b>	<b>17,207,200</b>

**Source: Researcher's Findings 2013**

The observation on the table above, the loans were provided starting from January to September 2012, because the loan repayment for VICOBA last for three (3) months, so when the loan requested on September the repayments would took on October, November and December 2012. The higher the savings the higher amount available for the loans as observed from table 9 where Maji Chumvi lead for savings, the same instance as it lead on amount of loans provided to VICOBA members.

### 4.3.3 Giving back annual profit, residual Jamii and savings

The VICOBA cycle last for only one year 12 months, members are subjected to the distribution of their shares contributions, residual jamii, and the profit that resulted from the 10% interest provided the whole year by loans. The residual jamii means remain balance from the contribution amount after deduction of the expenses incurred on food and drinks organized during annual meeting. The balance appeared the same because those expenses where not incurred, no food or drinks arrangement were made.

*Table 12: Annual distribution to VICOBA members*

<b>Savings</b>	7,080,000	7,010,000	7,105,000
<b>Profit from Loans</b>	11,464,702	11,609,154	11,822,920
<b>Jamii</b>	288,000	288,000	288,000
	<b>18,832,702</b>	<b>18,907,154</b>	<b>19,215,920</b>
<b>Average Distribution@ 30 VICOBA member</b>			
	<b>627,757</b>	<b>630,238</b>	<b>640,531</b>

Source: Researcher's Findings 2013

#### 4.3.4 Provisional of Training and Entrepreneurship skills

VICOBA leaders arranged the coming of expert to build the capacity on best use of the resources they exerted. The training promotes job creation in the community and different economic activities like food processing, packaging and other domestic activities. The training were organized once per quarterly, the dates and attendance are shown on the below table.

**Table 13: VICOBA Training and attendances**

VICOBA Member's Attendance				
Date	Jiamini A	Jiamini B	Maji Chumvi	Trainings Remark
Sunday, January 01, 2012			30	opening VICOBA day
Tuesday, January 03, 2012	30	30		opening VICOBA day
Sunday, April 22, 2012			23	Opportunity & Best use
Tuesday, April 24, 2012	20	24		of Resources
Sunday, June 24, 2012			28	Poultry farming
Tuesday, June 26, 2012	25	22		Horticulture practices
Sunday, September 23, 2012			20	Training on other economic
Tuesday, September 25, 2012	28	24		activities i.e trade
Tuesday, December 25, 2012	30	30		Closing day
Sunday, December 30, 2012			30	Closing day

**Source: Researcher's Findings 2013**

#### **4.4 Village Community Bank (VICOBA) credit use on agricultural production**

The information on the VICOBA uses was gathered regarding the respondents willingness to dedicate their credit use priorities. The credit uses on the agricultural production are discussed on the following dimensions:

##### **4.4.1 Buying agricultural seeds**

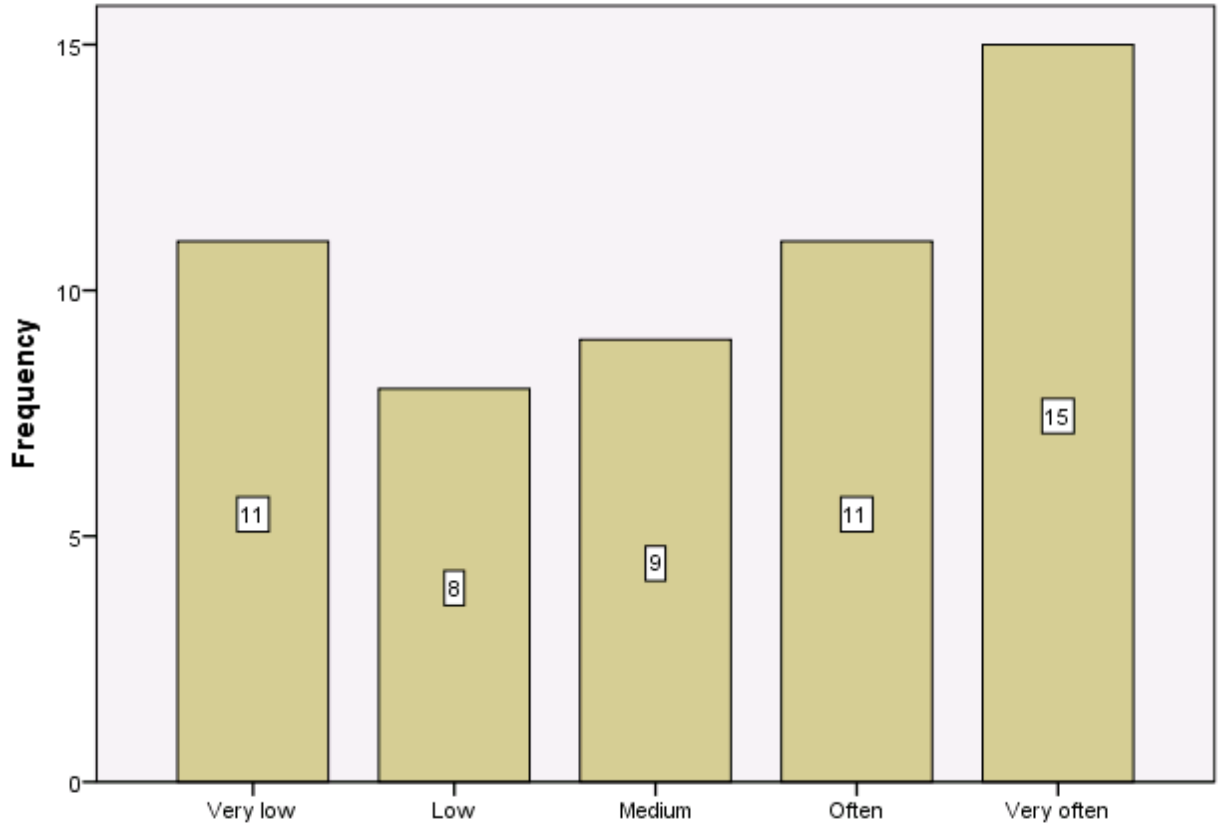
Buying the seeds does not necessary mean that farmers have not prepared and kept their seeds. Sometimes the season might not favour the kind of seeds they have, so the message by the weather forecasters on the direction of weather conditions and the tolerant seeds categories are announced to the farmers. Taking up the appropriate seed imply the productivity will be improved and result higher yield.

*Table 14: Showing the response on credit use on buying agricultural seeds*

Responses	Frequency	Percent	Cumulative Percent
Very low	11	20.4	20.4
Low	8	14.8	35.2
Medium	9	16.7	51.9
Often	11	20.4	72.2
Very often	15	27.8	100
<b>Total</b>	<b>54</b>	<b>100</b>	

**Source: Researcher's Findings 2013**

Figure 6: Bar chart showing the responses on VICOBA credit use on buying agricultural seeds



**Source: Researcher's Findings 2013**

It was found that 64.9% of Fulwe VICOBA members use from responses answered from very often use, often use and medium use, used their credits to agricultural production processes by buying proper seeds bought by recommended agents but 35.1% of the members used their credits to other economic activities like opening small businesses.

Owenya M et al (2012), has supported the findings by saying families have better access to credit services through membership to VICOBA (Village Community Bank) enabling them to draw loans at low interest rates and without having to travel to the nearest town and also became better able to afford medicine and purchase quality seeds..<sup>22</sup>

#### 4.4.2 Buying agricultural implements

It is very hard to find the farmers without tools that can be used for agricultural activities. But there are instances where wear and tear affects the tools productivity, this result the need for replacement. Also the need for tools would have experienced when one of the member once begun the agricultural activities.

The study intended to know whether the VICOBA credits were used by respondents on buying agricultural implements such as hoes, machetes, rake, slasher and others.

**Table 15: Showing the responses on VICOBA credit use on buying agricultural implements**

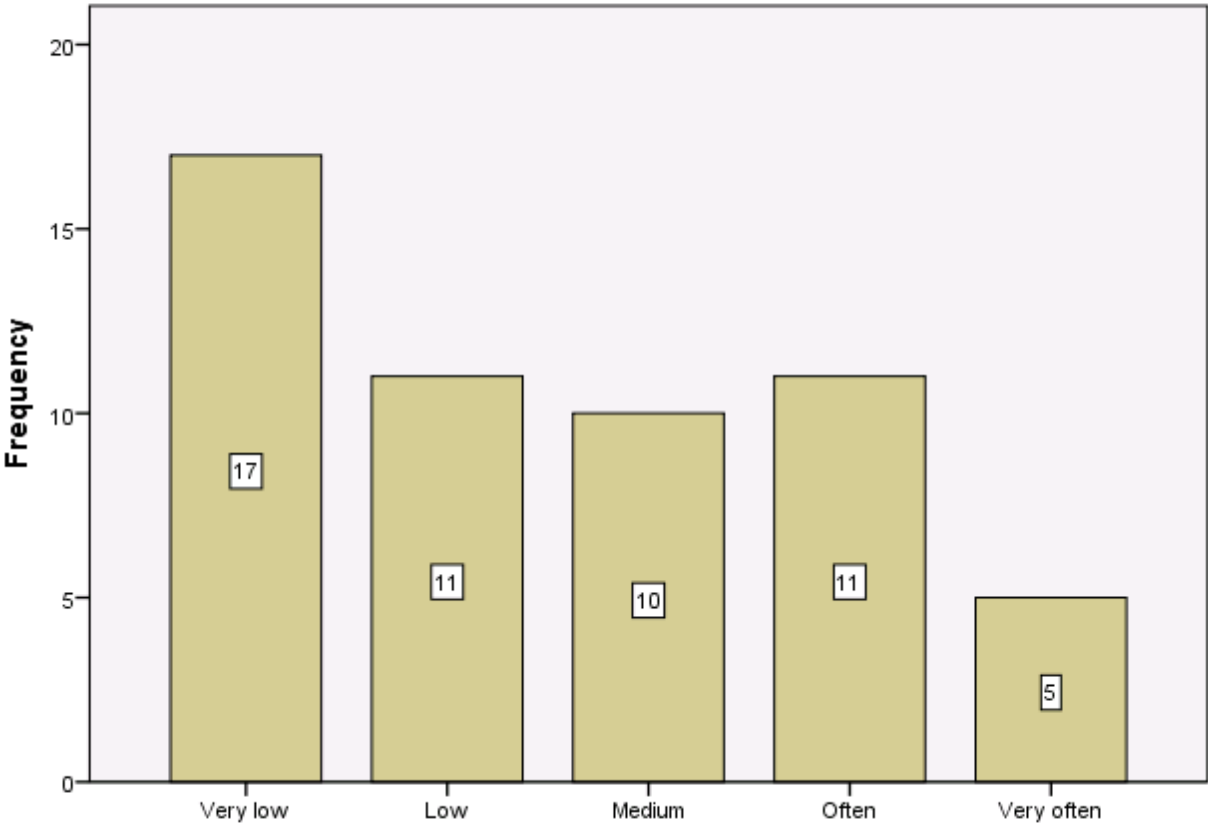
<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Very low	17	31.5	31.5
Low	11	20.4	51.9
Medium	10	18.5	70.4
Often	11	20.4	90.7
Very often	5	9.3	100
<b>Total</b>	<b>54</b>	<b>100</b>	

**Source: Researcher's Findings 2013**

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22 Owenya M et al(2012), Integrated Crop Management, Conservation Agriculture and Sustainable Crop Intensification in Karatu District, Tanzania, Vol. 15

Figure 7: Bar chart presenting the VICOBA credit use on buying agricultural farm implements



Source: Researcher’s Findings 2013

The study found out that **51.8%** composed of **31.5 %** of very low option and **20.4%** of low user implies the greater part were not using their credit to buy agricultural implements.

On the other side few of them responded very often by **9.3%** that they allocate their credit use on getting agricultural implements. **20.4 %** responded often allocation, **18.5%** regard average use total amounting **48.2 %**.

#### **4.4.3 Hiring Manpower or Machines**

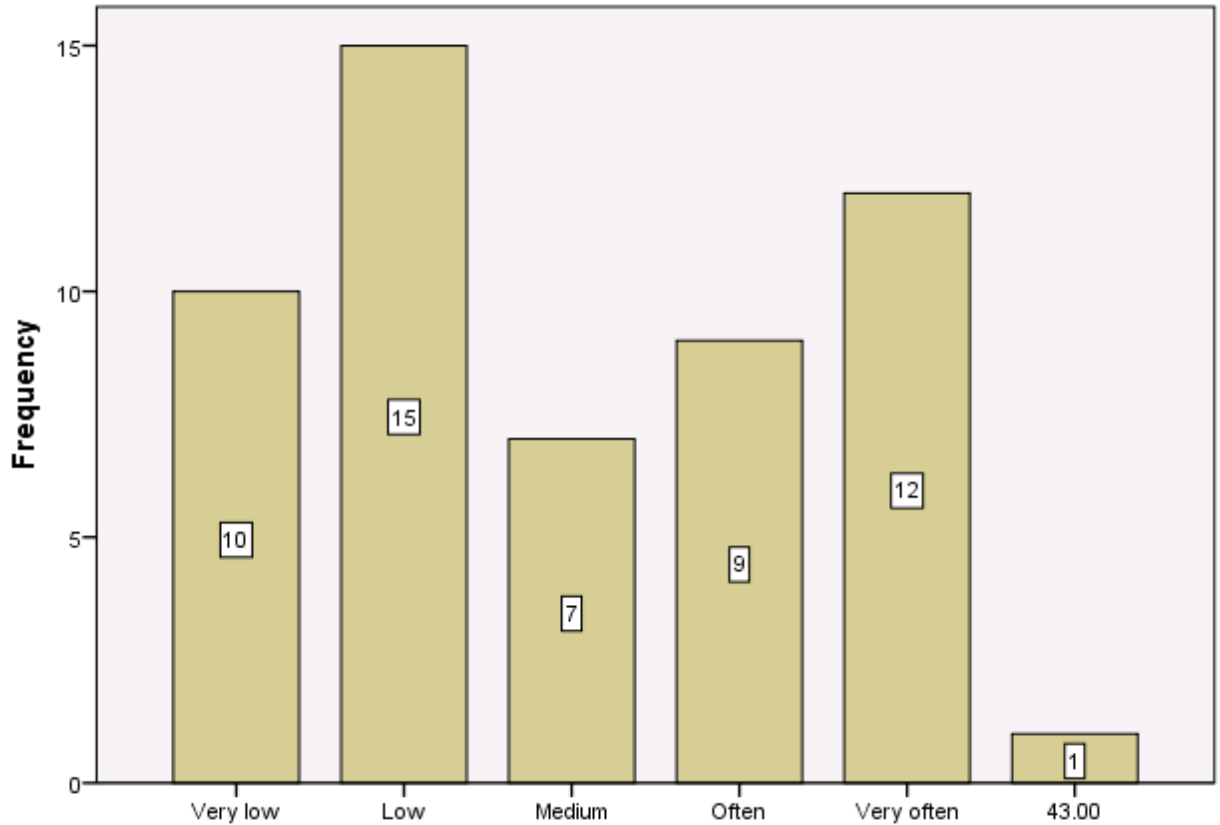
In order things to be done on time, the agricultural production activities to large piece of land would be limited to individual then accelerate the necessity to have assistance of either extra manpower or machine. The VICOBA participation facilitate the availability of funds that might be taken to finance the process of hiring manpower or machines like tractors, power tillers to assist the production.

*Table 16: Showing the responses on credit uses on hiring manpower or machines*

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Very low	10	18.5	18.5
Low	15	27.8	46.3
Medium	7	13	59.3
Often	10	18.5	77.8
Very often	12	22.2	100
<b>Total</b>	<b>54</b>	<b>100</b>	

**Source: Researcher's Findings 2013**

Figure 8: Bar chart presenting the VICOBA credit uses on hiring manpower/ Machines



**Source: Researcher's Findings 2013**

The bar chart above indicates that **22.2 %** of respondents, answered that more frequently (very often) they hired extra manpower/machines as from VICOBA credit source. **18.5 %**( 10 respondents) responded often use, **13 %** had average use in total explain the majority user of about **53.7%**.

While **46.3 %** in total consist of very low response 10 respondents and 15 respondents regard low level use. This implies majority of respondents by **53.7%** represent 29

respondents deployed their credit use on agricultural activities through hiring extra manpower/machines to assist agricultural production processes.

A good example explained by Bagasha(2012), is the empirical finding gathered from one of the 10 members interviewed the effect of VICOBA to society, from Engaruka could afford to hire a tractor or have not done so in the past as it would require a traveling distance of roughly 55 km to the nearby town where the tractor could be hired, all together it is 110 km of paying for a tractor fuel plus hiring cost. All ten members used an old traditional method of farming (hand hoe).<sup>23</sup>

#### **4.5 VICOBA credit to mitigate the prevailing food price fluctuations per season**

Food security can be guaranteed from different outlook, agricultural production activities but also there are some other ways out of agricultural activities in order to make sure there is adequate food. One of alternative is on food supply side chain, by buying extra food during harvest period in order to take advantage on lowest price as on that particular period. During the harvest period other factors when remain the same the prices are lower than other period because of the high supply.

The researcher intended to analyze the food security status by assessing the VICOBA credit use on buying extra food during harvest period as food prices were lower in order to make sure there is adequate food.

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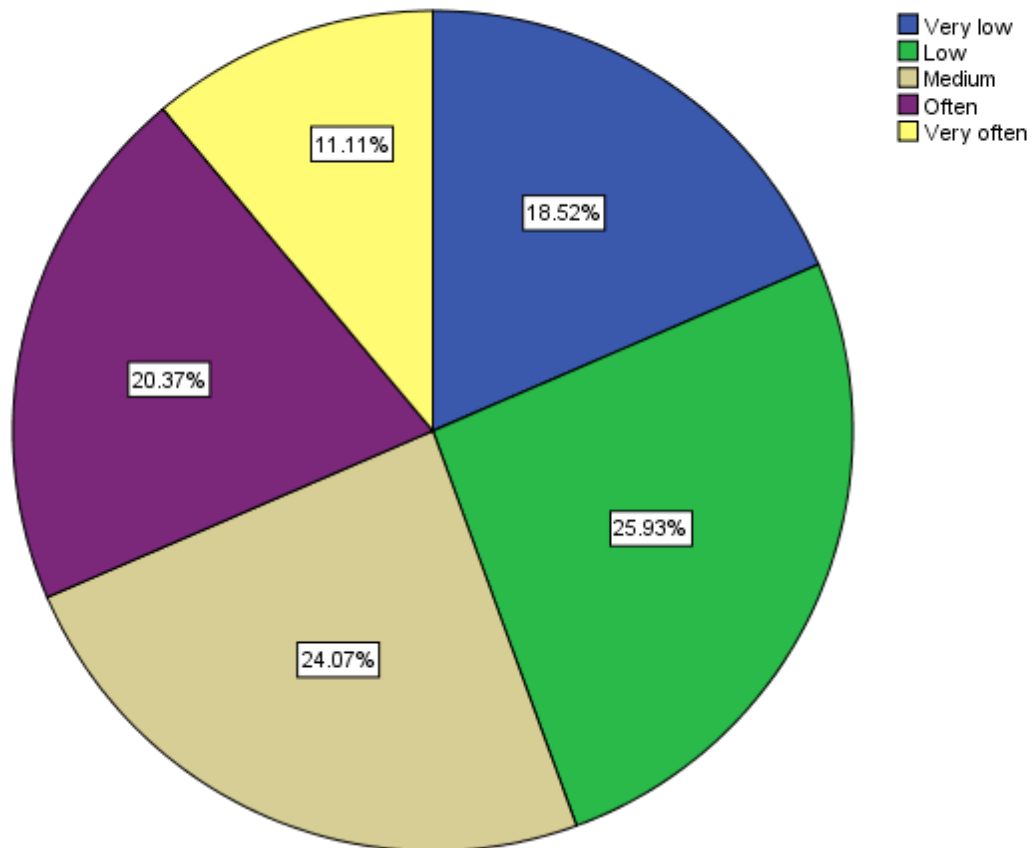
<sup>23</sup> Bagasha, N, S(2012) VICOBA- Optimistic and Pessimistic Viewa from Smallholder farmers on The Microcredit Lending Model. Master's Thesis. Uppsala University

*Table 17: showing the findings on credit use by members on buying extra in order to mitigate the food price fluctuations*

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Very low	10	18.5	18.5
Low	14	25.9	44.4
Medium	13	24.1	68.5
Often	11	20.4	88.9
Very often	6	11.1	100
<b>Total</b>	<b>54</b>	<b>100</b>	

**Source: Researcher's Findings 2013**

Figure 9: Pie chart presenting the VICOBA credit use on buying the food storage facilities



Source: Researcher's Findings 2013

The findings revealed that 11.1%, 20.4% and 24.1% responded very often, often and medium respectively, the VICOBA credit were regarded by majority respondents of about 30 respondents out of 54 (55.6%) uses to combat the level of price fluctuations promptly during harvest period, buying extra agricultural outputs to secure family food security.

The research findings conducted by seepnetwork on food security said that there are many factors responsible for the number of undernourished people worldwide has topped 925 million. The factors include high domestic food prices, lower household incomes, and increasing unemployment, all of which have significantly reduced access to food for the poor. However, research has shown that a healthy agricultural sector can provide an economic buffer during financial crises and that financial services responding to the food security needs of rural households can lead to more successful outreach and have a greater impact on the poor.<sup>24</sup>

#### **4.6 Village Community Bank (VICOBA) credit uses for food storage facilities per season**

Enough produce (agricultural products) does not guarantee the safety, because if there is a tendency of not keeping the food well at the end bacteria, other organisms and also other circumstances would affect the food.

The food security would have assured if the measures to food storage mechanisms are in place. The researcher measures the use of VICOBA credit on food storage facilities.

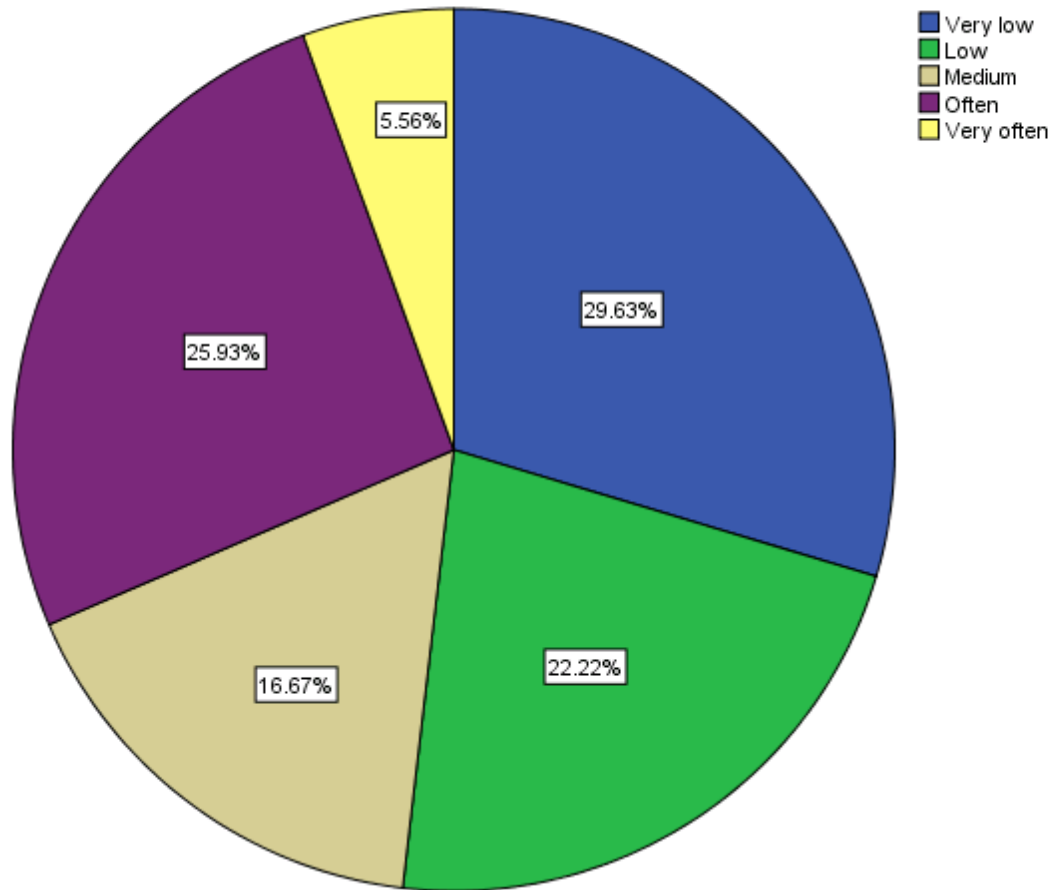
***Table 18: Showing the research findings on credit use over food storage facilities per season***

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Very low	16	29.6	29.6
Low	12	22.2	51.9
Medium	9	16.7	68.5
Often	14	25.9	94.4
Very often	3	5.6	100
	<b>54</b>	<b>100</b>	

**Source: Researcher's Findings 2013**

<sup>24</sup> <http://www.seepnetwork.org/rural-agriculture-finance---food-security-practitioner-learning-program--plp--pages-62.php>

Figure 10: Pie Chart showing the VICOBA credit use on buying extra food



**Source: Researcher's Findings 2013**

The findings revealed that from **54** respondents, **48.5%** (from medium, often and very often responses) of the members of the VICOBA appeared to set their priority on use of the credit provided on buying storage facilities in order to keep food safe. While **51.8%** (from very **29.6%**, **22.2%** low responses) from the sample proved to less prioritize by responding not taking much of their money from VICOBA loan on storage facilities.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

The chapter gives a summary of the study, a summary of the major findings, conclusions and recommendations. The researcher highlights the purpose, the literature surveyed, the findings and analysis and the conclusion drawn from the findings. The last part of the chapter presents the recommendations.

#### **5.2 Summary of the study**

In chapter one, the background of the research problem was explored. This information indicated the household food insecurity. This situation affects the economic performance and wellbeing of households both in rural and urban areas. Despite the rural areas being the main food producers, there certain rural areas still food insecurity is the problem. The factors that contributed to the situation include the unfavourable weather condition, food price fluctuations and other socio-economic factors. Various efforts have been made by the Government to alleviate this problem such as provision of food stock when famine found. But also other Non Governmental Organizations (NGO's) established the activities that assist the society in different ways to curb the food insecurity.

The research problem and the purpose of the study was the particular focus on the contribution/ impact of Village Community Bank (VICOBA) to enhance food security. Five research objectives and five research questions were stated.

In chapter two, literature related to the subject was surveyed, the meanings for the key terms, the VICOBA link with agricultural activities was explained, discussing on the ways which members can benefit on using VICOBA resources to alleviate the food insecurity. The conceptual framework that guided the study was developed and the empirical studies were also explained on the impact of VICOBA to the society.

In chapter three, the issues of methodology were dealt with. They included aspects of research design, the areas of the study, sample and sampling techniques, data collection instruments, validity consideration and data analysis procedures.

In chapter four, data were presented, analyzed and interpreted. The chapter was divided in five sections, each section guided by one objective and its research questions which in turn was subdivided into subsections.

### **5.3 Summary of the major findings**

In the light of the findings obtained and analyzed in the previous chapter concerning the five research questions, the researcher summarizes as follows:

The first research question concerned about:

*“Factors influencing rural farmers participation in Village Community Bank (VICOBA)”*

The findings indicated that the majority of respondents interested with VICOBA operations because of the unique nature of the financial services and sense of unit that drives the spirit of fighting against social, economic hardships. The response again discovered their desire of being involved with VICOBA activities in order for them to get resources for agricultural activities.

The findings also indicated that the majority of respondents aspired to set aside at least part of their credit from VICOBA and used to agricultural activities in order to enhance food security.

The second research question concerned about:

*“Financial services provided by Village Community Bank (VICOBA) in rural area?”*

The findings revealed that the financial services major exposed to VICOBA members include the savings, loans, the provision of training and entrepreneurial skill and finally the annual giving back after the VICOBA cycle last. The giving back include the

residual balance on Jamii funds, profits generated from 10% interest on loans on monthly bases, their savings since the VICOBA activities last for one year after that the new VICOBA initiated again.

The third research question concerned about:

*“The extent to which credit taken by borrowers used for production of agricultural crops”*

The findings discussed the use of VICOBA credit on agricultural production by regard the agricultural processes. The responses were determined on the use of credit on bought agricultural seeds, bought agricultural implements and hiring of manpower or specialized machines. Finally the responses on the uses, majority of respondents used their credit whole/part to agricultural seeds and hiring of manpower or specialized machine to assist agricultural production, but few of them regard the use on buying agricultural implements.

The fourth research question concerned about:

*“The extent of rural farmer’s use of their Village Community Bank (VICOBA) credit to mitigate the prevailing food price fluctuations per season”*

The findings experienced that majority of the respondents involved on bought extra food by the use of VICOBA credit during harvest period in order to mitigate the food price fluctuations which affects the ability of rural farmers to buy food needs.

The fifth research question concerned about:

*“The extent rural of farmers use of their Village Community Bank (VICOBA) credit for food storage facilities per season”*

The findings revealed that majority of the respondents were not using their credit financed by VICOBA on buying food preservatives facilities, few of them responded positively the got use of their credit on the storage facilities in order to ensure adequately food.

## 5.4 Conclusion

In the light of the findings obtained and analyzed in the previous chapter, the researcher draws the following conclusions:

Village Community Bank (VICOBA) has become useful microfinance institution linking people from all classes, different status, urban to rural. To rural areas limitations to formal financial institution services but VICOBA operations emerged and became solution to mobilize the savings and provisional of loans to the members. Contrary to the old method of hiding money in the house switching to VICOBA is seen to be very appropriate as it eliminates the risk of holding cash. VICOBA is also regarded to be cost effective as one doesn't need to travel long distance to find a bank.

The research findings firmly focus on the various ways on which VICOBA members could set their priorities on the best use of their credits in order to take the edge off food insecurity. VICOBA has seen as empower tool for the marginalized societies especially the rural people, creating financial intermediation in order to exploit the surrounding opportunities to lift out of poverty and enhance the food security. Due to the fact that rural have plenty enough space, some but mostly covered with arable land so VICOBA services has become important tool to rural development and food security.

The findings came up with the evidences that the majority of rural population adhere to set their VICOBA credit use on agricultural activities, whether directly or indirectly involved about 81.5 %( represent 44 VICOBA members out of 54 members) responded that *“they were being involved in VICOBA activities in order for them to get resources for agricultural activities”*.

## 5.5 Recommendations

The following are the recommendations for the VICOBA institutions, members and government would improve the way of VICOBA operates, the finance base to members, the productivity, and enhance the food security. The recommendations are:

- The savings should be improved because the Village Community Bank (VICOBA) funds are coming from members, so their capacity to provide loans depends on the members share contributions, the higher the contribution the higher provisions of loans. When the finance base being improved then exploitation towards agricultural activities would be extended to enhance food security.
- The government official and other Non Governmental Organizations (NGO's) should strength their activities to build capacity to skills that would enable the society to enhance food security. And the subsidized agricultural input provided by the government should be ensured open to all residents and provided timely.
- The priority to use the VICOBA credit should be directed on economic activities that ensure the returns in order to varnish the interest attached. Wise use of the money provided would increase the agricultural production for the sake of sale and ensure households food security.
- Food prices do fluctuate depending on the season produce that determine the food availability. If the adequate food is available by means of the enough produce, then prices would be low and vice versa. It is desirable if the agricultural produce were not enough the rural peasants they can use their funds to secure extra stock of agricultural produce during harvest period when the prices are lower then make sure are preserved for future use.

- The problems arises related to members should be solved by members themselves. They should not expose their community problems to third party, unless there is a need and the process needs to be followed as the Constitution allows. When the grievance directed to third party they tend not to influence others to join the VICOBA community but demoralizes the continuing members.
- The schedule to provide the loans to members should be checked, currently the sample of VICOBA visited the loans were provided only once per month. If it could be provided twice a month it could be good, helping individual to solve economic and social problems at least ideally.
- The government should build the VICOBA capacity by creating extra funds for the best VICOBA that passed the assessed criteria initiated by the Government. Improvements of the finance base develop the peasant capacity to diversify economic opportunities that would assure enough income of course can be taken also to feeds.
- There should be the formal framework to foresee and governing the VICOBA activities. Their activities are not directly monitored by government regulation they are connected to good number of people. It is desirable for the government to fix regulations in order to regulate the VICOBA activities.
- The link between financial institutions should be improved, the formal banking sector should integrate the financial intermediation with rural farmers through VICOBA. Currently KCB community deposits at no charge shows the good direction to invite the VICOBA savings without initial cost
- Calling for other research studies on VICOBA activities in order to give hopes the minority rural farmers also participant(s) members of VICOBA services, that

would address the broad knowledge of different society problem then come up with ways how to create opportunities to prosperity.

- The record keeping system of VICOBA activities should be improved because not all of the information is documented. Otherwise when the VICOBA capacity allows they should consider the best way to keep records, this can be done through moving from manual practices to at least more organized ways like use of computers.

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## Appendices

### Appendix I: Research Questionnaires

“The Impact of the Village Community Bank Resource on Enhance Household Food Security”

Dear respondent,

This is to kindly request you to honestly answer the questions asked in this questionnaire. The answers will be used to understand the Impact of Village Community Bank on Household Food Security. All answers will be used for the purpose of this study only.

Ndugu mwana VICOBA

Ninaomba ushirikiano wako katika kujibu maswali yafuatayo. Nia ya maswali hayo ni kwa ajili ya kufanikisha utafiti huu tu, hakuna jingine zaidi. Taarifa zitakazopatikana zitakuwa ni siri. utafiti unahusu “matokeo wakulima wanayoweza kuyapata kutokana na rasilimali wanazozipata katika VICOBA katika kukabiliana na mapungufu/mahitaji ya chakula.” Ninaomba ushirikiano wako ili niweze kufanikisha utafiti

1. Sex            i/ Male            ii/    Female  
Jinsia           i/ Kiume           ii/    Kike
  
2. How long you have been engaged to VICOBA activities?
  - i.            1-3 months
  - ii.           4-6 months
  - iii.           6-9 months

- iv. 1 year
- v. More than one year

Je umekuwa mwanachama wa VICOBA kwa muda gani?

- i. mwezi 1-3
- ii. miezi 4-6
- iii. miezi 6-9
- iv. mwaka 1
- v. zaidi ya mwaka 1

3. What are the reasons for joining Village Community Bank (VICOBA)?

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

Je ni sababu zipi/ ni kwa nini uliamua kujiunga na VICOBA?

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4. What are the major financial services provided by Village Community Bank (VICOBA) in rural areas?

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..

Je ni huduma zipi za kifedha zinazotolewa na VICOBA katika maeneo hasa ya vijijini?

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

5. Despite of the fact that VICOBA initiates Community savings and provision of soft loans, do you think VICOBA resources can be taken to combat the food insecurity at family level?

i/ Yes ii/ No

Reason(s).....

Je, mbali na kuwa VICOBA ni chama kinachowawezesha kuweka na kukopa, unadhani rasilimali zilizopo VICOBA zinaweza kutumika katika kukabiliana na mapungufu ya chakula katika familia pindi hali inapotokea?

i/ Ndiyo ii/ Hapana

Sababu .....

6. Have you yet entered to VICOBA in order to get the resources for agricultural activities?

i/ Yes ii/ No iii/ Neutral

Je umewahi kuwa na lengo la kujihusisha na shughuli za VICOBA kwa ajili ya kupata rasilimali ili zitumike kwa shughuli za kilimo?

i/ Ndiyo ii/ Hapana iii/ Sijui

7. What kind of Agricultural services have you benefited with VICOBA resources?

1. Common ideas shared by members on agricultural activities

i/ Yes ii/ No iii/ Neutral

2. Newsletters or fliers provided by VICOBA

i/ Yes ii/ No iii/ Neutral

3. Soft loan for agriculture activities

i/ Yes ii/ No iii/ Neutral

4. Agricultural inputs and implements

i/ Yes ii/ No iii/ Neutral

5. Peer educators from any agricultural institution

i/ Yes ii/ No iii/ Neutral

Je ni huduma zipi za kilimo umewahi kunufaika nazo kutokana na rasilimali za VICOBA?

1. Uchangiaji wa mawazo kwa pamoja kama wanachama kwa ajili ya shughuli za kilimo.

i/ Ndiyo      ii/ Hapana      iii/ Sijui

2. upatikanaji wa magazeti, machapisho yanayoelezea mambo ya kilimo kwa faida ya wanakikundi

i/ Ndiyo      ii/ Hapana      iii/ Sijui

3. upatikanaji wa mikopo midogo midogo ya kilimo

i/ Ndiyo      ii/ Hapana      iii/ Sijui

4. upatikanaji wa pembejeo na zana za kilimo

i/ Ndiyo      ii/ Hapana      iii/ Sijui

5. uwepo wa waelimishaji kutoka kada tofauti za kilimo.

i/ Ndiyo      ii/ Hapana      iii/ Sijui

8. Are the VICOBA services being given timely so that it covers the food insecurity?

i/ Yes      ii/ No      iii/ Neutral

Je upatikanaji wa huduma hizo unaendana wa wakati ili kukabiliana na mapungufu ya chakula?

i/ Ndiyo      ii/ Hapana      iii/ Sijui

9. How often you have being using the credit provided by VICOBA pursuing the following responsibilities:

<b>Responsibilities</b>	<b>Very Often 5</b>	<b>Often 4</b>	<b>Medium 3</b>	<b>Low 2</b>	<b>Very low Or nil 1</b>
Buying agricultural seeds					
Farm preparation activities					
Buying agricultural implements i.e hand hoe					
Assisting to hire manpower					
Buying extra amount of food during harvest in order to mitigate unexpected changes in food prices					
Buying storage facilities in order to keep food safe					

Ni mara ngapi umewahi kutumia mkopo wako kutoka VICOBA katika shughuli zifuatazo?

<b>Shughuli</b>	<b>Mara Nyingi sana 5</b>	<b>Mara nyingi 4</b>	<b>Wastani 3</b>	<b>Mara chache 2</b>	<b>Hapana 1</b>
Kununulia mbegu					
Kufanyia shughuli za maandalizi ya shamba					
Kununua vifaa kama majembe, pembejeo					
Kusaidia kumlipa vibarua					

Kununua chakula cha zaida wakati wa mavuno ili kukabiliana na mfumuko wa bei					
Kununua nyenzo zitakazo saidia utunzaji wa chakula i.e dawa , upatikanaji wa vifaa vitavyoweza kutengeneza maghala ya chakula n.k					

10. What are your recommendations/ suggestions on how to improve VICOBA services to enhance the food security?

- i. ....
- ii. ....
- iii. ....
- iv. ....

Ni mambo yapi ambayo unaweza kushauri, kuboresha huduma za VICOBA ili kukabiliana na upungufu wa chakula?

- i. ....
- ii. ....
- iii. ....
- iv. ....

## Appendix II: Interview Questions

1. Are you a member of VICOBA?

- i. Yes ii. No

Je wewe ni mwanachama wa VICOBA

- i. Ndiyo ii. Hapana

2. Is there a need for VICOBA in the society?

- i. Yes ii. No

Je kuna umuhimu wowote kuwa na VICOBA katika jamii?

- i. Ndiyo ii. Hapana

3. How long you have been engaged to VICOBA activities?

Je umekuwa mwanachama wa VICOBA kwa muda gani?

4. What are the reasons for joining VICOBA?

Je ni sababu zipi/ ni kwa nini uliamua kujiunga na VICOBA?

5. What are the major financial services provided by VICOBA in rural areas?

Je ni huduma zipi za kifedha zinazotolewa na VICOBA katika maeneo hasa ya vijijini?

6. Despite of the fact that VICOBA initiates community savings and provision of soft loans to members. Have you ever think that VICOBA resources can be taken to combat the food insecurity at family level?

- i/ Yes ii/ No

Reason(s).....

...

Je, mbali na kuwa VICOBA ni chama kinachowawezesha kuweka na kukopa, unadhani rasilimali zilizopo VICOBA zinaweza kutumika katika kukabiliana na mapungufu ya chakula katika familia pindi hali inapotokea?

i/ Ndiyo      ii/ Hapana

Sababu

.....

7. In what aspects does VICOBA enhance food security at family level?

Je ni katika nyanja zipi VICOBA inawasaidia kukabiliana na mahitaji/mapungufu ya chakula katika ngazi ya familia?

8. What are your views, recommendations on how to improve VICOBA services to enhance food security?

Ni mambo yapi ambayo unaweza kushauri, kuboresha huduma za VICOBA ili kusaidia kukabiliana na upungufu wa chakula?

### Appendix III: Sample Size Calculations

#### I. Calculation of the Sample size

Nassiuma's Formula (Nassiuma, 2000: pg 6)

$$n = Nc^2/(c^2 + (N-1)e^2)$$

Where,

n- sample size - ?

c- coefficient of variation – 20%

e – sampling error- 2.5%

N- Population- 2,061 Average Village population

**Total population of Morogoro Rural District = 443,100**

**According to** <http://www.islamtanzania.org/an-nuur2/208/208-8.htm> population projections to Morogoro Rural district

District population = **443,100**

**Number of villages = 215**

Average number of villagers per village =

$$\frac{443,100}{215} = 2,061$$

Applying the formula:  $n = Nc^2/(c^2 + (N-1)e^2)$

$$\frac{2,061*(0.2*0.2)}{((0.2*0.2)+(2,061-1)*0.025*0.025)} = 62.10 \approx \mathbf{62 \text{ individuals}}$$

Sample will be **62 individuals**

**II. Calculation for sample that fit approximately number of Village  
Community Bank (VICOBA) Members:**

$$n = Nc^2/(c^2 + (N-1)e^2)$$

$$N = 600$$

n- sample size - ?

c- coefficient of variation – 20%

e – sampling error- 2.5%

$$n = 600 * 0.2 * 0.2 / ((0.2 * 0.2) + (599 * 0.025 * 0.025))$$

$$= \quad \mathbf{58 \text{ individuals}}$$