THE ROLE OF MICROFINANCE INSTITUTIONS IN POVERTY REDUCTION IN TANZANIA:

A CASE STUDY OF THE NATIONAL MICROFINANCE BANK IN NGARA DISTRICT COUNCIL

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By

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A Dissertation Submitted in Partial Fulfillment of the Requirements for Award of Masters Degree of Science in Accounting and Finance (MSc A&F) of Mzumbe University.

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CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled **The Role of Microfinance Institution in Poverty Reduction: The Case of Ngara District Council**, in partial /fulfillment of the requirements of award of degree of Master of Science in Accounting and Finance of Mzumbe University**.**

Major Supervisor

Internal Examiner

Accepted for the Board of

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DECLARATION AND COPY RIGHT

I, Omary Musa Ntandu, declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

Signature______________________________

Date ___________________________________

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DEDICATION

I dedicate this study to my beloved mother Mariam Mohamed for her sincerity, great care, hospitality and wisdom, my wife Salma Castory , my children Abdallah Omary, Mohamed Omary , Zulfa Omary and Khaylath Omary for their strong support and encouragement during my studies Mzumbe University.

LIST OF ABBREVIATIONS AND ACRONYMS

ATM	Automatic Teller Machines
BRAC	Building Resources Across Community
CRDB	Cooperatives Rural and Development Bank
CSR	Corporate Social Responsibility
FINCA	Foundation for International Community Assistance
MFIs	Microfinance Institutions
MSE	Micro and Small Enterprises
NGO’s	Non-Governmental Organizations
NMB	National Microfinance Bank
NSGRP	National Strategy for Growth and Reduction of Poverty
PO	President’s Office
PRIDE	Promotion of Rural Initiative and Development Enterprises
SACAs	Saving and Credit Associations
SACCOS	Savings and Credits Cooperatives Societies
SEDA	Small Enterprise Development Agency
SIDO	Small Industry Development Organization
SME	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences
SWL	Salaried Workers Loans
URT	United Republic of Tanzania
ZSGRP	Zanzibar Strategy for Growth and Reduction of Poverty
MFEA	Ministry of Finance and Economic Affairs
RGZ	Revolutionary Government of Zanzibar

ABSTRACT

Poverty is a threat around the world. Almost every country has been faced with poverty irrespective of the level of development. Due to this, most countries find solutions in order to combat this disaster and Microfinance Institutions is among the solutions because they have the potential to alleviate poverty directly by providing financial services to household, The objective of the study was to examine the Role of Microfinance Institution in Poverty Reduction in Tanzania. Specifically, the study sought to find out the effect of National Microfinance Bank services and find out the challenges facing clientele of National Microfinance Bank in poverty reduction. The study was conducted at Ngara District Council in Kagera region.

The researcher use descriptive statistical approach to describe the findings concerning the subject matter, target population was micro and small entrepreneurs who access loans as well as employees from bank and other sectors. The sample size was 44 NMB beneficiaries and 6 NMB staff. Purposive sampling technique was used to choose the respondent whereby questionnaire, interview and documentary review were applied as tools of data collection. Both qualitative and quantitative data analysis method with the aid of statistical package for social science (SPSS) was used in analyzing data.

The study findings show positive significant relation of increase in the number of NMB employees, loans and advances, number of customers, number of branches and number of automatic teller machine for the period from 2011 to 2016, as well as an increase in the number of savings accounts and improved access to social development. The results reveal that there were some challenges such as the amount of loan was not enough, it was not easy to acquire loan, interest rate were too high and majority lack high value collateral

Therefore, researcher recommends that microfinance institutions should increased the amount of loans, change policy and procedure in order to make acquisition of loans easier, reduce interest rate and find another alternative apart from collateral to secure loans.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

In this chapter the introduction of this study deals with elaborating the background information, statement of the problem, research questions as well as objectives of the study with both general and specific objectives .This chapter also elaborates the scope, significance and lastly an organization of the dissertation.

1.1Background of the study

Tanzania is among of the countries in the world facing poverty. Soon after independence in 1961 Tanzania declared the war to fight against three development enemies which were poverty, ignorance and disease. Poverty is critical issue which causes many difficulties including decreased health facilities and quality of life, high illiteracy rate, etc which can motivate human being to commit heinous crimes and sometimes suicide. Poverty reduction is among the agenda of the United Nations Millennium Development Goal in eradication of poverty where by Tanzania is member

1.2 Statement of the problem

Most countries fight against poverty because it has negative impact to the individual or economies of subjected countries. Soon after independence in 1961 Tanzania declared the war to fight against three development enemies which were poverty, ignorance and disease.

In 1995, in Copenhagen Tanzania become a member among other nations in eradication of poverty after its commitment at World Social Summit (PO, 1995).In poverty Microfinance Institution found among solution because it operated in different angle of social economic development of the society within the countries.

Empirical evidence and Surveys provides different results about performance of microfinance institution in poverty reduction that is why there still debate and discussion about success and failure of MFIs

1.3 Objective

1.3.1 General Objective

The main objective of the study was to examine the role of Microfinance Institutions in Poverty reduction in Tanzania, a case of the National Micro finance Bank-Ngara branch.

1.3.2 Specific Objectives

The study was guided by the following specific objectives;

i. To find out the role of the Microfinance Institution in poverty reduction specifically in loans, saving, business development, employment and Corporate Social Responsibility
ii. To find out the effect of the Microfinance Institution services in poverty reduction for its customers.
iii. To find out the challenges facing the clientele of the Microfinance Institution in poverty reduction

1.4 Research questions

i. What is the role of microfinance institutions in poverty reduction?
ii. What is the effect of microfinance institution services in poverty reduction for its customers?
iii. What are the challenges facing clientele of microfinance institution in poverty reduction?

1.5 Significance of the study

First the study contributed to the body of knowledge on deep understanding on the role of Microfinance Institution in poverty reduction in Ngara district council and Tanzania in general with regard to the objective of establishment and emphasizing factor of URT against poverty reduction**.** Secondly, the study intended to shed light on the relationship between Microfinance Institutions and poverty reduction to the people of Ngara district council as well as Tanzania. The study played part in coming up with conclusion which is to help to get solution of challenges facing MFIs. Third the study provided empirical evidence on the role of Microfinance Institutions in poverty reduction in Tanzania: a case study Ngara district council and finally, the nature of study is equally very significance because it is to enlighten the government on the emphasis of poverty reduction.

1.6 Scope

The study conducted in Ngara District Council via National Microfinance Bank , The researcher decide to use NMB because that bank can afford to provide loans at affordable interest rate to micro and small entrepreneurs as well as employees in order to meet their target. The research covered services provided by National Microfinance Bank -Ngara branch; which are loans, saving and business development services, employment an Corporate Social Responsibility. All these services play great role in increase income hence decreasing poverty.

1.7 Organization of the dissertation

This study is divided in five Chapters,(Chapter one, two, three, four and five). Chapter one deals with introduction which entails background of the problems, statement of the problems, objectives, research questions, scope, and significance of the study as well as organization of the dissertation. Chapter two presents literature reviews where by information about theoretical part, empirical part, conceptual framework and research model, as well as the hypothesis are given. Chapter three explains about research methodology which includes type of the study, study area, study population, units of analysis, sample size and sampling techniques, type and source of data, data collection methods, validity issues and data analysis methods. Chapter four is presentation of data analysis; it contains both findings and discussion. Chapter five, deals with summary, conclusion and recommendations. The last part presents the references and appendices.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Mugenda and Mugenda (1999) state that literature review joins systematic identification, location and analysis of data containing information concern the statement of problem being investigated. Literature review should be broadly and in detailed because it provides general description of what have been said, who conduct that study, what are theories used and hypothesis, the questioned asked and lastly describe what methods and methodologies are satisfy and can be applied. Literature review is thus a crucial part and key issue of building a knowledge focus on the previous thinking on subject matter because by understanding what previous researchers did, this paves the way for one who wants to conduct research to examine selected statement of problems with efficiency and effectiveness. Literature review consists of introduction, theoretical part, empirical part, conceptual framework and research model, as well as hypothesis and the research gap.

2.1 Theoretical Literature Review

2.1.1 Definition of Poverty

Poverty is a critical issue around the world. It is a world crisis which influenced many scholars to deal with the subject matter in order to find solution, every country has faced poverty, Sharma (2014) defined poverty as the characteristic in which low income earners fail to meet the basic aspects of life. Due to this circumstance too many people face difficulties such as decreased health facilities, increased of illiteracy rate, quality of life decreased and many others. Poverty is also defined as a condition or circumstance where by a group or a part of the group is able to meet only its bare subsistence, the essentials of food, clothing and shelter, in order to maintain a minimum standard of living. (Balogun, 1999). In reference to the World Development Report (WDR) from the World Bank (1990), the situation could be described as poor if per capital income or consumption of the individual is below US$370 or very poor if it is below US$275 at any time period.

According to Englama and Bamidele (1997) , poverty in both absolute and relative terms as a state where an individual is not able to cater adequately for his/her basic needs of food, clothing and shelter, meet social and economic obligations; lacks gainful employment, skills, assets and self-esteem; and has limited access to social and economic infrastructures.

Most countries fight against poverty because it has negative impact to the individual or economies of subjected countries that is why government of countries prioritizes the issue of poverty reduction. Tanzania is among the countries which face poverty, hence the need for policy concerning poverty reduction in order to minimize if not to solve completely this problem. In 1995, in Copenhagen Tanzania become a member among other nations in the eradication of poverty after its commitment at the World Social Summit (PO, 1995).The World Social Summit in Copenhagen that year culminated in the formulation of poverty-oriented policies for most developing nations. There are various strategy formulated in Tanzania, under the Ministry of Finance and Economic Affairs (2010). In 1998 the ministry formulated of the National Poverty Eradication Strategy and poverty eradication incorporated into the long term vision, Tanzania Development Vision 2025, and the medium term policy, National Strategy for Growth and Reduction in Poverty (NSGRP)

According to Vice President's office (1998), National Poverty Eradication strategy gives out guidelines and frame work for poverty reduction policies and programs. The main objective of this is active involvement of low income earner in identifying and participating in poverty eradication program .It direct targets the provision of social services where by education and health sectors are given priority for achievement of target directed in National Poverty Eradication Strategy. This is also in Zanzibar according to RGZ (2010) .The poverty reduction policies incorporated into the Zanzibar Poverty Reduction Plan, Zanzibar Development Vision 2020 and Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP). In NSGRP II and ZSGRP II the poverty reduction policies are three-pronged.

The reduction in income poverty concentrates on growth, sustainable employment generation an adequate infrastructure for production, food security and access to energy by the majority of the population (MFEA 2010; RGZ, 2010). This category is classified under Cluster I in the NSGRP II and ZSGRP II (MFEA 2010; RGZ, 2010) Cluster II, which play party on improvement in quality of life. This is advanced through programmers' such as education, health and access to clean water and social protection (MFEA, 2010; RGZ 2010). Cluster III, which focuses on improved accountability and governance issues, with the goal of ensuring the poor have access to the means of production, among other goals (MFEA, 2010; RGZ, 2010), and a number of agriculture support programs.

United Republic of Tanzania formulated policy for poverty alleviation through strategy, plan and vision in order to make sure that the people get basic needs such as food, shelter, clothes and others needs.

2.1.2 Causes of Poverty in Tanzania

According to Mlowasa et al (2014), there are many causes of poverty in Tanzania such as unemployment, low level of production, drought, poor technology and gender bias, underemployment, large household size, unequal exchange in international trade, division of labor, debts burden, problems of refugees, dependence of foreign aids, introduction of new policies and poor policies. Kurwijila and Due (1991) argue that source of poverty in Tanzania involves fiscal and monetary policies failed to coordinate with pillar of economic in agriculture. Referring to URT (2005) poverty contains a lot of dimension usually caused by inequality distribution of national cake such as resource, income, opportunity also URT (1999) said that there are indirect causes of poverty such as tradition and norm decelerate properly utilization and participation in income generation which play part in poverty alleviation although it is impossible to differentiate problems, symptom and causes of poverty. In order to overcome this problem of poverty it need money where by the poor can access direct from bank. That money should be obtained by providing cheap finance at affordable terms.

The bridge between demand and supply of financial services can be crossed by microfinance institutions which play a role in provision of financial services to the poor.

2.1.3 Definition of MFIs

Mlowasa et al (2014) defines microfinance as acceptable channel which enable members of poor countries to borrow some amount of money in order to run small businesses. It is provision of financial services for those who do not meet the criteria to access money from commercial financial institution since majority are poor who do not have sufficient asset as collateral. United Nations (2005) defined microfinance as the provision of financial services together with management of small amounts of money via a range of product and a system of intermediary function that are targeted at low income clients. The financial services concerns include among others savings, transfer, credit and insurance. Microfinance is considered as the process that deals to provide small loan to the poor with the reasoning of financing cottage and small scale businesses which would provide adequate income to take care the recipient's responsibilities. Originally the microfinance institutions were designed to assist the low income household earners and provide credit to entrepreneurs as well as it give out services like saving, agriculture credit, rural credit, consumer credit and other financial services (Duku, 2002) .Microfinance plays a great role in alleviation of poverty by helping the poor to solve many problems they come across in daily life in order to meet the human needs such as shelter, clothes and food.

Majority of literature speak about Mohamed Yunus as a pioneer of microcredit due to his conducted experiment project concerning lending small loans to the poor households in order to run small businesses in 1970's in Bangladesh (De Aghion and Morduch, 2005).As many other development instruments, microfinance is not really succeeding in its role by penetrating deeply in order to reach the poorest sections in the society (Hulme&Mosley,1997), although the instrument help in rising the poor into the light if properly implemented.

Tanzania is among of the developing countries where by microfinance institutions operate in different angle of social-economic development of the society within the country. There are many microfinance institutions in Tanzania, Some of the microfinance institutions are the following:

FINCA(T),PRIDE,BRAC,PLATINAM,SIDO,SEDA,FAIDIKA,CRDB,NMB,BAYPORT , Tanzania post bank, National bank of commerce and Akiba commercial bank. Other microfinance providers are Mufindi community bank, Kagera Farmers Cooperate bank, Kilimanjaro Community bank and Dar-es-salaam Community bank. Microfinance institutions also include NGO's and religious group, numbers of SACCO's and SACA's where the target concern can be achieved .In order to formulate a microfinance institution, there must be certain condition or policies which can be fulfilled accordingly to achieve the intended objectives. Tanzania introduces the National Microfinance Policy as map to direct the way to reach the target of microfinance institution goals.

The government of Tanzania, in 1991 introduced financial sector reform. The main objective of this policy was to establish a basis for the evolution of an efficient and effective micro financial system in Tanzania that help the low income segment of the society, and thereby contribute to economic growth and poverty reduction.

This policy covers the provision of financial services to households, small holder farmers, small and micro enterprises in rural areas as well as in the urban sector. It also covers a range of financial services that deals with saving, credit, payment and other services that support their enterprises, economic activities, household financial management and consumption needs. The roles and the responsibilities of this policy play a role in government institutions which consists of the Ministry of Finance, Bank of Tanzania and other government entities. Other roles and responsibilities are to providers of micro finances such as banks and non Bank financial institutions, SACCOS which operate under the Cooperate Social Act, NGO's and Donor Community.

NMB is among the microfinance institutions in Tanzania. It was formulated from the restructuring of the National Bank of Commerce (NBC) by an Act of Parliament after NBC's mandated break up due to its monopoly of in commercial banking in Tanzania. It is among the banks registered in the Companies Registrar and is under the authority of the Bank of Tanzania. Its main source of funds is deposits and capital making. The National Microfinance Bank offers loans which are comparable with other commercial bank that provide microfinance services to individual, group of people as well as businesses in small enterprises. National Microfinance Bank generate fund in three ways:

The National Microfinance Bank provides loans to micro and small enterprises for the purchase and inventory and supply of goods. The micro and small entrepreneurs use that loans to conduct the businesses which they are dealing with and as a result, the income increases and when the income increase they pay the loan and this plays a great part in social aspect, as income increase is a great support for poverty reduction, at the same time, microfinance institutions increase capital through interest payment via loan provided to customers. The National Microfinance Bank plays a role in collection and payment services to large corporate clients to or from micro and small enterprise. So collection and payment services through microfinance institutions increases efficiency and effective in contacting the activities concerned and helps the customer to monitor transaction of money while at the bank charges some amount of cost for collection and payment, due to that the bank generates fund. Furthermore, the National Microfinance Bank add-on services such as money transfers and payroll services to both the large corporate clients and micro and small enterprises, micro and small entrepreneur can transfer money and payroll services to those who are conducting business with or those who contribute to conduct activities that increased income to support poverty reduction while bank charges some cost which generate bank fund

2.1.4 Relation between Microfinance Institutions and Poverty Reduction.

Microfinance Institutions programs were formulated in order to facilitate various objectives. The main identified objective involves poverty reduction and improving life standards, women's empowerment, providing financial services to the poor and development of business activities as a solution of achieving high standard and reduce market failure (REPOA 2006).Empirical evidence and surveys provide different results about performance of microfinance institutions that's why there still debate and discussion about success and failure of MFIs.

2.2 Empirical Literature review

The researcher discusses various studies conducted around various areas in order to get knowledge concerning the relationship between microfinance institutions and poverty reduction. The formulation of microfinance institutions appeared as a savior to low income earners whereby majority are found in rural areas. They acted as tool for increasing income and minimizing poverty level. Various studies have been conducted such as Dugange (2015) who explored the Contribution of Microfinance Institutions in Poverty Reduction. The researcher showed the contribution of independent variables such as women empowerment ,credit provision, education, training and support for small and medium enterprises and also the products provided by MFIs for instance agriculture input loan, business loan as well as group loan against dependent variable like poverty reduction, the increase of variable such as credit provision, support to SME, women empowerment and services provided by MFIs have significant impact on poverty alleviation to the individual as well as entire country and vice versa. The decrease of independent variable element concerning services provided by MFI like agriculture input loan, business loan, saving and group loan factors and contribution of MFIs factors such as education and training, credit provision and support SME as well women empowerment have negative contribution on poverty alleviation of individual and entire country the relationship is affected by the regulatory frame work which plays part as an intervening variable.

The National Microfinance Policy (2000) main objective is to formulate a basis for the evolution of an efficient and effective tool within the country that boost the low income earner of the society and then contributes to the economic growth and reduction of poverty. Haji (2013) supported this assumption when he conducted a study in the South district of Zanzibar .Results revealed that MFIs play great part in changing the life of low income earners in positive ways; MFIs' clients have increased the income and increased the capital invested hence enlarged their businesses. The study showed the indicators of achievement in business activities conducted. The majority succeeded to obtain loans, always rising life standard. Despite the achievement made, most customers complained that the interest rates charged are very high. REPOA (2006) also revealed that microfinance institutions that operate in Tanzania have played a great role in positively changing the living standards for those who access service, in spite of some of customers not having benefited ,majority of enjoy the benefits from the services provided by MFIs. Apart from these achievements the most of customers complained that microfinance institutions charge high interest rate .Furthermore the researcher revealed that the procedure of application of getting loan starts with a less amount and then it increases according the repayment of previous loans although this procedure seems to be an obstacles for those who want large amount at first loan. Additionally, the researcher recommended time frame should be extended for those who get large amounts because one week to start repayment is not enough.

Minja (2015) did a study as Dugange on the Contribution of Microfinance Institution on Poverty reduction .Minja showed that microfinance institutions have a positive impact on poverty reduction particularly intervened with client education level and entrepreneurial skills. The clients with formal education level perform effectively positive on the outcome of microfinance on poverty reduction compared to those without formal education. However many think that positive impact and entrepreneurial skill provide positive impact on poverty alleviation due to innovative and creative use of loan to increase income. On specific objectives of study the researcher revealed MFIs have positive contribution to the social /economic levels of entrepreneurs.

This observation was taken after utilization of microfinance services as the living standard improved by having access to social aspects such as water services, education services, health services, food and shelter. Furthermore, the researcher revealed that microfinance institution have positive impact on poverty reduction due to an increase in income as outcome leads to increased savings and gives out access to basic aspects for rising life standard. In spite of the positive impact the researcher outlined some challenges facing entrepreneurs in getting loan from MFIs which include high interest rates, difficult situation and condition for loan application particularly availability of collateral and short time period. Marijani (2008) conducted a study on the contribution of microfinance institutions in poverty alleviation through women income generating activities. The researcher showed that among three microfinance institution working in Kilosa FINCA had the highest number of borrowers followed by WDF and lastly NMB although all the three microfinance institutions had similar sets of credit condition for customer in order to meet the criteria to get loan for instance entrance fees such as , formation of group, having group guarantor, opening a joint bank account, possession of an ongoing business, living within radius of 25 kilometer to MFIs office, paying penalty for defaulter, age above 18 years, confirmation letter from Ward Executive Officer. The results showed that income generating activities were retail shop business, selling charcoal and firewood, selling local brew, hair dressing, fishmonger, selling used clothes, bar business and guest houses .FINCA conducted training for operating and managing income generating activities that's why it was leading in providing financial services in Kilosa, this means that training and managing had a positive impact on the programs aim of increasing income and then poverty reduction. Mlowasa et al(2014) also conducted research on PRIDE-Tanzania Arusha branch, on "The Role of Microfinance institutions in Improving the Economic Status of Women in Tanzania" .The researcher said that the causes of women seeking loans was an outcome of being in a country with poverty, the research based on other variables for instance motive for acquiring loan, impact of loan interest rate, loan criteria as well as altitude towards women empowerment in order to improve better life of women in Tanzania.

The study proved that PRIDE operates for the sake of helping poor that's why there was evidence that women's economic status in society had changed from living in difficulties to upgrading their standards of life .Additionally, the researcher revealed that provision of credit alone may not achieve the target as it required support services and structure, training and other support measures to achieve the goals. The study of Murdoch and Haley (2003), reveal evidence which show positive significant impact which relates to the six out of the seven Millennium Goals on minimizing poverty by microfinance.

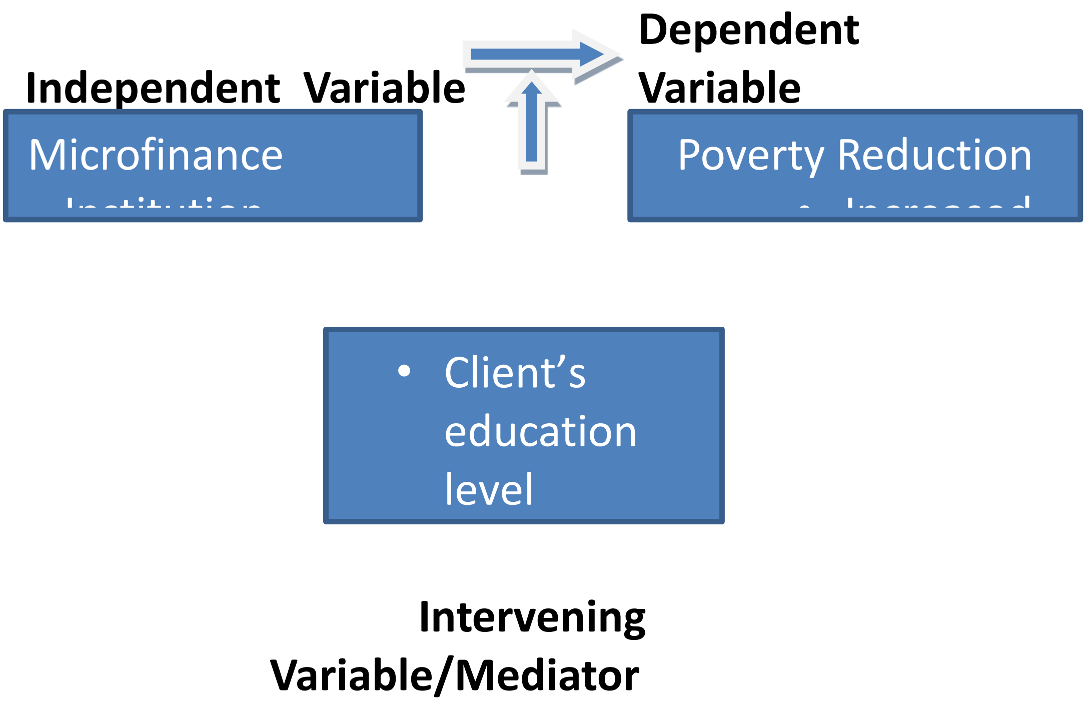
Motovu (2006) confidently points out the great role taken by microfinance on poverty reduction although it is like drop of water on sea. Littlefield et al, (2003) and the IMF (2005) commented on the critical role of micro-credit in achieving the Millennium Development Goals. They viewed microfinance as proper tool in minimizing poverty and also it can control mechanism to boost technical and business maneuver of the poorest by using training and loan utilization as well as arrange micro insurance scheme which clients play significant role to pool risk or share losses(Okibo&Makanga

2.3 Conceptual framework

Conceptual model is a physical object made by concepts or variables used to help people to understand the subject under investigation. The model represent for purpose of uncover the role of microfinance institutions in poverty reduction, there are key variables, role of Microfinance Institution such as loans, saving and business development is independent variable because it influence the outcome where by the poverty reduction such as increase income, increased saving and improved access to social development is dependent variable because influenced by independent variable and these two variables intervened by intervening variable like client education level, entrepreneurship skill and experience because it provide causal link between that two variable. This is represented as follow.

Figure 2.1 Conceptual Model

Conceptual framework



Source: Researcher's model (2017)

2.3.1Independent variable

Kothari (2004) defines independent variable as a variable that depends upon or is a consequence of the dependent variable. Independent variables are variables that are more specifically, are those cause or influence the outcome. In the study microfinance institutions is the independent variable because it provides services such as loans, savings and business advice which can influence poverty reduction

2.3.2 Dependent Variable

Dependent variables are defined as the variables that can measure practically or variables which appear or disappear or differ as a result of differences in the independent variable (Msabila and Nalaila, 2013). It is a variable which is influenced by the independent variable. Poverty reduction is the dependent variable because it is influenced by microfinance institutions. Poverty reduction can be measured by using an increase of monthly or yearly income.

2.3.3 Intervening Variable

An intervening variable is a variable that describes the relationship or gives out causal link between independent variable and dependent variable. In the research, intervening variables are clients' education level, experience and entrepreneurial skills. If clients use educational level, experience and entrepreneurial skills properly played great role in rising incomes which help in poverty reduction. Education level under this discussion is the formal education, experience is enough knowledge and time of conducting activities and entrepreneurship skills involve creativity, innovation, risk taking etc. Changes of the result of independent variable which is microfinance institution and dependent variable which is poverty reduction can be brought by education level, experience and entrepreneurial skill thus an increase saving amount, improving of life standard which decreases poverty and vice versa

2.4 Research Gap

Many studies have been done on the contribution, impact, and challenges of microfinance institutions in poverty eradication but researchers did not reveal directly the role of the microfinance institutions on the loans, saving, business development, employment and Corporate Social Responsibility concern how the number of employees, number of customers, amount of loans and advances, number of branches and number of ATM, as well as Corporate Social Responsibility play role in eradication of poverty. These researches have been conducted in various areas other than Ngara district council. This study sees that it is right to conduct research in Ngara district of Kagera region because it is among the areas affected poverty to a large extent.

The research deals with the role of microfinance institution in poverty reduction where by microfinance institutions play part in independent variable and poverty reduction in dependent variable have clients' education level, experience and entrepreneurial skill as intervening variables. The study was conducted in Tanzania -the case of Ngara district council. Poverty is a critical issue which needs to get solution around the world.

Most of the developing and developed countries face this problem referred to MDG 2015. Microfinance institutions are among the solutions for poverty reduction as they provide loans, saving. Business development, employment and Corporate Social Responsibility to low income earners at affordable conditions in order to raise life standard. Raising the income of activities conducted requires one to have education level, experience and entrepreneurial skill which will increase performance and produce positive outcome of activities conducted. Many studies have been done on the contribution, impact, and challenges of microfinance institutions in poverty eradication but researchers did not reveal directly the role of the microfinance institutions in eradication of poverty. These researches have been conducted in various areas other than Ngara district council. This study sees that it is right to conduct research in Ngara district of Kagera region because it is among the areas affected poverty to a large extent.

2.5 Hypothesis

Hypothesis is proposition that is stated in a testable form and that predicts a particular relationship between two or more variables. Hypothesis form the results of two outcomes which should either significant or non significant**.** The significance relation obtained after conducting the research on the role of microfinance institution in poverty reduction at Ngara district council in Kagera region

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter provides general description of the research methodology adopted in study. The chapter describes study area, research design, study population and units of analysis, sample size and sampling techniques as well as the type and source of data. It also gives detailed description of data collection methods, validity issues and data analysis methods

3.1 Study area

The study was conducted at Ngara district council in Kagera region. Ngara district is one among the eight districts of Kagera region. Other seven districts are Biharamuro, Muleba, Missenyi, Karagwe, Kyerwa, Bukoba urban as well as Bukoba rural. As per the national census report of 2012, the district has a population of 320,056.Geographically; it located near the border of Burundi and Rwanda. It has four seasons which are two dry seasons which start from June to September and January up to February, also two rainy seasons from October to December and March to May. The local languages of this district are Hangaza and shubi which have are linguistically close to Rundi and Nyarwanda. The national and official languages are Swahili and English. Economically, the primary conducted activities are subsistence farming of crops such as bananas, passions fruits, potatoes, groundnuts, beans, coffee, maize, cassava and various vegetables. Animal keeping (cattle, goats, sheep and chickens) is also practiced as well as small businesses. The researcher decided to conduct the subject matter of study in this district because Ngara district is among the districts with high poverty levels and this played a great deal in availability of data, time saving and cost saving.

3.2 Research design

Kothari (2004) defines research design as the framework whereby research is conducted; it details the blueprint for the collection, measurement and analysis of data. A research design is the environment setting for collection and analysis of data in order to combine relevance to the research purpose with economy in procedure. The researcher used survey study design to conduct the study ,because a survey study designed for breadth rather than depth, it attempts to capture characteristics of the population by making inferences from the characteristics of the sample and then testing the outcome of hypothesis **o**n the Role of Microfinance Institutions in Poverty Reduction. The testing of hypothesis was done to number of employees, loans and advances, number of customers, number of branches, number of ATMs in income as well as saving account and business development. The data was provided by the NMB staff to see if there is significance or no significance of the microfinance institution in the of decrease poverty and vice versa

3.3 Study Population

Population is the total collection of elements such as individuals, objects or items which samples can be drawn for measurement. According to Kombo and Tromp (2006), it refers to the entire group of persons or elements that have at least one thing in common. Krishnaswami (2003) said that population is the total number of elements from which data is obtained to answering questions. Referred to census report 2012 population of Ngara District were 320,056. In this study, the target population was 50 which include micro and small entrepreneurs, employees and NMB staff in various ages, groups, sex, education as well as social status. The micro and small entrepreneurs and employees are those who conducted their activities through loans from the National Microfinance bank at Ngara district in Kagera region. The selected sample was to be interviewed and given questionnaires. The targeted population will provide sufficient information to the researcher.

3.4 Units of analysis

The unit of analysis is the object through which generalizations are made concerning the analysis conducted. There are four types of analysis which are grouped accordingly as individual, group, organization and geographical area. The researcher used two units of analysis; group and organization. Group played part at the time of analyzing group, it concentrated in the characteristics of group and it does not concentrate on individual within the group. Micro and small entrepreneurs as well as employees stand as group in this study because they have the power to access loans from NMB. Organization is another unit of analysis in this study it takes part at the time when organization required being unit of analysis, it means that always focus on organization. The researcher used NMB staff to stand as an organizational unit of analysis because that staff represent NMB to conduct activities.

3.5 Sample size and Sampling techniques

3.5.1 Sample size

Sample size is the number of elements that are selected from the universe to make up a sample, which is used to make conclusion about entire population. Sample size is supposed to be optimum. Kothari (2004) said that an optimum sample is sample which fulfills the requirement of representativeness, efficiency, flexibility as well as reliability. The researcher on the role of microfinance institution in poverty reduction involved 44 entrepreneurs and employees as well as 6 NMB staff to make total of 50 as sample size in Ngara district council. The researcher decided to use 6 NMB staff members in order to get sufficient and accurate information from NMB, to obtain elaboration of all information already prepared in the system. The study also sampled 44 micro and small entrepreneurs as well as employees of private and public sector to avoid bias and obtained sufficient information.

3.5.2 Sampling techniques.

Sampling technique is a process whereby researcher uses to obtain people, units or other item for the research. Kombo and Tromp (2006) define sampling techniques as procedures that play part in obtaining a number of individuals or object from a population which represents the characteristics of entire group. It is not easy to deal with the entire group hence researcher used purposive sampling technique.

3.5.2.1 Purposive sampling techniques

Purposive sampling technique is also known as non probability sampling whereby the logic strategy of researcher depends on researcher question and objectives. The researcher used purposive sampling techniques because the logic strategy of researcher depends on the researcher's question and objectives and the researcher obtained sufficient information to conduct the research.

3.6 Type and Source of Data

Data is collected information of observations that concerns persons, place, things and events. It depends on source such as primary and secondary, it also depends on measurability like quantitative as well as qualitative data. Kothari (2004) defines primary data as a fresh and first time collected data that happens to original in character. Primary data is data collected by the one who conduct that research or the one who is assist researcher to conduct activities for the purpose of answering the research questions or issue (Adam and Kamuzora, 2008). In the research on role of microfinance institutions in poverty reduction, primary data was collected by using personal interviews and questionnaires. This data is important because it is physically done by the researcher. Kothari (2004 defines secondary data as data which have already been done and analyzed by another person who conducted the same activities; it can either be published or unpublished data. Adam and Kamuzora, (2008)defined secondary data as data which have already been conducted and appeared in another documents as well as probably already screen and interpreted in different methods. In secondary data must consider source of data, is it valid, does data concerned cover the correct geographical locations, is it current and if combined with other data, is the data the same in measurement, time and other related. Secondary is important because it helps to answer the question in the study.

Although sometimes, it needs modification to fulfill the target because it was prepared for specific purpose. The researcher collected secondary data through documentary report from NMB.

3.7 Data Collection Method

In data collection method, the researcher used survey questionnaires, interviews and document analysis method. In the entire collection methods researcher consider key issues such as type of data required, the owner of information and complexity and confidentiality of data. The researcher established the data collection method because of the nature of the study and to enhance validity and reliability of data, in exercising the research, researcher translated the instruments from English into Kiswahili in order to make clear and increased understanding.

3.7.1 Survey Questionnaire

Survey questionnaire are very familiar means of collecting data, always used to collect data from large number of respondents**.** A questionnaire is a sequence of questions that requires answer from individuals to provide statistically useful information concerning the topic under investigation. In the study on the role of microfinance institutions on poverty reduction, both structured and unstructured questionnaires were used. The format of the questionnaires met the target required. Both qualitative and quantitative information from NMB-Ngara branch beneficiaries was obtained.

3.7.2 Interview

The Interview techniques of data collection involve collection of data through oral conversation. This method relies on personal interviews as well as telephone interviews (Kothari 2004).When interviews are used, there is the interviewer the one who asks questions face to face or by telephone and the interviewee who responds to the one who asked questions face to face or by telephone. The study used semi structured discussion that was supported by prepared list of questions related to MFIs and poverty reduction.

The answers were noted on a piece of paper. The researcher used interview techniques because it is less costly and it enables one to get sufficient information which is fresh and new and information collected at a short time.

3.7.3 Documentary review

Documentary review included collected information and data from previous reports and documents .That source was obtained from NMB-Ngara branch's files and other records sources. It involved annual financial reports, policies and number of members. The researcher decided to use that data in order to get sufficient and appropriate information to conduct research.

3.8 Validity Issues

Validity refers to whether the issue or issues studied by the researcher are in fact what are actually being studied. Krishnaswami (2003) said that validity means the effectiveness (success) of an instrument in measuring the specific property which it intends to measure. In order to have confident with validity, the researcher used the triangulation techniques whereby it involves questionnaires, interviews and documentary report. These data collection tools were designed in order to make sure that the research meets the target of clientele towards MFIs loan to the highest point. In order to build up validity purposely the researcher compared the results of subject matter with the developed conceptual framework.

3.9 Data analysis Methods

Data analysis is the process of systematically applying statistical or logical techniques to describe, summarize, estimate as well as interpret data for numbers of objectives such as to describe the sample population, estimate population parameter, estimate the extent of association or effect, control for examine effects of other factors or variables and evaluate impact or importance of a certain intervention. Kombo and Tromp (2006) define data analysis as the examination of what has been collected in conduct survey and experimenting in making deductions and inferences. Statistical techniques can be descriptive or inferential

According to nature of the research conducted, the researcher applied both qualitative and quantitative analysis techniques. Qualitative data collected, summarized, coded and analyzed with the aid of the Statistics Packages for Social Science (SPSS).Quantitative data were applied to obtain information concern social economic characteristics such as age, gender, marital status, educational level, types of activities on frequency and percentage, also it applied number of employees, loans and advances, number of ATM, number of branches as well as number of customers

CHAPTER FOUR

PRESENTATION OF DATA ANALYSIS, FINDINGS AND DISCUSSION

4.0 Introduction

This part deals with presentation, analysis and interpretation of findings of concerning the study of the Role of Microfinance Institutions in poverty reduction received through data collected in the field. It provides the answer required on the questions, the general and specific objectives which arose before carrying out the study in the role of microfinance institutions in poverty reduction. The main objective of the study was to examine the role of microfinance institutions in poverty reduction at the National Micro finance Bank. The study also aimed at finding out the effect of the National Microfinance Bank services in poverty reduction on its customers and the challenges facing clientele of the National Microfinance Bank-Ngara District in poverty reduction.

4.1 Sample Analysis

The study took a sample size of 50 respondents, the respondents divided into parts customers of NMB 44 and 6 NMB staff members which make total of 50 respondents.

Table 4.1 List of Respondents

Respondents	Number of Respondents	Percentage
Customers	44	88%
Staff of NMB	6	12%
Total	**50**	**100%**

Source: Researcher Findings (2017)

4.2 Demographic characteristics of sample

Demographic characteristics of sample include age, gender, marital status, level of education and type of activity of NMB clientele which make 44 customers and 6 NMB staff members whereby data was collected from the 44 clientele using questionnaires and from 6 by staff members using the interview.

The study used these methods purposely to show the distribution of the respondents and increase understanding among the reader as well as to avoid bias.

4.2.1 Age of the sample

Age of respondents is very crucial as long as poverty reduction is concerned. As it is known, the young generation performs better than over and under age in economic activities. Young age is between 20 and 45. This age has the power for production activities compared to under and over young age hence play a great role to rise economy of the country which increases the income same as reducing poverty.

Table 4.2 Age of the respondents

Age (Years)	Frequency	Percent
20 – 29	7	15.9
30 – 39	27	61.4
40 – 49	9	20.5
50 and above	1	2.3
Total	**44**	**100**

Source: Researcher's findings (2017)

The study found that 27 respondents constituting 61.4 percent had age interval between 30 and 39. This means that most micro and small entrepreneurs as well as employees who received loans from NMB- Ngara branch have power and authority to make own decision in conducting activities which help to rise income equal to poverty reduction.

The study revealed that most of respondents are young. This shows that the young access loans from MFIs and can generate income efficiently and effectively which contributes in large extent in poverty alleviation. Minja (2015) supports this by stating that if the young got loans and are well trained then they can perform well in conducting entrepreneurial activities and as a result increase income hence reduce poverty.

4.2.2: Gender of the respondents

The research combines both male and female respondents. Accordingly to entrepreneurship performances, mostly females perform well compared to males. The experience of female begin from household level, majority of female are ready to confront with risk as well as they are serious with what they are doing. As a result, females, contribute in large extent to poverty reduction if measured against males.

Table 4.3 Gender of respondents

Gender	Frequency	Percent
Male	21	47.7
Female	23	52.3
Total	**44**	**100.0**

Source: Research findings (2017)

Research revealed that the number of respondents among the customers were 44 and 21 respondent which translates to 47.7 percent of respondents where male and 23 respondents presented 52.3 percent of respondents were female.

The study showed that most of respondents were female, after collection of information researcher discovered that majority of female dealt with restaurant activities which play part in increased their income because females got enough experience in conducting those activities from their household. Haji (2013) found that women were familiar responsible dealers of household finances and trusted borrowers. Females always maintain proper use of loans and afford timely payment of thus good managers in microfinance loan control than males.

4.2.3 Marital status

According to handling daily family activities the married individuals require to work hard in order to make sure basic aspects such as food, clothes, shelters and others are fulfilled in the family, in short, married individuals have a lot of responsibility in the family because they are family care givers.

Table 4.4 Marital status of respondents

Marital status	Frequency	Percent
Single	13	29.5
Married	23	52.3
Divorced	3	6.8
Widow	3	6.8
Widower	2	4.5
Total	**44**	**100.0**

Source: Research findings (2017)

The outcome revealed 23 out of 44 respondents constituting 52.3 percent were married. This means that the majority of National Microfinance bank customers in Ngara in Kagera region were married. They struggle to increase income in order to meet basic needs for their family like food, shelter, clothes and other same to fight for poverty alleviation. The single were 13 respondent equal to 29.5 who access loans to prepare for the future better life and get married, so after receiving loans, they conducted businesses which raise income then poverty reduction.

The findings revealed that married respondents were more compared to others. This is because the married are family care takers and are responsible to make sure that household services are well prepared as Dugange (2015) found that most of respondents were married and accessed loans in order to conduct entrepreneurial activities to run home activities so as to control and increase income hence poverty reduction. In real sense all marital status whether single, divorced ,married, widow and widower are supposed to fight against poverty by working hard in order to increase income which pave the way for poverty reduction although married are more committed due to family circumstances.

4.2.4 Education Level of Respondents

Education level plays a role in poverty reduction. When there is an increase in the of education level, automatically there is a decrease in poverty. Education level increases skills which help to conduct activities with efficiency and effectiveness hence the rise of the performance then increases income which plays part in reducing poverty.

Table 4.5 Education level of Respondents

	Frequency	Percent
Informal	6	13.6
Primary	16	36.4
Secondary	14	31.8
College	5	11.4
University	3	6.8
Total	**44**	**100.0**

Source: Researcher's findings (2017)

The research findings revealed that out of 44 respondents, 16 respondents same as 36.4 percent had primary education, 14 respondents same as 31.8 percent had secondary education.

The study shows that most of the respondents of questionnaires had primary education this means that the majority micro and small business dealers had lower education level that is why they stayed for some period in poverty. Due to this researcher advised the respondents to find business education, training, experience and entrepreneurial skills for controlling activities conducted. Contrary to interview participants ,the NMB staff in Ngara who had attend university and college level of education .This implies that they have enough knowledge to conduct services provided by NMB for purpose of making sure both customer and institution benefit from the services as well as income increase in both parts which help in poverty reduction.

4.3 Role of National Microfinance Bank in Poverty reduction

The National Microfinance Bank-Ngara Branch provides loans, saving, business development, employment, corporate social responsibility as well as other products and services. These role conducted by NMB Staffs such as manager, accountant loans officers and others. For the loans given to the micro and small entrepreneur who conduct own activities for purposes of poverty reduction. The entrepreneurs that received loans were the clothes sellers, restaurant owners and owners of retail shops, also animal and bird keepers, grain seller, mechanics and other technical works, transport services providers (Bodaboda and Daladala), tailors , sewing decoration machines owners and other activities such as vegetables and fruits sellers among others.

Table 4.6 Types of activities conducted

Types of activities	Frequency	Percent
Retail shop	5	11.4
Vegetable and fruit seller	2	4.5
Other activities	6	13.6
Restaurant	10	22.7
Clothes seller	4	9.1
Animal and bird keeper	3	6.8
Farmer	4	9.1
Tailor	3	6.8
Mechanics and Other technical work	4	9.1
Transport provider	1	2.3
Grain seller	2	4.5
Total	**44**	**100.0**

Source: Research findings (2017)

`The research findings revealed that 10 respondents equal to 22.7 percent deals with restaurant activities. This means that large numbers of micro and small entrepreneurs who deal with restaurant activities raise their income to reduce poverty through loans from NMB Ngara branch.

Also the researcher revealed that 6 respondents equal to 13.6 percent deals with other activities and 5 respondents equal to 11.4 percent conduct their activities via retail shop rise income via loan from NMB

Not only that but also clothed seller, mechanics and other technical works as well as farmers they share the same percentage which equal to 9.1 rise income by using loans from NMB

Furthermore the animal and bird keeper and tailor have equal respondent of 3, same percentage of 6.8, vegetable and fruit seller and grain seller have 2 respondents each, same percentage of 4.5 while the transport provider has 2.3 percent equal to 1 respondent

The result revealed all activities conducted play role in increase of income hence poverty reduction, as known for the sake of poverty reduction the people should conduct various activities as mentioned above in order to increase income, when activities conducted it play role in circulation of money through activities and reach the one dealing with by top up income hence lower down the rate of poverty, also Marijani (2008) revealed through women income generating activities by mentioned activities like shop business, selling charcoal ,firewood, used clothes, fish monger and local brew. Furthermore conduct other minor activities such as hair dress, guest house and bar business for purpose of generating income hence reduction of poverty. This table can be presented as figure 4.5

Apart of that NMB in general provides loan to SME, SWL and Mortgage with different amount and interest rate depend on the value of security. Furthermore NMB provides pensioner loans, out grower loans, post import loans and loans for overdraft for both SME and Corporate

4.3.1 Loans for Micro and Small Entrepreneur and Employees

Table 4.7Amount of Loans provided to Micro and Small Entrepreneur

Activities	Amount of loans	Interest rate
Owner of retail shop	500,000-30M	24% per annum
Restaurant owner	500,000-30M	24% per annum
Clothes seller	500,000-30M	24% per annum
Animals and Birds keeper	500,000-30M	24% per annum
Farmers	500,000-30M	24% per annum
Tailor	500,000-30M	24% per annum
Mechanics and other technical work	500,000-30M	24% per annum
Transport provider-Bodaboda	500,000-30M	24% per annum
Grain sellers	500,000-30M	24% per annum
Vegetable and Fruit sellers	500,000-30M	24% per annum
Others	500,000-30M	24% per annum

Source: Researcher's findings (2017)

In order to understand the repayment amount each month, the researcher found that it was important to understand how long the customer has engaged with NMB on that loan in relation to the amount taken and then put to loan calculator automatically which showed the amount required to pay each month.NMB loan officers use a loan calculator to simplify the work.

Apart from that, the National Microfinance bank in Tanzania also provides other loans to SWL,SME and mortgage with different amount as well as rates as follows;

Table 4.8 Amount provided to SWL, SME and Mortgage

Loans to :	Amount provided	Interest rate
SWL	500,000-Depend on Salary	22%
SME	30M-1.5B	22%
Mortgage	1.5 B-79B	19%

Source: Researcher's findings (2017)

Employees

Employees who received loans are those who were working in various departments in the public sector and others who were working in the private sector, so long as employees met the criteria given by the National Microfinance Bank and their interest rate was 22% as shown on SWL. The researcher found that loans from the employees were deducted from their salaries. This study found that the employees of NMB only were given special offer to the loan taken within the institution in relation to interest rate.

Table 4.9 Amount of Loans provided by NMB to Employees of Ngara District

Employees	Amount of loans	Interest rate	Amount of return	Time of return
From Public and Private Sector	500,000 – Depend on Salaries	22%	Depend on Amount and time taken	Every Months until the end of loan

Source: Researcher's findings (2017)

4.3.2 Savings

The National Microfinance Bank -Ngara branch also plays a great role in saving money of their client in order to use that money for specific requirement of planned target. NMB deposit services involved junior saving, business account, wisdom account, Kilimo account, Person account, Bonus account, student account ,chap account, chipukizi account, call deposits and fixed account all these saving account take priority numbers in poverty reduction.

4.3.3 Business Development

The National Microfinance Bank-Ngara branch provides services for business development of clientele. Among the services provided by NMB are advisory services on teaching about book-keeping and drafting simple business plan. It also play great role on educating on the necessity of insurance and to understand bank policy and procedure for purpose of conducting business activities in effectiveness and efficiency. These services helped to increase per capital income, to make high rate of savings and investments and also increase health and education levels and others.

4.3.4 Employment

NMB creates employment by enrolling a number of employees. In the Ngara district branch there is a team of staff working in NMB, there are 16 employees working in NMB Ngara of which 4 operate the Automatic Teller Machines and this create jobs for security companies. In general total number of NMB employees in 2016 was 3,432, those number increase years by years as follows from 2011

Table 4.10 Employment

Years	Numbers of Employees
2011	2,650
2012	2,702
2013	2,783
2014	3,004
2015	3,162
2016	3,432

Source NMB Annual Report (2016)

Apart from that, NMB in Tanzania plays a great role for creation of employment opportunity for youth such as donation of 5 three wheelers for aid garbage collection in two regions of Dodoma and Songwe

4.3.5 Role through Corporate Social Responsibility

NMB set aside one percent (1%) of its profit after tax purposely for CSR projects tthe aims of those funds to support high quality social services in upholding the well being of society. Through CSR, NMB invests in education, health, financial capability and disaster compensation.

4.3.5.1 Education

Through implementation of the free education policy, NMB works together with the government via TAMISEMI commitment on develop a share vision for a more learner centric education environment. In 2016 in Tanzania more than 900M Tshs was used in improving learning environment by providing more than 10,000 schools desks to 259 primary and secondary schools in various areas in Tanzania. NMB also donates money to schools libraries, laboratory and gas system for secondary schools

4.3.5.2 Health

NMB plays part to support the quality of public hospitals or health centers. In 2016 a budget of more than 260M Tshs was set aside to support health sectors. Within the country, 33 hospitals got a set of hospital beds and delivery beds, among these hospitals are Mpanda hospital, Nyamongo hospital, Handeni hospital, Chihangu hospital, Dodoma hospital and Musoma hospital.

4.3.5.3 Financial capability

The bank is interested in making financial capability in the society. In 2015, NMB coordinated the revamping of financial literacy program with the aim of creating financial services available to all members in Tanzania.In 2016 also, the bank formulated WAJIBU-Jifunze, Jipange, Wajibika-a school focus financial capability education program**.**

4.3.5.4 Natural disaster recovery

NMB played a role to a great extent in supporting victims of natural disaster such as in 2016 victims affected by flood in Hai, Pawaga -in Iringa Ruangwa, also earth quake in Kagera, cholera in Morogoro and others. The bank contributed 92M Tshs for compensation in order to bring relief for the victims

4.3.6 Other products and Services

In the Role of National Microfinance Bank in Poverty reduction other products and services include letters of credit, mobile banking, internet banking and guarantees which play part to run activities speedy, accurately, efficiently in order to increase performance hence increase income then minimize poverty in the long run.

According to the roles mentioned above, NMB has played a great role to support poverty reduction

4.4 The effect of National Microfinance Bank services in Poverty Reduction

The effect of NMB services in poverty reduction in this study examined by using indicator and exploration of relationship

4.4.1Indicators that NMB uses to show poverty reduction

NMB monitors amount of money given to customers, high amount borrowed indicate the increase in economic activities, other monitoring indicators used are the number of customers, branches and ATM. NMB uses efficient and effective monitoring system which indicate the growth direction in client income, further more there is database which indicates the number of customer increasing the level of loan for step by step as well as NMB stored data which shows its effort in poverty reduction accordingly to the manager NMB -Ngara branch

4.4.1.1Loans and Advances

NMB provides loans and advances to customer in order to conduct their activities every year and the amount has been increasing from year to year as shown on the table below.

Table 4.11 Loans and Advances

Years	Loans and Advances (Tshs Billions)
2011	1,124
2012	1,345
2013	1,614
2014	2.007
2015	2,482
2016	**2.794**

Source: NMB Annual report (2016)

The study revealed that in 2011 the bank provided 1,124 billion Tshs, in 2012 the bank gave loans and advances of 1,345 billion Tshs and in 2013 the bank provided 1.614 billion Tshs, in 2014 the bank gave 2,007 billion Tshs, 2015 provided 2,482 billion Tshs and 2016 provided 2.794 billion Tshs to conduct various activities in order to increase income hence reduce poverty**.**

The result showed that amount of the loans and advance increase from year to another year. This implies the amount of circulation of money increased as well as business conducted increased which increased number of investments and expansion of projects which increase income hence poverty reduction.

4.4.1.2 Number of customers

Number of customers relate to poverty alleviation when number of customer increase it means more people acquire loans from NMB ,when more people acquire loans it means income increase which play part in poverty reduction**.**

Table 4.12 Number of customer

Years	Numbers of Customers (Figure in thousands)
2011	1,803
2012	1,782
2013	1,778
2014	1,892
2015	2,100
2016	2,179

Source: NMB Annual report (2016)

The study findings revealed that in 2011 the number of customers were 1,803 thousands, in 2012 number of customer were 1,782 thousands and 2013 number of customers were 1,778thousand, in 2014 number of customers were 1,892 thousands, in 2015 number of customers were 2,100 thousands and 2016 there were 2,179 thousands customers.

The results showed that the number of customers increase from yearly. This means that customers were benefiting from the loans taken from Microfinance institution and development of economic activities as result ,this led the number of customers taking loans and when customer increase automatically activities conducted increase and income generated in large extent and rise income which fight poverty.

4.4.1.3 Number of branches

Numbers of branches relate to poverty reduction, if branches increased it means more customers increased and need more money to conduct activities and hence increase income according to activities conducted then availability of income minimizes poverty.

Table 4.13 Number of branches

Years	Number of Branches
2011	140
2012	147
2013	154
2014	163
2015	175
2016	188

Source: NMB Annual report (2016)

The study revealed that in 2011, the number of NMB branches was 140 in Tanzania, in 2012, 147 branches and in 2013 the number of branches was 154, in 2014 the number of branches was 163,in 2015 the number increased up to 175 and in 2016 the number of branches approached to 188

The findings revealed an increase in the number of NMB branches every year, means that an increased of financial activities in all sectors around the country which play great role in circulation of money at various corner as results increase income which reduce poverty

4.4.1.4 Number of ATMs

The number of ATMs also has relation to poverty reduction. ATM help to avoid long queuing at the teller, and customer can access money 24 hours and money can be obtained within short time accurately, effectively efficiently to conduct activities hence increase income and when income increases, there is a reduction in poverty. Increased ATMs mean that increased amount of money taken thus a large circulation of money which rise income and then poverty reduction is inevitable.

Table 4.14 Number of ATM

Years	ATM
2011	416
2012	473
2013	485
2014	525
2015	595
2016	670

Source: NMB Annual report (2016)

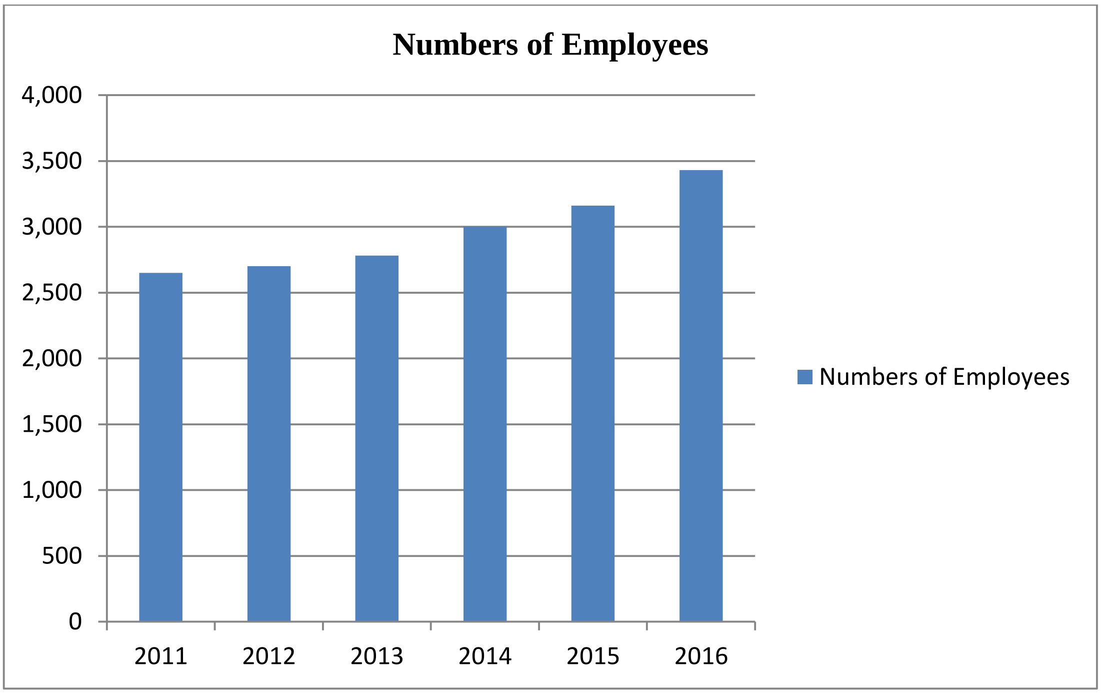
The research findings revealed that in 2011, the number of ATMs were 416, in 2012 were 473 and in 2013 there were 485. ATMs .In 2014 number of ATMs were 525, in 2015 were 595 and 2016 there were 670 ATMs.

The results show the increasing number of ATMs year after years and this is similar to the increased number of services which can be operating in 24 hours this enable customers to access the services at any time but with limit amount of money. In ATMs, the customer are allowed to take less or an amount equal to one million per day. The customer can increase income by taking money from ATMs and conducting business which requires immediate money with low price but with highest profit as result this increases income all together hence poverty reduction.

4.4.2 Exploration of relationship

Exploration of relationship can be applied by using years from 2011 up to 2016 in relation to numbers of employees, loans and advances, number of customers, number of branches and numbers of ATM in addition to savings account and business development by using significant of the results obtained. The result should be applied on making the right decision

Figure 4.1 Number of NMB employees



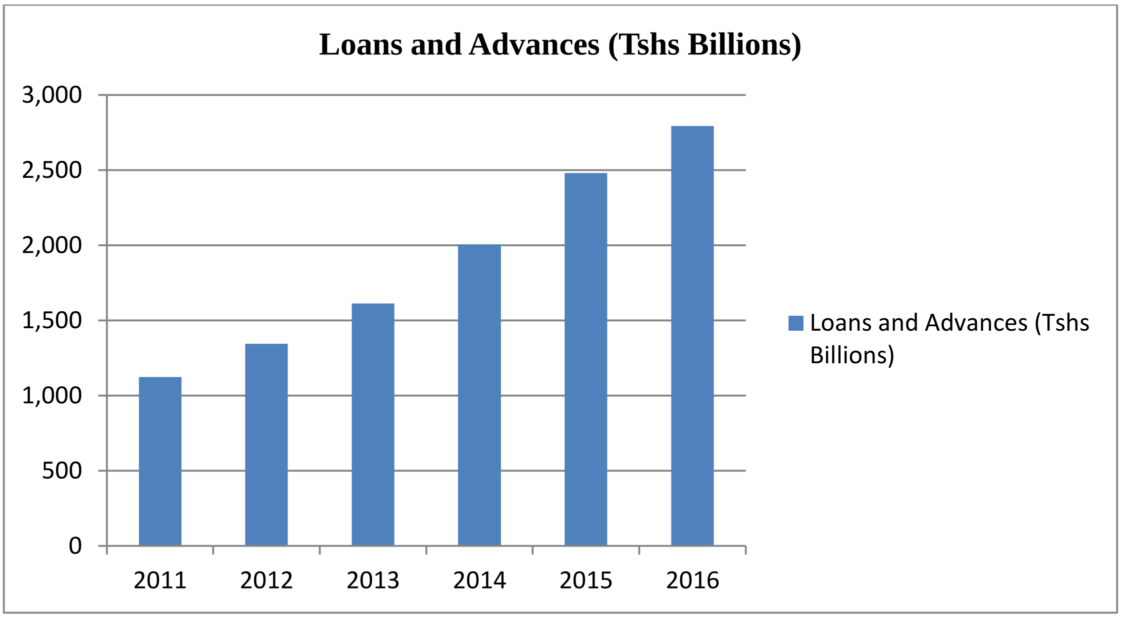
Source: Research finding 2017)

The number of employees of the national microfinance Bank went up from 2011 to 2016. This is due to extension of various activities and services to their customer in order to meet the target of the institution, through running its daily activities to raise income of customers as well as institution which fight against poverty. United Republic of Tanzania is too big, so the National Microfinance Bank is required to have enough employees in order to fulfill the requirement of customers.

From the outcome concerned, the increase income reveals that there is a positive significance of increasing number of employees every year to fight against poverty.

The findings from the study mean that in a year, the numbers of employees rise or NMB employs more staff in comparison to the previous year. This reveals that if the number of employees increases positively and the number of activities in NMB increases hence the rise of income which combats poverty

Figure 4.2 Loans and Advance



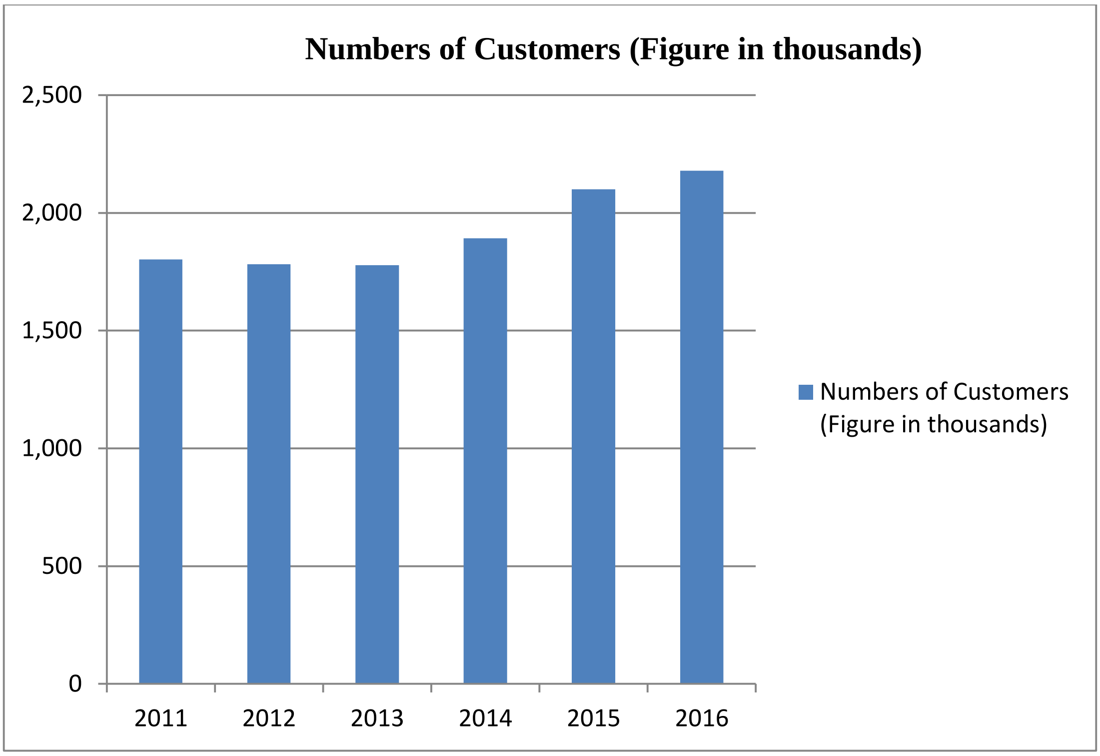
Source: Research findings (2017)

Loans and advances increased every year from 2011 up to 2016 due to an increase of various activities which paved the way to raise income equal to poverty alleviation.

When income increase every year as shown above it revealed that the result relate is positive significant.

The results show the amount of loans and advances rise yearly, this means the services offered by the National Microfinance Bank play part in rising income as result proves the positive relation of increase amount of loans and advance in period of years.

Figure 4.3 Number of customers



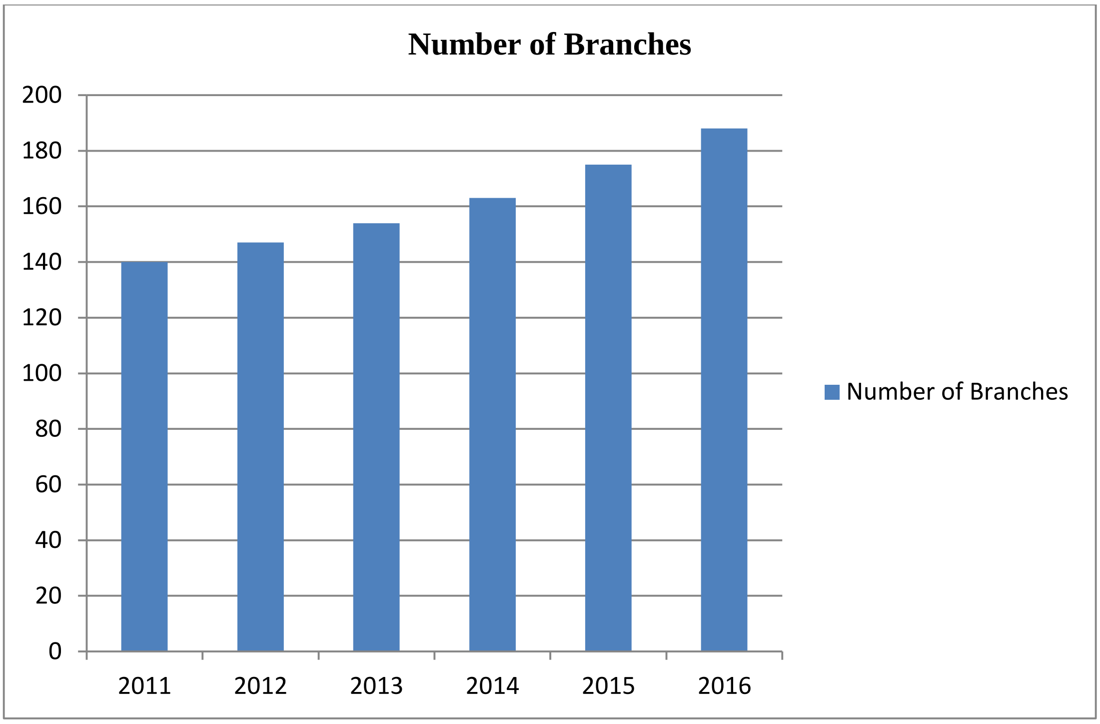
Source: Research findings (2017)

The number of customers grew every year from 2011 to 2016 as graph above shows. When the number of customers grows, they increase loans and advances through borrowing money to conduct activities concerned in order to raise the income which plays a role in poverty reduction.

According to the increased income, the result implies that there are positive significant relations of increasing number of customers and time concerned with poverty reduction.

The findings reveal that the number of customers went up and this means that the number of customers go together with an increase in the loans and advances to conduct various activities in order to increase income which lead to alleviate poverty.

Figure 4.4 Numbers of Branches in Tanzania



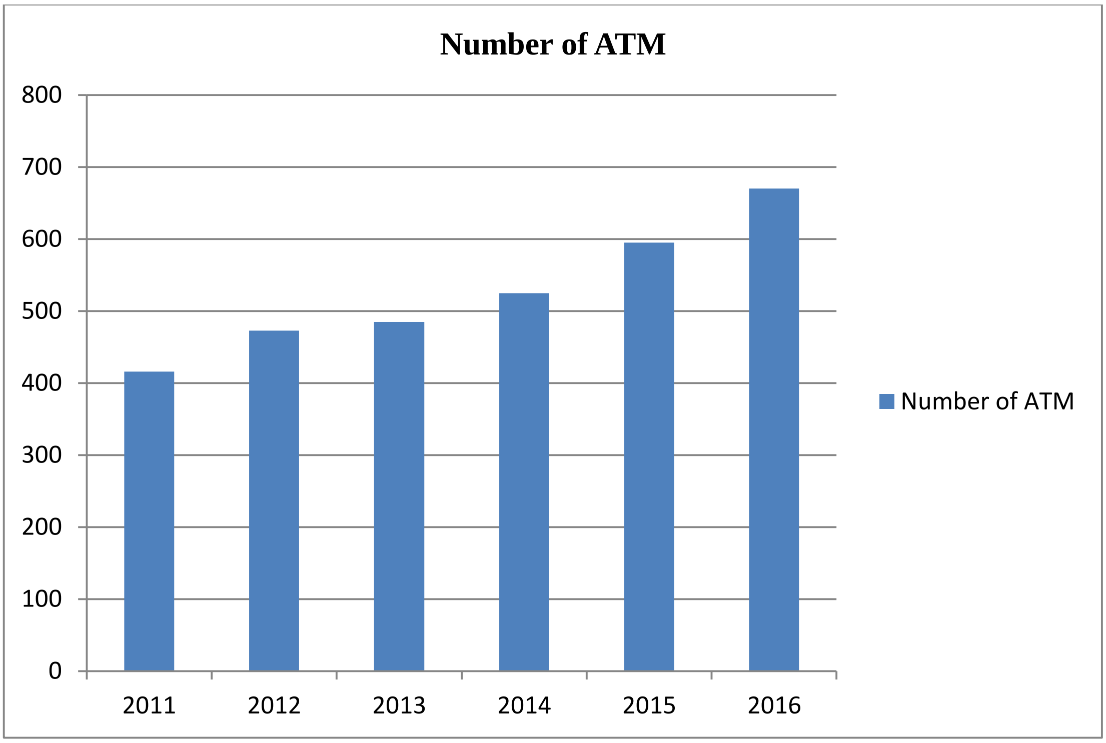
Source: Research findings (2017)

The number of branches increased as shown in figure 4.9 above in six consecutive years from 2011 up to the end of 2016. In reality, the increasing of number of branches is linked together with increasing number of customers as well as loans and advances increase which result to raise incomes which play part in poverty reduction.

Due to increased income, there are positive significant of increasing the number of branches and time period to poverty reduction.

The study findings prove that the number of branches increased every year. This shows the number of branch increased positively hence expanding the services around required areas. It played a role in increased income through activities conducted then poverty reduction.

Figure 4.5 Number of ATM



Source: Research findings (2017)

The number of Automatic Teller Machines in Tanzania increased every year according data collected from 2011 up to the end of 2016 due to various reasons such as increase of customers, increase number of branches, loans and advances in order to simplify access of financial service for the purpose of perform activities efficiently and effective to raise income.

Normally, when income increases there is a positive significance relation of increase in the number of Automatic Teller Machines for period of every year with poverty reduction.

The findings revealed that in every year the number of Automatic Teller Machines increased. The result of it is the same as increased number of employees, customers, branches, loans and advances in conducting business activities for purpose of rising income hence alleviation of poverty, so it played a great role in poverty reduction in order to rise up the life standards of people.

In the exploration of relation and testing of null hypothesis, the researcher considered savings by looking at the increase in the number of saving account like junior, bonus, fixed, kilimo, wisdom, call, student, chipukizi, business, chap and personal accounts. When the saving accounts increase, there is positive significance between increase in the number of saving accounts and poverty reduction.

The researcher also considered business development offered by NMB to the customers such as advisory services concerning book keeping and record, drafting simple business plan as well as educating on the issue of insurance as well as education to understand the bank rules, regulation, policy and procedure when dealing with the issue concerned. NMB offers to society as social corporate responsibility services like education, health, natural disaster and financial capability. When business development improves, there is access to social development. The result revealed that there are positive significance relations of improved access to social development and poverty reduction**.**

4.5 Challenges facing clientele of National Microfinance Bank

Challenging facing clientele of the National Microfinance bank is among of specific objective of this study, the study revealed the challenges listed as key issues.

4.5.1 Loan amount given to clientele is not enough

The study investigates the amount given to clientele by the National Microfinance Bank to see if it was enough to run their daily activities. The amounts given are categorized as shown on table 4.15.

Table 4.15 Loans amount given to clientele

Loan amount	Frequency	Percent
Below 500,000	4	9.1
500,000 - 1,000,000	7	15.9
1,000,000 - 2,500,000	14	31.8
2,500,000 - 5,000,000	10	22.7
Above 5,000,000	9	20.5
Total	**44**	**100.0**

Source: Research findings (2017)

The study revealed that 14 respondents equal to 31.8 percent take loans ranging between 1,000,000 and 2,500,000 Tshs are more popular than others so that amount is not enough to run activities that bring sufficient rate of return which can increase income to a large extent for purposes of poverty reduction as most of the entrepreneurs say increase of more income shows a decrease of poverty and vice versa, The result findings show that the amount of loan offered to clientele by the microfinance institution be enough to run required activities. In order to get high income, high amount of capital is needed.

Microfinance institution provide loans in phases when returned money with interest it provides a room to add another loan in high amount, so due to this the researcher recommends to customers to return money in right time in order to get other large amount of loan which increases capital hence increase income equal to poverty reduction.

4.5.2 It is not easy to acquire loans

The study observed that the possibility of acquiring loans from the National Microfinance bank was not easy and that is why majority of the people failed to access the required amount of loans.

Table 4.16 It is not easy to acquire loans
Source: Researcher's findings (2017)

It is not easy to acquire loans	Frequency	Percent
Yes	24	54.5
No	20	45.5
Total	**44**	**100.0**

The study findings indicate that 20 respondent constituting 45.5 percent agree it is easy to acquire loans and 24 respondents equal to 54.5 percent disagree so the researcher concluded that it was not easy to acquire loans due to some criteria given.

The result found that it was not easy to acquire loans because most of entrepreneurs do not have assets which stand as security for purpose of getting loans, also most of customers do not fulfill the criteria needed to get the amount which is required to run the activities concerned, the researcher recommend that the customers required to have sufficient criteria in order to obtained large amount of capital which leads to increased income hence poverty reduction as well as to follow rules, regulation and procedure which play part to reduce barrier in obtaining loans.

4.5.3 Interest rate amount is too high

The study investigated interest rates which borrowers are paid after acquiring loans for starting activities, increase capital or for other activities which required to pay in a certain period of time such as weekly, monthly and yearly. The study investigated to know whether interest rates were too high or not and if they play a great role to poverty reduction.

Table 4.17 Interest rate amount is too high

Interest rate amount is too high	Frequency	Percent
Yes	35	79.5
No	9	20.5
Total	**44**	**100.0**

Source: Researcher's findings (2017)

The study findings revealed that 35 respondents equal to 79.5 percent agreed that interest rate amount is too high and 9 respondents equal to 20.5 percent disagreed that the interest rate amount is too high due to that results the researcher conclude that the amount of interest rate is too high thus National Microfinance Bank required to reduce interest rate by doing so the income should increase in larger extent than before and reduce poverty. There are direct relations of interest rate and poverty reduction because if interest rates are low the entrepreneurs can save the money than before as income which reduces poverty.

4.5.4 Loan collateral

Microfinance institutions create some criteria in order to secure loans given to customers. Collateral such as house, car, plot and other are used to secure loans. Microfinance institutions have confidence with loans provided via collateral.

Table 4.18 Loan collateral

Loan collateral	Frequency	Percent
House	23	52.3
Car	3	6.8
Plot	12	27.3
Others	6	13.6
Total	**44**	**100.0**

Source: Researcher's findings (2017)

Table 4.18 shows that the number of respondents conducting research was 44.The results revealed that 23 respondents equal to 52.3 percent were required to provide houses in order to get loans, 3 respondents constituting 6.8 percent offered car for loans purpose, 12 respondents equal to 27.3 were required to provide plots in order to get loans and 6 respondents constituting 13.6 were required to provide others collateral for loan purpose. In the study, a large number of customers offered house s for loan purpose.

The result found that collateral played a great role to obtain loans from the National Microfinance bank, the amount given depended on the value of collateral which stand as guarantor to obtain the loans. Collateral include houses, cars, plots and others. If the value of collateral is very high it make easier to obtain loan in high amount which relates to the collateral which fight to increase income and when income increase directly poverty is alleviated.

4.6 The contribution of Education, Experience and Entrepreneurial skill in poverty reduction

The study investigates the contribution of education level, experience and entrepreneurial skills on poverty reduction. For purpose of understanding the subject matter, the study revealed the following.

4.6.1 Education level contribute in poverty reduction

The study examined how the education level played a role in poverty reduction. Education was categorized as informal, primary, secondary, college and university with coordination with education provided by the microfinance institutions.

Table 4.19 Education level contribute in poverty reduction

Education alleviate poverty	Frequency	Percent
Yes	36	81.8
No	8	18.2
Total	**44**	**100.0**

Source: Research findings (2017)

The study collected data from 44 respondents and the results were as following: 36 respondents equal to 81.8 percents agreed that education level played a great role in poverty alleviation, and 8 respondents constituting 18.2 percent disagreed that education level play great role in poverty alleviation, according to the findings the researcher concluded that education level played a great role in poverty reduction. The findings depict that the people who have education perform well using loans with efficiency and effectively and this causes direct rise in income hence poverty reduction. Education also included training, workshop, seminar, advices conducted on business matter which pave the way to increase income hence poverty reduction.

4.6.2 Experience in conducting activities contribute in poverty reduction

The research investigate experience in conducting activities play great role in poverty reduction because experience can be obtained in conducting activities for a longtime, it can also be obtained by taking and using loans frequently, these scenarios worked together to increase income hence alleviating poverty.

Table 4.20 Experience in conducting activities contribute in poverty reduction

Experience alleviate poverty	Frequency	Percent
Yes	38	86.4
No	6	13.6
Total	**44**	**100.0**

Source: Research findings (2017)

The study findings revealed that 38 respondent equal to 86.4 percent appreciate that experience plays a great role in poverty reduction while 6 respondents constituting 13.6 percent say no on experience play great role in poverty reduction

The result found that the people who have experience of conducting something perform well on doing that thing, so in conducting business, the people who have experience of doing business perform well on business and rise income at maximum level which help to reduce poverty same to those who have experience in managing loans use it effectively and rise income which directly minimizes poverty.

4.6.3 Entrepreneurial skill contribute in poverty reduction

The study interested to know about effect of entrepreneurial skills on loan provided by National Microfinance Bank. Majority of entrepreneurs comprises business skills such the maneuver to control money, the maneuver to identify risks and weakness and good managerial skills and maneuver to get market for improve their business and loans to sustain an they are sure of paying interest

Table 4.21 Entrepreneurial skills play contribute in poverty reduction

Entrepreneurial skill alleviate poverty	Frequency	Percent
Yes	38	86.4
No	6	13.6
Total	**44**	**100.0**

Source: Research findings (2017)

The study revealed that 38 respondents same to 86.4 percent agreed that entrepreneurial skills play a role in poverty alleviation while 6 respondents equal to 13.6 percent disagreed that entrepreneurial skill play role in poverty reduction. The result depict entrepreneurial skills play role in poverty reduction by providing positive significance in using entrepreneurial skill to increase production in the activities conducted which help to rise income and when income increases, there is reduction in poverty.

4.7 NMB played a great role in economic development

NMB played a great role in economic development because it provides financial services and non financial services which are used to conduct activities in order to perform well economically and increase income which plays part in poverty reduction. The economical and financial activities of NMB conducted by NMB Staff.

Table 4.22 NMB play great role in economic development

NMB contribute economic development	Frequency	Percent
Yes	33	75.0
No	11	25.0
Total	**44**	**100.0**

Source: Research findings (2017)

The study revealed that 33 respondents equal to 75 percent showed that NMB played a great role in economic development while 11 respondents equal to 25 percent disagreed on this.

The result implies that the National Microfinance Bank contributed to a large extent on the economic development by providing financial and non financial services which lead to increased performance of production from activities handled then a rise in the income around the societies .When economic levels grow, it means life standard grow and this paves way of poverty reduction.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Summary

Chapter five presents conclusion and recommendations of the study after the information collected in the field and analysis. In the previous chapter, the study examined the role of microfinance institutions in poverty reduction, find out the effect of national microfinance bank services in poverty reduction, further more the researcher find out challenging facing customer of national microfinance bank in poverty reduction in Ngara district council whereby the micro and small entrepreneurs as well as employees of public or private sectors are concerned. A numbers of findings arose after analyzing the data which helped to formulate conclusion and recommendations from the study findings

5.1 Conclusion

In this part, the study formulates conclusions of investigations on the subject matter discussed in chapter four of this research. The conclusion focused on both research questions as well as research objectives.

5.1.1 Role of Microfinance Institution in Poverty Reduction

To begin with, microfinance institutions provide loans to micro and small entrepreneurs with interest rate of 24 percent. They also provide loans to SWL and SME with interest rate 22 percent. Furthermore, they provide mortgage with interest rate 19 percent per annum.

Secondly, microfinance institutions provide saving services such as junior savings, Business account, wisdom account, kilimo account, bonus account, personal account, students account, chap account, chipukizi account, call account and fixed account which help in saving money for strategic purpose.

Thirdly MFIs offers business development services such as advisory services on book keeping and draft simple business plan. They also provide education concerning insurances and understanding bank policy and procedure of handling activities.

Fourthly, microfinance institution create employment, it enrolls a numbers of employees with different positions such as managers, accountants, loans officers, tellers officers among others. They also create employment for various companies like security companies, cleaning companies and others employment which facilitate to increased income hence poverty reduction.

Fifth MFIs assist customers and the nation in general through corporate social responsibility by offering services in education, health, financial capability and help during natural disasters.

Lastly, MFIs provide other products and services such as letter credit, mobile banking, internet banking guarantees which play a role in ensuring that people get money in order to raise income hence poverty reduction.

5.1.2 Challenges facing clientele of MFIs in Poverty Reduction

Challenging facing clientele of microfinance institutions play great role in hindering poverty reduction, the following are the challenges facing the customers of MFIs

Loans amount given to clientele is not enough to run the business because in order to increase income, a large capital is required to conduct activities which pay back large amount of profits. Most of customers range between 1,000,000 and 2,500,000 Tshs which is not enough to run genuine profit making activities

Another challenge is that it is not easy to acquire loans due to various criteria made by microfinance institutions such as loans policies and procedure of obtaining loans, as well as misunderstanding between customers and workers

Furthermore the interest rates amount is too high; the study revealed the interest rate for micro and small entrepreneurs was 24 percent, salaried workers loans was 22 percent and mortgage was 19 percent. When amount of loan increases in large extent, the interest rate decrease. When interest rate decrease, it increase income hence alleviating poverty

Loans collateral was also cited as a problem. Majority of the micro and small entrepreneurs have no own collateral which enables them to get large amounts of capital in relation to value of that collateral. There are also other entrepreneurs who have no own collateral for accessing the loans although they preferred to take loans in order to conduct business but this failed due to lack of collateral. Collateral required are house, car, plot and others

5.1.3 Effect on the role of Microfinance Institutions in Poverty Reduction

Effect on the role of microfinance institutions services in poverty reduction was about the exploration of the relationship and testing of the null hypothesis in years from 2011 up to 2016 in relation to number of employees, loans and advances, number of customers, number of branches, numbers of ATMs, income levels, savings account and business development by using significance

According to the number of employees, the effect on the role of microfinance institution services in poverty alleviation depict that there was a positive significance concerning increase number of employees from 2011 to 2016.

On loans and advances the study found there was positively significant concern loans and advance from 2011 to 2016 with increase of income hence poverty reduction.

Furthermore the effect on role of microfinance institution on poverty reduction on increase number of customers from 2011 to 2016 implies that there are positive significance relations.

The study revealed the effect of microfinance institution on poverty reduction on the increase in the number of branches in different areas around Tanzania have positive significance in relation to the increase in the number of branches from 2011 to 2016.

The results also revealed the effect on the role of microfinance institution in poverty reduction through an increase in the number of Automatic Teller Machines from 2011 to 2016 and this was positive significant .

Saving account concern the effect on the role of microfinance institution in poverty reduction depict a significant relation in the increase of savings account

Lastly but not least, in business development on the effect on the role of microfinance institution in poverty reduction revealed the significant in improved access to social development

Significant of number of employee, loans and advances ,number of customers, number of branches and number of automatic machine reveals in income, saving account and business development that there are large circulation of business activities which increase the number of services from year to year and this results to increased income hence poverty reduction

5.2 Recommendations

The recommendations focused on research findings and conclusion drawn. The study provides the following recommendations for purposes of supporting microfinance institutions in dealing with poverty reduction

The researcher recommends that microfinance institution should increase the amount of loan in order to have large capital which plays a role in increasing income thus alleviating poverty because majority of customer received small amount of money which cannot operate large business in return of high income. The study recommends that microfinance institutions should review the policy and procedure by coordination with other stakeholder and provide business training concerning loans in order to pave the way to the clientele to receive money easier and keep away the problem of difficulty in loans acquisition.

Furthermore the study recommends that the microfinance institutions are required to reduce the amount of interest rate in order to save money which increases income and this translates to reducing poverty. High interest rate hinder the development of activities because some activities may operate for compensation of interest rates and not for development of activities to increase income

Not only that but also the study recommends that microfinance institutions should find another alternative to secure loans apart from collateral because most people need to access loans but fail due to lack of collateral for as loan security.

5.3 Area for further research

The study examined the Role of Microfinance Institutions in Poverty Reduction. The study does not focus on the causes hindering microfinance institutions when providing financial services to the rural areas where by number of people affected by poverty. Due to this, future study should investigate the factors hindering microfinance institutions in providing financial services to the rural area.

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APPENDICES

APPENDIX 1: QUESTIONNAIRE FOR NMB CUSTOMERS

Dear Respondent.

The bearer of this questionnaire is a Master of Science in Accounting and Finance Student (MSc A & F) at Mzumbe University-Mwanza Branch. The purpose of these questionnaire is to help to collect relevant data which will answer research and write are port concern the "**The Role of Microfinance Institution in Poverty Alleviation" NMB Ngara branch**

You are kindly requested to read carefully each question and answer accordingly. Make comments whenever necessary. Your comments will be appreciated and be assured that whatever kind of information given will be specifically for the study not otherwise and it will be kept confidential

Thanks for your cooperation.

Ntandu Omary M.

PART ONE: Person information

1. Age 20-29 ( ) 30-39 ( ) 40-49 ( ) 50 –Years and above
2. Gender Male ( ) Female ( )
3. Marital Status Single ( ) Married ( ) Divorced ( ) Widow ( ) Widower ( )
4. Education level -Informal ( ) Primary ( ) Secondary ( ) College ( ) University( )

PART TWO: Client description

5. What type of activities are you conducting?
   - a Retail shop ( )
   - b Restaurant ( )
   - c Clothes seller ( )
   - d Animal and Bird keeper ( )
   - e Farmer ( )
   - f Tailor ( )
   - g Mechanics and other technical work ( )
   - h Transport provider ( )
   - i Grain seller ( )
   - j Vegetable and Fruit seller ( )
   - k Other activities ( )
6. What are the reasons for applying for a loan from NMB- Ngara branch?
   - a For starting up business ( )
   - b Increasing capital for business ( )
   - c For other activities ( )
7. What amount of loan was taken for the first time?
   - a Below - 500,000 ( )
   - b 500,000 - 1,000,000 ( )
   - c 1,000,000 - 2,5000,000 ( )
   - d 2,500,000 - 5,000,000 ( )
   - e Above - 5,000,000 ( )

8. What is grace period for loan repayment?

   a Weekly ( )

   b Monthly ( )

   c Yearly ( )

9. Is the amount stated repaying the loan affordable?

   a Yes ( )

   b No ( )

10. Is that amount borrowed enough for your activities?

   a Yes ( )

   b No ( )

11. Is it easy to acquire loan for the first time?

   a Yes ( )

   b No ( )

12. Are you required to offer collateral for a loan?

   a Yes ( )

   b No ( )

13. What collateral did you offer in order to obtain a loan?

   a House ( )

   b Car ( )

   c Plot ( )

   d Others ( )

   e Not applicable ( )

14. Is the interest rate on loan too high?

   a Yes ( )

   b No ( )

   c Please, specify the rate---

   ----

15. After completion of loan repayment, are you going to obtain another loan?

   a Yes ( )

   b No ( )

   If No, why?

16. Do you think NMB plays a great role in your economic development?
   a Yes ( )
   b No ( )
17. What is the current status of the health services for your family in general as compared with the status before obtaining a loan from NMB?
   a Much worse ( )
   b Somewhat worse ( )
   c Same ( )
   d Somewhat better ( )
   e Much better ( )
18. What is the current status of the education services for your family in general as compared with the status before obtaining a loan from NMB?
   a Much worse ( )
   b Somewhat worse ( )
   c Same ( )
   d Somewhat better ( )
   e Much better ( )
19. What is the current status of the basic services such as water, lighting and sewerage for your household in general as compared with the status before obtaining a loan from NMB?
   a Worse ( )
   b Same ( )
   c Better ( )
20. What is the current status of the diet for your household in general as compared with the status before obtaining a loan from NMB?
   a Much worse ( )
   b Somewhat worse ( )
   c Same ( )
   d Somewhat better ( )
   e Much better ( )

21. What is the current status of decision making for your household in general as compared with the status before obtaining a loan from NMB?
    a Less ( )
    b Same ( )
    c Greater ( )
22. What is the current status of social respect for you in general as compared with the status before obtaining a loan from NMB?
    a Less ( )
    b Same ( )
    c Greater ( )
23. What are the constraints facing you as the one of customers of NMB services?
    ………………………………………………………………………………….
    …………………………………………………………

24. Do you think education level plays great role on the use of MNB loan in poverty alleviation?
    a Yes ( )
    b No ( )
25. Do you think entrepreneurial skill play great role on NMB loan performance?
    a Yes ( )
    b No ( )

26. Does experience play a great role in NMB loan performance?
    a Yes ( )
    b No ( )
    c

Thanks for your cooperation

APPENDIX2:SWAHILI VERSION OF THE CUSTOMERS QUESTIONNAIRE

Mpendwa Mdodoswaji

Mwenye hili dodoso ni Mwanafunzi wa Shahada ya Uzamili ya Uhasibu na Fedha katika ChuoKikuu cha Mzumbe tawi la Mwanza. Lengo kuu la maswali haya ni kunisaidia kukusanya taarifa sahihi juu ya kazi inayofanya benki ya NMB tawi la Ngara katika kuondoa umasikini. Unaombwa usome swali kwa umakini na kutoa jibu sahihi kadri ya matakwa ya swali husika.Taarifa yoyote utakayoitoa itatumika kwa makusudi ya utafiti tu na si vingenevyo.Nakuhakikishia kwamba taarifa zote zitakuwa siri na zitatuzwa kwa uangalifu mkubwa.

Asante kwa ushirikiano wako wa dhati

Ntandu Omary M

SEHEMU YA KWANZA: Taarifa binafsi

1. Umri wa miaka 20-29 ( ) 30-39 ( ) 40=49 ( ) 50 na kuendelea
2. Jinsia ya Kiume ( ) Kike ( )
3. Hali ya ndoa Sijaoa/Sijaolewa ( ) Nimeoa/Nimeolewa ( ) Mtalaka ( ) Mjane ( ) Mgane ( )
4. Elimu ya Msingi ( ) Sekondari ( ) Chuo ( ) Chuo Kikuu( )

PART TWO: Maelezo kutoka kwa Mteja

5. Unajishughulisha na shughuli gani?
   a Uuzaji wa duka la rejareja ( )
   b Uuzaji wa chakula hoteli ( )
   c Uuzaji wa nguo ( )
   d Ufugaji wa ndege na wanyama ( )
   e Mkulima ( )
   f Mshonaji ( )
   g Shughuli za Ufundi ( )
   h Huduma ya usafiri ( )
   i Uuzaji wa nafaka ( )
   j Uuzaji wa mboga na matunda ( )
   k Shughuli zinginezo ( )

6. Sababu iliyokufanya kuomba mkopo katika bank ya NMB –tawi la Ngara?
   a Kuanzisha biashara ( )
   b Kuongeza mtaji ( )
   c Kufanya shughuli zingine ( )
7. Kiwango kipi ulichochukua kwenye mkopo wa awali?
   a Chini ya - 500,000 ( )
   b 500,000 - 1,000,000 ( )
   c 1,000,000 - 2,5000,000 ( )
   d 2,500,000 - 5,000,000 ( )
   e Zaidi - 5,000,000 ( )

8. Muda gani wa matarajio ya marejesho?
   a Wiki ( )
   b Mwezi ( )
   c Mwaka ( )
9. Kiwango cha marejesho kina unafuu kwako?
   a Ndiyo ( )
   b Hapana ( )
10. Kiwango ulichokopeshwa kinatosha kuendeshea shughuli husika?
   a Ndio ( )
   b Hapana ( )
11. Je, rahisi kupata mkopo wa awali?
   a Ndiyo ( )
   b Hapana ( )
12. Je,kinahitajika kuweka dhamana unapochukua mkopo?
   a Ndiyo ( )
   b Hapana ( )
13. Ni dhamana ipi unayotakiwa kuweka?
   a Nyumba ( )
   b Gari ( )
   c Kiwanja ( )
   d Nyinginezo ( )
   e Haihitajiki ( )
14. Vipi, riba ya mkopo ni kubwa?
   a Ndiyo ( )
   b Hapana ( )
   c Nakuomba utaje kiwango --
   ----
15. Baada ya kumaliza marejesho ya mkopo,vipi utaendelea na mkopo mwingine?
   a Ndiyo ( )
   b Hapana ( )
   Ikiwa hapana kwa nini?...

16. Je,unafikiri benki ya NMB ina mchango mkubwa kwa maendeleo yako ya kiuchumi?
    a Ndiyo ( )
    b Hapana ( )
17. Kwa hali ya sasa huduma ya matibabu ikoje wewe na familia yako ukilinganisha na kipindi kabla ya kuchukua mkopo?
    a Mbaya sana ( )
    b Mbaya ( )
    c Sawa ( )
    d Nzuri ( )
    e Nzuri sana ( )
18. Kwa hali ya sasa huduma ya elimu ikoje wewe na familia yako ukilinganisha na kipindi kabla ya kuchukua mkopo?
    a Mbaya sana ( )
    b Mbaya ( )
    c Sawa ( )
    d Nzuri ( )
    e Nzuri sana ( )
19. Kwa sasa upatikanaji wa huduma za msingi kama maji,umeme na utoaji wa maji taka kwenye makazi yako ukoje ukilinganisha na kipindi kabla ya kuchukua mkopo?
    a Mbaya ( )
    b Sawasawa ( )
    c Mzuri zaidi ( )
20. Kwa sasa upatikanaji wa chakula bora ukilinganisha na kipindi kabla ya mkopo
    a Mbaya sana ( )
    b Mbaya ( )
    c Sawasawa ( )
    d Mzuri ( )
    e Mzuri sana ( )
21. Kwa sasa ushirikishwaji katika maamuzi ukoje ukilindanishwa na kabla ya kuchukua mkopo

a Mdogo ( )

b Sawasawa ( )

c Mkubwa ( )

22. Kiwango cha heshima unachopata katika jamiiukilinganisha na kabla ya kuchukua mkopo

a Kidogo ( )

b Sawasawa ( )

c Kikubwa ( )

23. Ukiwa kama mdau wa NMB changamoto za huduma unazokutana nazo ni zipi?

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…………………………………………………………

24. Unafikiri kiwango cha elimu kina mchango mkubwa wa matumizi ya mkopo unaopata ili kuondoa umasikini?

a Ndiyo ( )

b Hapana ( )

25. Unafikiri ujuzi wa ujasilia mali unaongeza tija katika utendaji wa pesa za mkopo?

a Ndiyo ( )

b Hapana ( )

26. Uzoefu nao unachangia katika utendaji wenye tija wa matumizi ya mkopo?

a Ndiyo ( )

b Hapana ( )

Asante kwa ushirikiano wako

APPENDIX 3: INTERVIEW QUESTIONS FOR NMB STAFF

1. How old are you?20-29( )30-39 ( ).40-49 ( ) 50 and above ( )

2. Observed gender Male ( ) Female ( )
3. Marital status? Single ( )Married ( ) Divorce ( )
   Widow ( ) Widower ( )
4. Level of education? Primary ( )Secondary ( )
   College ( ) University ( )
5. How long have you worked in NMB ?less than 2 yrs( ) 2-4 yrs ( ) More than 4 yrs ( )
6. Are you allowed to take loans at NMB? Yes ( ) No ( )
7. What is your position?
8. Why is the purpose of applying for loan? a. For start up business b. Increase capital for business c, For Other activities.

   Other questions
9. What is loan interest rate in NMB?
10. What is the time of starting loan repayment and how long is the loan repayment?
11. How many employees do you have in the Ngara branch?
12. How many branches of NMB do we have in Ngara District?
13. How many beneficiaries take loans at the Ngara branch?
14. Has the number of beneficiaries increased compared with previous time? If yes, to what extent?
15. Has the income of NMB increased compared with previous time? If yes to what extent?

Thanks for your cooperation