

**THE ROLE OF MICROFINANCE INSTITUTIONS IN
DEVELOPMENT OF WOMEN ENTREPRENEURS IN ZANZIBAR,
TANZANIA**

**A CASE OF WOMEN ENTREPRENEURSHIP DEVELOPMENT
TRUST FUND (WEDTF) IN URBAN WEST REGION OF
ZANZIBAR**

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ZANZIBAR**

By

Kirobo Kinoo Kirobo

**A Dissertation Submitted in partial Fulfillment of the requirement for the Award
of the Degree of Master of Science Entrepreneurship of Mzumbe University**

June, 2015

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 Institutions in Development of Women Entrepreneurs in Zanzibar, Tanzania: A case of Women Entrepreneurship Development Trust Fund (WEDTF) In Urban West Region of Zanzibar**, in fulfillment of the requirements for the award of the degree of Master of Science Entrepreneurship of Mzumbe University.

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Accepted for the Board of

.....

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DECLARATION

AND

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I, Kirobo Kinoo Kirobo, 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.

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DEDICATION

This Dissertation is dedicated to my late father, mother and family for their support.

LIST OF ABBREVIATIONS

ADB	:	African Development Bank
BOT	:	Bank of Tanzania
CGAP	:	Consultative Group to Assist the Poor
MFIs	:	Micro Finance Institutions
NGO	:	Non Governmental Organization
NMFP	:	National Micro Finance Policy
PBZ Ltd	:	Peoples Bank of Zanzibar Ltd
RGoZ	;	Revolutionary Government of Zanzibar
ROSCA	:	Rotating Savings and Credit Association
SACCOS		Saving and Credit Cooperative Societies
SELF	:	Self Employment Loan Facility
SIDO	:	Small Industrial Development Organization
SME	:	Small and Medium Enterprise
SPSS	:	Statistical Package for Social Science
UNU-WIDER	:	United Nation University -World Institute for Development Economics Research
URT	:	United Republic of Tanzania
VICOBA	:	Village Community Bank

ABSTRACT

The study aimed to analyze the role of MFI in the development of entrepreneurs in Urban West region of Zanzibar, Tanzania. The study was guided by the following questions: What are the various forms of supplementary services attached to microcredit?; What are the factors which pushes Zanzibaris women entrepreneurs to borrow microcredit at WEDTF?; and What are the challenges facing WEDTF clients to access microcredit in the study area?. The study used a sample size of 141 respondents includes a total of 136 respondents received microcredit services from WEDTF and 5 respondents (employees) of WEDTF was selected and data were collected using 136 questionnaires and interview guides to clients of WEDTF and WEDTF staff respectively. The findings showed that there are various supplementary services attached to microcredit products includes: Access to saving facility, access to training facility, access to group formation, access to exhibitions and trade fair. The study further showed that majority of WEDTF clients were self employed into different income generating activities including: small shop, “mama lishe” and agro-processing, tailoring, poultry keeping and vegetable production. The results show that increased employment opportunities, increased sales volume, increased income, increased profit margin are the outcome of the adequate micro credit access. The study revealed factors that pushed Zanzibaris women entrepreneurs to borrow microcredit from WEDTF to include: Interest rate is reasonable compared to commercial banks, no bureaucracy in loan application and disbursement of credit, access of supplementary services to clients. Also the study found that there are challenges facing WEDTF clients to access microcredit includes: In adequate loan funds, no grace period, initial ceiling amount, no microfinance policy, lack of permanent sales outlets. The study concludes that WEDTF played a positive role to the development of entrepreneurs in Zanzibar due to its integration of financial services and non financial services.

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CHAPTER ONE

1.0 Introduction

This chapter introduces the background of the study, problem statement, objectives of the study, research questions, scope of the study, and significance of the study, limitation of the study and organization of the thesis.

1.1 Background information

The Revolutionary Government of Zanzibar (RGoZ) has aspired to improve the welfare of people mainly through increasing income, eradicating disease and fighting ignorance. In 2000 the RGoZ adopted the vision 2020 which aspires to improve the standard of living of the people of Zanzibar (RGoZ, 2010). The government has been using Medium National Strategies and instruments of guiding the implementation of the necessary actions for attaining the Vision and Millennium Development Goals (MDG).

In this context, in 2002 the RGoZ adopted the Zanzibar Poverty Reduction Plan (ZPRP); which is a three years medium term mainly focused on poverty reduction. Followed by the formulation and adoption of Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP) in 2007 to 2010; which in Kiswahili commonly known as “Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Zanzibar – MKUZA I. Then followed by MKUZA II which start in 2010 to 2015 and the main cluster of MKUZA are Growth and Reduction of Income Poverty. And one among the strategic intervention adopted by RGoZ is creating the enabling environment for the private sector activities to flourish through: facilitation of access to credit, promote access to market and build capacity of private sector on business management skills (RGoZ, 2010).

Since MFIs are expected to finance the SMEs operating either individually or in a group aiming at reducing poverty. In this view, there are a number of microfinance initiatives that have been established by various agencies to offer credit and savings to enterprises in the informal sector. For example, most of MFIs in Zanzibar (NGOs,

SACCOS, ROSCA) are not sustainable and have not been able to produce satisfactory results due wrong perception of credit and limited institutional capacity to deliver microfinance services (Millinga, 2006).

Microfinance is one of the key tools to entrepreneurship development in Zanzibar. MFIs support the existing micro entrepreneurs and the potential entrepreneurs by giving them the financial services in a form of credit and saving. Also credit access increase adoption of new and sophisticated technology for expanding the enterprise, improve the incomes of the entrepreneurs and reduce poverty. From this scenario the access of credit to the entrepreneurs has been an increase the level of entrepreneur's productivity and consumption patterns.

In spite of an increase in number of Microfinance Institutions (MFIs) in Zanzibar, few study of the role of MFIs towards the development of entrepreneurs has been conducted. Many studies have been done that are related to the impact of small loans on women in South East Asia, but there is a very little literature in Tanzania in general and Zanzibar in particular. In order to promote development of entrepreneurs in Zanzibar various efforts have been made by the Government agencies, NGO's, International Organization and Donors. One such effort has been the establishment of Women Entrepreneurship Development Trust Funds (WEDTF). WEDTF formally was known as a Credit Scheme for Productive Activities of Women in Zanzibar in March 1991. The major goal was to develop the entrepreneurial and technical skills for WEDTF clients in Zanzibar and to enable them to access productive resources to undertake sustainable income generating activities. Then transformed into WEDTF with the financial and technical support from DANIDA. WEDTF was formerly registered under the Societies Act No 6 of 1995 with registration number 001. WEDTF received a capacity building development grant from African Development Fund (ADF) that allowed the organization to strengthen its management capacity and a small loan fund that enabled them to register 400 women groups representing over 2,000 members in 26 villages in the rural and urban areas of Zanzibar. In 2002, ADF supported WEDTF financially TSh.100, 000,000 (one hundred million) to

support the strengthening credit component as a revolving loan fund. This enabled WEDTF to issue over 4,400 loans to 2,200 women entrepreneurs. In June, 2007 SELF Project disbursed TSh.20, 000,000 (Twenty million) loan fund to WEDTF and TSh.50, 000,000 (Fifty million) in July 2008. And in September 2008, Alternative Learning and Skills Development Project (ALS DP) disbursed TSh.300, 000,000 (Three hundred million) loan funds to WEDTF as a microcredit facilities for WEDTF clients. This fund enabled the WEDTF to increase its outreach and liquidity and hence promote entrepreneurship development in Zanzibar (WEDTF, 2008).

1.2 Statement of the Problem

In general, access to micro finance boosts entrepreneurship and entrepreneurial activity is widely seen as an engine of economic growth (UNU-WIDER, 2010). According to Makorere (2014), microfinance is an important tool for business development. Development of small business is noted to be subject to adequate finance and lucrative market, since microfinance improves working capital of business. However, most of enterprises have been facing a problem of working capital in Tanzania although there are more financial institutions offering microcredit services.

Despite the availability of these microfinance institutions, however it was noted that 59% of the people in Zanzibar have not accessed microcredit service direct from formal nor informal organizations. Failure to access microcredit consequently influenced poor business performance, poor resource utilization and ultimately failed to reduce income poverty in Zanzibar (RGoZ, 2012). From this scenario it is argued that women entrepreneurs who are facing problems of income poverty and poor business performance mostly associated these problems with poor microcredit access. As noted by Ledgerwood (2002) that microcredit service is proven to be a powerful instrument for business performance as well as in reducing income poverty. For example, if entrepreneurs can adequately access microcredit services is also linked with provision of appropriate credit terms and conditions.

Therefore, Microcredit services are the driving force for the socio economic development of poor people and poverty reduction (Ledgerwood, 2002).

Since past studies noted that microfinance institutions has positive contribution to the entrepreneurs development such as increased assets, increased sales volume, income and reduced poverty levels among borrowed entrepreneurs, thus this study aiming at assessing the role played by WEDTF especially on the development of women entrepreneurs in Zanzibar, Tanzania.

1.3 Objective of the Study

1.3.1 General Objective

The general objective of the study is to analyze the role played by WEDTF in the development of Women entrepreneurs in Urban West region of Zanzibar, Tanzania.

1.3.2 Specific Objectives

- i. To find out various types of supplementary services attached with microcredit product and how they promoting women entrepreneurs development in Zanzibar.
- ii. To find out factors pushed Zanzibaris women entrepreneurs to borrow microcredit at WEDTF particularly in the study area,
- iii. To find out the challenges facing women entrepreneurs to access microcredit in the study area.

1.4 Research Questions

The research questions that this study will adopt are as follows:

- i. What are the various forms of supplementary services attached to the microcredit product offered by WEDTF and how these supplementary services bring out entrepreneurs development in Zanzibar?
- ii. What are the key factors which push Zanzibaris women entrepreneurs to borrow microcredit at WEDTF?

- iii. What are the major challenges facing WEDTF clients (women entrepreneurs) to access microcredit in urban west region of Zanzibar?

1.5 Scope of the Study

The coverage of this study was mainly focused to the role of MFIs in the development of entrepreneurs in Zanzibar more specifically to women entrepreneurs who are borrowing at WEDTF at Urban West region of Zanzibar. The target respondents visited was the small women entrepreneurs (clients of WEDTF). Also the study included the Management team of WEDTF especially the credit officers.

1.6 Significance of the Study

The significance of this study includes the following:-

The findings from the study revealed the key role and importance of MFIs towards the development of entrepreneurs in Zanzibar and hence assist and equip the decision makers especially in the microfinance industry to make sound decision. Also assist the Tanzania women informed on the availability of opportunities of getting soft loans and hence to explore this opportunity and initiate venture creation as a foundation for self employment and poverty reduction; Assist the stakeholders by giving them basic inputs required for formulating new and sound strategies and policy towards sustainable development of microfinance industry; It added value to the stock of literature and hence provided a basis for further research; From academic point of view, this study enabled the researcher to be experienced on how best to conduct research. Also this study is the requirement for the researcher for partial fulfillment of the award for Master of Science degree in Entrepreneurship from Mzumbe University.

1.7 Limitations of the Study

The time allowed for the study was limited due to the fact that the respondents were scattered in different sites, some difficulties were faced in giving orientations, following up respondents and collecting responses.

And the financial constraint is the challenge to the researcher. From this ground, it might affect the quality of the research output to some extent.

1.8 Organization of the Thesis

The thesis is organized into five chapters. Chapter one covers the general introduction which gives the outline of the study, including the background information, statement of the problem, research objectives, research questions, scope and significance of the study, limitations and organization of the thesis. Chapter two reviews the literatures which are relevant to the study topic that is “Roles of Microfinance Institutions in the development of entrepreneurs in Zanzibar, Tanzania”. Mainly theoretical review including definitions of key concepts; Empirical review comprise of review of studies done in Tanzania and abroad and finally the conceptual framework which shows the relationship between three major components of MFI elements (credit, saving, training); SMEs (Entrepreneurs) and Development of women entrepreneurs indicators as outcome of MFIs elements. Chapter three describes the methodology used in the study including research design, data collection methods and sources, study area profile, sample size and methods of data analysis. Chapter four gives the presentation of findings and discussions on the role of MFIs to the development of entrepreneurs in Zanzibar. And chapter five gives the summary of the result, conclusion and recommendations including the areas for further study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of previous literature relevant to the present study on the roles of MFIs towards the development of entrepreneurs in Zanzibar. In this chapter, the literature review is based on the research issues of this study and also helped to answer the research questions posed in the study. Specifically the study targets women entrepreneurs who benefitted from the financial services produced by MFIs in developing and developed countries and improving their status economically and socially. In reviewing the literature, the researcher identified areas in which women entrepreneurs experiences changes in their lives when accessed to credit from MFIs.

The first part of the review centered on understanding the theoretical part of microfinance including definition of key concepts used in the study, followed by empirical review and finally the conceptual framework.

2.2 Theoretical review

2.2.1 Concept of Microfinance

Microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfer and insurance to poor and low income households and their micro and small enterprises. Microfinance does not only cover financial services but also non-financial assistance such as training and business advice (Kessy & Urio, 2006).According to Ledgerwood (2002) microfinance has evolved as an economic development approach intended to benefit low income women and men. The term refers to the provision of financial services to low income clients including the self employed.

2.2.2 Microfinance institutions

According to Ledgerwood (2002) a MFI refers to an organization providing microfinance services, whether regulated or unregulated. Ledgerwood goes on that many MFIs provides social intermediation services such as group formation and financial intermediation services such as saving, credit, insurance and payment services. MFIs can be nongovernmental organizations (NGOs), savings and credit cooperatives, credit, commercial banks.

2.2.3 Poverty concept

According to Temu (2000) Poverty is defined as the situation in which an individual or social group is unable to satisfy its basic needs. Poverty is expressed not only as low income or insufficient access to factors of production but also as insufficient access to social services and decision making process.

2.2.4 Empowerment concept

Empowerment is the expansion of assets and capabilities of poor people to participate in negotiation with, influence control and hold accountable institutions that affect their lives. Focus on issues of gaining power and control over decisions and resources that determine the quality of one's life (World Bank, 2000).

2.2.5 Women Entrepreneurs

According to United Nation Industrial Development Organization (2001) the concept of women entrepreneurship is defined as women productive activities, particularly in industry, empower them economically and enable them to contribute in overall development.

2.2.6 Entrepreneurship

Entrepreneurship is defined as a process which involve discovery, evaluations and exploitation of opportunities (Shane and Venkataraman,2000).

2.3 Theoretical perspective of microfinance

Theoretical literature on microfinance can be divided into two categories. The first category addresses the specific problems that poor people have in gaining access to financial services at an affordable cost, particularly as a result of their lack of collateral. The second category of literature explores impacts pathways of microfinance on enterprises, households and individuals. In summary, the theoretical aspect of microfinance rests on the potential for joint liability and other innovations by microfinance institutions, monitoring to resolve issues such as adverse selection and moral hazard and to reduce MFIs transaction costs. Mitigating financial intermediation constraints could lead to expansion of economic activities, higher net returns to house hold, assets and higher incomes (Duvendack *et al.*, 2011).

2.3.1 Evolution of microfinance

Microfinance has existed for centuries in Africa and around the world. There are many global examples of the history of microfinance, ranging from informal, small scale, rotating saving and loans clubs in England, and Germany during the 18th Century to SACCOS in Indonesia in 19th Century. In Nigeria microfinance goes back to the 15th Century and was carried from there to the caribbean by slaves. The original Yoruba term “susu”, for the practice is still in use today. In Africa, mainstreaming, formalization and recognition of microfinance as part of the formal financial sector began to gain momentum in the late 1990s (ADB, 2006).

2.3.2 Gender empowerment

As credit is successfully targeted to women, it may benefit women specifically by enhancing their status and empowering them, it may also beneficially affect the pattern of household resource allocation, particularly benefiting children (Duvendack, et al .2011).

2.3.3 Supply side of microfinance

According to Consultative Group to Assist the Poor (2008) it is argued that CGAP was established in response to a broad International consensus that the availability of microfinance helps to reduce poverty, which has since been reaffirmed in a number of International forums such as the UN General Assembly's designation of 2005 as the year of Microcredit and the awarding of the 2006 Nobel Peace Prize to Muhammad Yunus and the Grameen Bank for their work on the development of microfinance.

2.3.4 Demand side of microfinance

The demand for microfinance in developing countries has been rising rapidly and the number of MFIs has increased dramatically in the last decade. A plethora of studies have concluded that enhancing the availability of MFIs as an effective tool to reduce poverty and help poor people manage their vulnerabilities. However, a recent World Bank research study concluded that statistical research evidenced that the benefits of microcredit is not yet overwhelming and made the case for further research to obtain more robust conclusions(CGAP,2008).

2.3.5 Microfinance credit lending models

There are different models, some of them including:-

2.3.5.1 Group lending model

It is one of the most novel approaches of lending small amount of money to a large number of clients who cannot offer collateral. Basic philosophy lies in the fact that short coming and weakness at the individual level are overcome by the collective responsibility and security afforded by the formation of group of such individuals.

2.3.5.2 Individual lending model

This is a straight forward credit lending model where loans are given directly to the borrower. It does not include the formation of groups, or generating peer pressure to ensure repayment.

2.3.5.3 Saving and Credit Cooperative Societies

Saving and credit cooperative societies are most common financial cooperatives in both developing and developed countries. Their purposes are to provide small loans to poor farmers or small entrepreneurs. In this model borrower must first be a member and buy at least one share. It is unique member driven, self help financial institution. Members have a common bond and membership is open to all who belong to the group, regardless of race, religion or colour.

2.3.5.4 Village banking model

Are community based credit and saving association. Typically consists of 25 to 50 low income individuals who seek to improve their lives through self employment activities. Initial loan capital for the village bank may come from an external source, but the members themselves run the Bank; choose their members, elect their own leaders and develop their own bylaw.

2.3.5.5 ROSCA Model

ROSCA are informal groups developed by their members at the grassroots level. They bear different names in different countries. For example in West Africa they are tontines, paris or susu; in Mexico they are tandas (Ledgerwood, 2002). And in Tanzania are called “UPATU”. Individuals form a self selected group and all members agree to contribute a regular fixed amount every week or month. Members then take turn to receive funds. The order in which the members receive funds is determined by lottery, mutual agreement, need or personal emergencies.

2.3.5.6 Grameen model

Emerged from the poor focused grass roots institutions; Grameen Bank was started by Mohammed Yunus in Bangladesh and adopted the following methodology: A bank unit is set up with a field Manager and a number of bank workers; group of five prospective borrowers formed, in the first stage, only two of them are eligible for and receive loan; there is a substantial group pressure and in this sense collective responsibility of the group serves as a collateral on the loan.

2.4 Role of Microfinance Institutions

Different literatures relates the relevance of microfinance industry to the development and hence poverty reduction. A paper presented by Temu (2000) at the first workshop on poverty alleviation and management system in Tanzania discloses that the Tanzania's Government strongly recognizes the need for microcredit and other financial services for the poor as a way towards poverty alleviation. The Government has been seriously launching and supporting microfinance programme and schemes to achieve this objective.

The degree to which MFIs provides each of these services depends on whether it takes a "minimalist" or "integrated" approach. Minimalist approach offering only financial intermediation (credit, saving, insurance, payment system) while Integrated approach offering both financial intermediation and other services as a means of improving the ability of its clients to utilize financial services(Ledgerwood,2002).

2.5 Challenges and Constraints facing Microfinance Institutions

According to Ledgerwood (2002) Microfinance has recently become the favorite intervention for development institutions, due to its unique potential for poverty reduction and financial sustainability. However, contrary to what some may claim, microfinance is not a panacea for poverty alleviation. Infact, a poorly designed microfinance activity can make things worse by disrupting informal markets that

have reliably provided financial services to poor households over the past couple of centuries, albeit at a high cost. Care should be taken to ensure that the provision of microfinance is truly demand driven, rather than simply a means to satisfy donors' agendas. Challenges identified by Modibo, (2006) include the following: Legal and regulatory framework; Reluctance of the commercial bank to serve the small entrepreneurs; Rising population and increasing unemployment (Youths and women). The sections below expound on these:-

2.5.1 Legal and regulatory framework

At present the RGoZ does not have microfinance policy but processes are underway to initiate development of the microfinance policy. This is aimed at providing a basis for developing an efficient microfinance system for the segment of the population with little or no access to financial services including entrepreneurs so as to promote entrepreneurs. Currently majority of MFIs receives no financial supervision from a competent authority.

2.5.2 Reluctance of the commercial bank to serve the population

And according to the United Republic of Tanzania (2003) disclosed that the SME sector in Tanzania has limited access to finance due to many factors includes: high risk and collateral requirement. Commercial banks are reluctant to serve the small entrepreneurs because of different risk.

2.5.3 Rising population and increasing unemployment

The increase of population creates more demand for access to financial services for the small entrepreneurs. The issue of outreach and viability/financial sustainability is very crucial. Bikki & Joselito (2003) disclosed that the National Micro-Finance Policy recognize the institutions providing Microfinance services as the real driving force behind the achievement of the ultimate goal of development of sustainable Microfinance.

The issue is having the appropriate strategy for the development and strengthening of MFIs to make them sustainable and professional institutions that offer appropriate, quality financial products and services for the development of entrepreneurs.

2.6 Empirical Literature Review

2.6.1 Review of studies done in Tanzania

Masimba (2010) in his study on contribution of MFIs to improvement of women livelihood urged that microfinance have a positive impact on women's livelihood in Tanzania by increasing women employment opportunities in micro enterprises, improving the productivity of women income generating activities, enhancing their self confidence and status within the family as independent producers and providers of valuable cash resources to the household economy.

According to Mlowasa (2010) in his study on role of MFIs in improving the economic status of women in Tanzania urged that: MFIs provides small loans to their clients, creates employment opportunities and capacity building to borrowers by offering different skills such as use of loans, entrepreneurship and managerial skills. Also the Government of United Republic of Tanzania (URT) initiate a special Fund called JK Fund to meet the challenge of poor capital base for small entrepreneurs and hence building the national economy.

The report by Binamu, (2010) studied Micro Finance and Empowerment in Tanzania by using the case study of PRIDE Tanzania in Kinondoni Municipality. The results shows that PRIDE services contribute to poverty reduction because it was observed that PRIDE Kinondoni has disbursed total of seven (7) billion since 1996; women have received loans ranging from 100,000 to 6,750,000 Tanzania shillings and women deal with different activities such as beauty salons, food vending , grocery, charcoal and small shops. Sales earned from these activities contribute much to the improvement of household income hence empower women. The finding shows that

there is a positive relationship between PRIDE Tanzania and empowerment of women in Kinondoni Municipality.

On the other hand, Kolongo (2010) in his study on the contribution of MFIs to the development of small enterprises in Dar-es Salaam urged that the overall performance of MFIs in Tanzania is poor and only few of them have clear objectives, or strong organization structure. Also lack participatory ownership and many are donors driven. Their operational performance demonstrates low loan repayment rates and their capital structures are dependent on donor or government funding.

According to Kuzilwa (2005) in his study on the role of credit for small business success, a study of the National Entrepreneurship Development Fund in Tanzania urged that there are several factors that influence the success of entrepreneurs. Among them is the micro-credit financing, which significantly contribute to the success of entrepreneurs. Chami (2010) disclosed that Microfinance Institutions (including donor and Government programs and schemes) have been in existence even before the financial sector reform, but they have remained weak due to a number of factors. Including the following: NGOs providing microfinance services have continued to depend on donor funds for their operations instead of building their own internal capacity; NGOs and other microfinance schemes operate under different laws which render it difficult to monitor them and develop common standards.

Likewise, Krain, (1998) urged that credit in Zanzibar was directly extended to farmers by various projects and institutions, without involving banks. Usually the credit was restricted to the promotion of particular technologies (example: tractor plowing) or to specific target groups (example: rice farmers); general and comprehensive agricultural credit facilities were not offered.

2.6.2 Review of studies done abroad

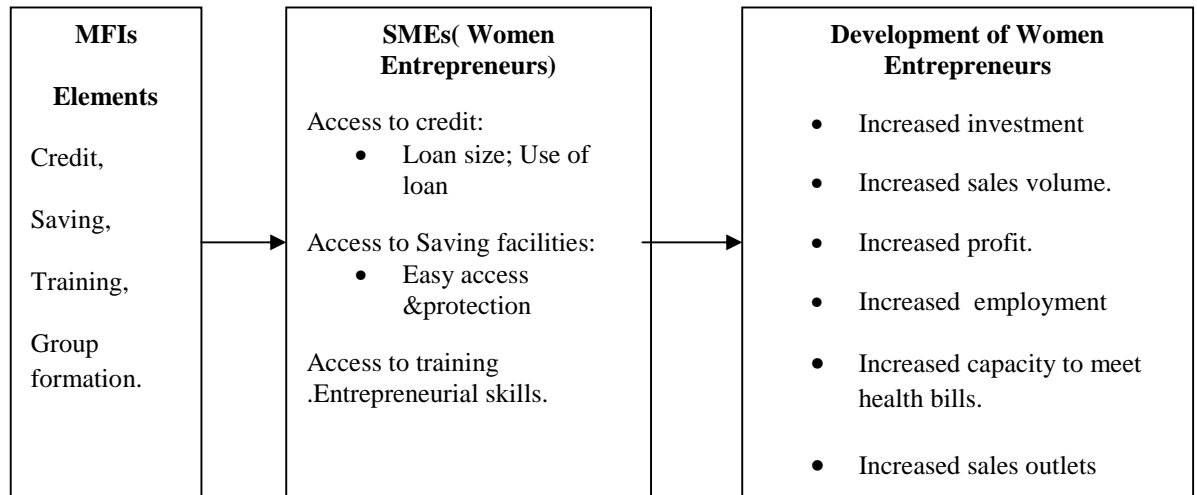
Likewise the study by Baumann (2001) compared performance of selected MFIs that have poverty alleviation focus in South Africa and found out that most of MFIs in the country were in efficient as compared to other MFIs in the world. Despite of the above aspect of microfinance to women entrepreneurs, Journal of Business and Finance (2014) disclosed that although microfinance has the ability to empower women, the connection is not straight forward. Other argued more strongly that access to microcredit actually impacts women's empowerment experience negatively by leading to a certain kind of disempowerment.

The literature has revealed that many studies have been done concerning financial institutions and microfinance in general. But there is no specific study conducted which is related to the proposed topic (that is "Role of MFIs after reviewing different literature related towards the development of entrepreneurs in Zanzibar"). Therefore, from this scenario, the concentration of the study will be on the role of MFIs in the development of entrepreneurs in Zanzibar so as to fill the research gap.

2.7. Conceptual Framework

In order to understand the role of MFIs towards the development of entrepreneurs in Zanzibar a conceptual framework has been developed based on topic, objectives of the study as shown in the Figure 1 below. The framework consists of three major components: MFIs elements (comprise of credit, saving, training, group formation); SMEs (Entrepreneurs) with access to credit, saving and training services; and development of entrepreneurs with indicators of: increased capacity to meet health bills, increased capacity to meet better education, increased sales volumes, increased profit, increased incomes from operation ,increased employment opportunity, increased saving , increased investment and increased sales outlets.

Figure 1: The Conceptual Framework



Source: Researcher (2015)

Microfinance elements: Credit (loan) is the main product of MFI which refer to the small amount of money given to poor people and entrepreneurs at the reasonable interest rate for generating incomes for self employment (Ledgerwood, 2002).The loan will be used by the entrepreneurs for investment. The terms of given credit are key issues to the entrepreneurs wellbeing and business performance. Moreover, the flexibility of loan repayment policy which include loan grace period, repayment period and interest rate all are critical factors in determining the role of MFI to clients (Ledgerwood,2002).

Saving is the product of a sustainable MFI which refer to the amount of money the entrepreneurs are willing to save for security. Saving may be either mandatory (compulsory) or voluntary depending on the MFI policy. Both mandatory and voluntary saving are important for enhancing capability of poor to cope with uncertainty of shocks and reduce the financial costs of lending and secure a sustainable fund of sources (Ledgerwood, 2002).Training is supplementary services attached to the microcredit product for some of the MFI in order to achieve deep

outreach and improving the quality of microfinance services, the entrepreneurial and business training has been recognized as the engine of effective use of financial services which lead to enhance the performance of clients. Thus, embedded financial services with entrepreneurial and business development training are inevitable for creating successful entrepreneurs (Ledgerwood, 2002).

Group formation facilitates process of building social capital and enhances participation and solidarity among members. Each member of a group becomes responsible for repayments of loans through group pressure. Entrepreneurs with access to credit, saving, training probably boosted the entrepreneurs' development in Zanzibar. Development of entrepreneurs is the end result of MFIs whereby the entrepreneurs will boost their business performance. Different indicators will be used to measure these development includes the following: Increased investment; increased sales volume, increased profit from operation, increased employment opportunities, increased capacity to meet health bills , increased capacity to meet better education.

According to conceptual framework, the access of MFIs elements (credit, saving) and supplementary services attached to microcredit product offered by WEDTF will results into entrepreneurs development. According to Shane (2003) microfinance provide the needed opportunity for entrepreneurs to start or improve business in order to make profit and improve their lives. MFIs product creates opportunity for entrepreneurial activity and there is a positive relationship between MFIs elements and opportunity for entrepreneurial activity. And the discovery of business opportunity and the decision to exploit the opportunity leads to a search for external fund. And the acquisition of such funds again creates opportunity for entrepreneurial income generating activity. Also it is urged that proper application of the resources could lead to business performance.

According to Raymond (1994) poor capital for women entrepreneurs results to poor investment, poor returns, poor saving, poor/low incomes and poor health.

This is the vicious circle of women entrepreneurs. But if the women entrepreneurs have appropriate and timely access to credit, increased the initial capital base for their entrepreneurial activity and reversed the situation into virtuous cycle of low income, injection of credit, initiate investment, more incomes, more saving, more investment (expansion) and good health.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology and procedure used in conducting the study. It comprises of detail about the area of study, research design, study population, sample size, sampling techniques, methods of data collection, instruments to be used for the data collection, research variables that is dependant variables and independent variables and method to be used for data analysis.

3.2 Area of the Study

The study was conducted in the financial NGO of WEDTF situated in the Urban West Region of Zanzibar. The region comprise of two district of Urban Unguja and West Unguja .The region occupies an area of 230 sq km and according to the 2012 population census results, Urban West region has a total population of 593,678persons; whereby 283,590 are male (47.8%) and 310,088 are women (52.2%). Municipality of Zanzibar Town is a major urban center in the region. The region is selected because it is noted to have a large number of active women entrepreneurs and mostly have an access to microfinance services. Also the region is the potential area for entrepreneurship development (WEDTF, 2008) as Map1 shows below:

3.3 Research Design

According to Kothari (2004), a research design can be conceived as the overall conceptual structure through and within which research is conducted; It constitutes a blue print for collection, measurement and analysis of data. Therefore, this particular study used a case study research design. Women Entrepreneurship Development Trust Fund (WEDTF) has been selected for the study for the new insights about the problem of the study. This has been selected because case study enables a researcher to study or collect information within a particular social setting or an organization. The selected case study was designed to provide answers to the research question on the role of MFIs towards the development of entrepreneurs in Zanzibar.

3.4 Population of the Study

The population of a study refers to a complete set of elements (persons or object) that possess some common characteristics defined by the sampling criteria established by the researcher (Msabila & Nalaila, 2013). Therefore, the population of this study was the women entrepreneurs that were situated at Urban West region of Zanzibar and who benefited from WEDTF products and services and credit officers from WEDTF.

3.5 Sample Size and Sampling Techniques

3.5.1 Sample size

The study used a sample size of 136 respondents from WEDTF (women 136).

3.5.2 Sampling Techniques Methods

The Sampling Techniques Methods provide a range of methods that enabled the researcher to reduce the amount of data that needs to be collected by considering only data from sub groups rather than all possible cases or elements. The researcher used the following sampling techniques: Simple random and purposive samplings as explained below:

3.5.2.1 Simple random sampling technique

The researcher used simple random sampling technique for the customers (women entrepreneurs) who have received microcredit services from the WEDTF using the lottery method through list of respondents acquired from the WEDTF office and for random selection.

3.5.2.2 Purposive sampling technique

The researcher used purposive sampling technique specifically for the Executive officer and credit officers from WEDTF as these are knowledgeable and experiences in microfinance and entrepreneurial skills. The researcher selected the sample that was unbiased which give the best relevant information and representative of the target population.

3.6 Data collection methods

The researcher used both the primary and secondary data collection methods. Primary data collection methods used include questionnaires, interviews and observations while the secondary data collection method used by the researcher includes documentary review such as reports, newspapers, books, internet /website.

3.6.1 Primary Data Collection Methods

3.6.1.1 Questionnaire Method

The researcher used the questionnaires method with both closed and open ended questions. The open ended questionnaires enabled the respondents to elaborate more on their information while the closed ended ones helped in getting a lot of questions answered within a short period of time and control respondents from giving irrelevant information. The researcher used to collect the raw data from the women entrepreneurs who benefited from WEDTF products and services.

The questionnaires were administered by the researcher to the sample of 136 small women entrepreneurs (clients of WEDTF). The questionnaires developed were translated into “Kiswahili” for respondents to create more understanding. This enabled the researcher to explore all aspect related to topic of study, that is “The role of MFIs to the development of entrepreneurs in Zanzibar, Tanzania”. Therefore, data collection instrument used was questionnaire for women entrepreneurs.

3.6.1.2 Interview Method

The Researcher used the interview method to get information from WEDTF Officials including one (1) Executive officer and four (4) credit officers. The researcher visited Executive officer and credit officers at WEDTF office to get their response related to the research topic. The interview schedule was administered to 5 interviewees (WEDTF employees) in order to get their experiences and feelings about the role of MFIs in the development of entrepreneurs in Zanzibar and the challenges facing MFIs. Also, the interview explored on their knowledge about microfinance and entrepreneurs issues. The researcher adopted the interview guide instruments more specifically to credit officers at the study area. And the unstructured interview was chosen by the researcher not only to give a greater freedom for the researcher to ask questions and lead the direction of the interview but also give room for the respondents to provide in depth relevant information. The interview was used as a means to validate the findings.

3.6.2 Secondary Data Collection Methods

It involves the documentary review of different literature related to the role of MFIs in the development of entrepreneurs. Secondary data were obtained via the secondary sources which include journals, texts, reports, materials from internets, brochures from WEDTF and entrepreneurs visited.

3.6.2.1 Documentary source

The study used documentary review method to collect relevant information from written materials, such as notices, correspondence, minutes, reports, speech, books, journal, magazine articles and newspapers (Saunders *et al.*, 2007). The method is an important source of information and also a storage medium for compiled data. The researcher used the Mzumbe University to accessed the relevant data.

3.7 Data Analysis Methods

In this particular study, data analysis was categorized into quantitative and qualitative data analysis methods. Preliminary data analysis involved coding, entering, cleaning, and data editing before starting data analysis process.

In this study , data were accumulated and re –arranged into a more workable framework that help the researcher to classify and organize them .From this ground the researcher applied mainly the qualitative technique during the study, the approach was good in analyzing the primary and secondary data obtained.

With regard to quantitative data , frequencies were used to determine the distribution of values for variables and summarize the data.

3.7.1 Quantitative Data Analysis Methods

The researcher used quantitative data analysis technique “Statistical Package for Social Sciences” (SPSS) software. Descriptive statistics that involved frequency distribution and percentage was used in the analysis and presentation of data.

3.7.2 Qualitative Data Analysis Method

Qualitative data analysis was used for factual and logical interpretation of data gathered. The qualitative approach was used in collecting respondents view’s during interviews. The study used this method to all non numerical data that have not been quantified.

The descriptive and statistical analysis was conducted based on data and information collected from primary and secondary sources on both clients of WEDTF, Executive officer and credit officers from WEDTF. The information analyzed for clients include: the general profile of clients, types of services received from MFI, condition for services accessibility, type of enterprise established, status of employment, future plan and challenges facing entrepreneurs to access microcredit.

3.8 Validity and Reliability Measurement

According to Msabila and Nalaila (2013) defined the validity as the accuracy and truth of the data and findings that are produced, that is measures what is supposed to measure; while the reliability of a research instrument is the measure of the degree or extent to which a research instrument yields consistent results of data after repeated trials, that is consistency or repeatability of what to be measured.

3.8.1 Validity Measurement

In research, the key fundamental rule of thumb is that every data and information we obtain must be accurate and truth and hence resulted to valid output. The researcher developed a clear question in questionnaires both in English and Swahili version so as to measure what is supposed to measure. And may add concluding questions after the interview test so as to strengthen what is supposed to be measured. To ensure validity, the researcher gathered the data from a number of women entrepreneurs from all district of Urban and West Unguja. This facilitated the good representation from all district which differ in their geographical features. Also to ensure validity primary data was cross checked against secondary data.

3.8.2 Reliability Measurement

In order to ensure reliability of the data in this study, the questionnaires was developed and designed in a such a way that it managed to capture both quantitative and qualitative data and in line with research objectives and research questions.

And the pre-testing of the questionnaires and interview questions was conducted to create a common understanding of the questionnaires contents among the respondents before the actual field. Also different methods of data collection were used including: interview, questionnaire and documentary review. And offered a room to make modification of the questions and make more reliable before the actual data collection. The researcher was closed to the clients at the field to the place of work of clients to strengthen the reliability of data. To the questions which are too personal the clients were ensured on confidentiality from the beginning.

CHAPTER FOUR

FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents' finding and discussions on the data collected based on the research questions that guided the study to meet objectives as presented in chapter one.

4.2 General characteristics of respondents

Demographic characteristics of respondents based on gender, age distribution, marital status distribution, education level, work experiences and source of startup capital were analyzed and presented in the frequencies and percentages (Table 1). The study interviewed 136 respondents.

Table 1: General characteristics of Respondents (n=136)

Characteristic	Category	Frequency	Percent
Gender Distribution	Female	136	100.00
Age Distribution	Less than 20	02	1.47
	20-30	12	8.82
	30-40	30	22.06
	40-50	48	35.30
	Above 50	44	32.35
Marital status	Single	03	2.21
	Married	127	93.38
	Divorced	2	1.47
	Widowed	4	2.94
Education Distribution	Adult education	4	2.94
	Primary education	12	8.83
	Secondary education	113	5.15
	College education	7	0.00
	University education	0	
Work experiences	Less than one year	2	1.47
	1-5 years	118	86.76
	6-10 years	12	8.82
	11-15 years	3	2.21
	Above 16years.	1	0.74
Source of startup capital	WEDTF(MFI)	105	77.21
	Personal saving	18	13.24
	Friends& relatives	13	9.55

Source: Research Data (2015)

4.2.1 Gender Distribution

From the table 1 above, 136 respondents were female entrepreneurs (100%). This means that the women entrepreneurs were the foundation of this MFI. This implies that majority of respondents are women who are very active in micro credit programme.

4.2.2 Age Distribution

48 respondents (35.30%) were aged between 40-50 years followed by 44 respondents (32.35%) were above fifty years old; 30 respondents (22.06%) were aged between 30-40 years; 12 respondents (8.82%) were aged between 20-30 years and 2 respondents (1.47%) are less than 20 years old. This implies that majority of respondents are adults and have family commitment cared for children and hence needs extra income to meet the family issue emerged. They wanted to be self employed and increased their purchasing power. Also the data implies that very few (1.47%) less than 20 years old are engaged into WEDTF which means Youths are excluded in the programme. This may be youth are not informed on opportunities of financial accessibility.

4.2.3 Marital status Distribution

The marital status of the respondents shows that 127 who are the majority are married (93.38%); followed by 4 widowed (2.94%). The remaining 2.21% and 1.47% are singles and divorced respectively. This implies that majority of women entrepreneurs were married which means they established business venture in order to boost their income level to meet the increased family demands. This means that the married entrepreneurs have the spirit of self help and mutual help spirit at the family level to cope the environment. According to Duvendack, et al (2011) credit is successfully targeted to women, it may benefit women specifically by enhancing their status and empowering them, it may also beneficially affect the pattern of household resources allocation. Particularly benefiting children. Also can lead to expansion of economic activities, higher net returns to household assets and higher incomes.

4.2.4 Education Distribution

The educational level of respondents shows that 83.09% have secondary education; followed by 8.82% of respondents who have the primary education. And the remaining 5.15% and 2.94% college education and adult education level

respectively. While there is no respondent who has a university education from the clients point of view. This implies that majority of respondents were secondary school level and very few (5.15%) with college education and none with university education which implies that graduates are not engaged into entrepreneurial ventures and depend on white collar job to be employed in a Public sector. Also implies that graduates are either not interested to be self employed in private sector or the current curriculum prepared them to be a white collar job in Public sector and not blue collar job or green collar job.

According to Mlowasa (2010) in his study on role of Microfinance institutions in improving the economic status of women in Tanzania urged that : MFIs provide small loans to their clients , creates employment opportunities and capacity building to borrowers by offering different skills such as loans, entrepreneurship and managerial skills.

4.2.5 Work and business experiences

With regards to work and business experiences of the respondents, shows that majority of the respondents 86.76% have experience of 1-5 years; 8.82% of respondents have 6-10 years experiences; 2.21% have experiences of 11-15years. Very few (1.47%) have experience of less than one year and 0.74% above 16 years of experiences. This implies that majority of respondents had 1-5 years of experiences and therefore satisfactory experiences to the field of entrepreneurship and hence to be good entrepreneurs because experiences is a good teacher.

This finding is consistent with what is presented by ILO (2003) that unlike what is generally reported in the literature on micro and small entrepreneurs in Tanzania that women entrepreneurs have limited employment experiences.

4.2.6 Source of startup capital

With regards to source of startup capital to the respondents. Findings shows that majority of respondents (77.21%) obtained start-up capital from Microfinance

Institutions (WEDTF) ; 13.24% of the respondents obtained from personal saving and only 9.55% obtained from friends and relatives. This implies that MFIs play a positive role to the access of capital to the entrepreneurs because majority of clients proves to depends on MFIs. This finding is consistent with what was revealed by Kuzilwa (2005) argued that the only viable source of business financing among women entrepreneurs are credit from MFIs.

4.3 Sources of Income Generating Activities

The study found that, the clients of WEDTF were engaged into different income generating activities from small shop to tailoring business as indicated in Table 2 below:

Table 2: Main income generating activities **(n=136)**

Types of income generating activities	Frequency	Percent
Small shop	67	49.27
"Mama lishe"(food vending) & agro processing	37	27.21
Poultry keeping	14	10.29
Vegetable production	12	8.82
Tailoring	6	4.41
Overall	136	100

Source: Research Data (2015)

From the table 2 above, majority of the respondents (49.27%) were engaged in the small shop dealing mainly with consumer goods followed by “Mama Lishe” and agro-processing (27.21%). 10.29% of the respondents were engaged into poultry keeping ; 8.82% of the respondents were engaged into vegetable production and very few respondents (4.41%) were engaged into tailoring business. This indicates that majority of WEDTF clients were self employed into small shop business (Plate 1).



Source: Research Data (2015)

Plate 1: Women entrepreneur (client of WEDTF) in her small shop, West, Unguja

From the plate 1 above, study confirmed that women entrepreneurs owned business venture, self employed in income generating activities, managed to discover, evaluate and exploit the opportunities surrounding them. The picture showing one among the client of WEDTF Ms Halima Muchi displaying goods at her small shop at Kombeni village, West district of Zanzibar. The client used the credit from WEDTF to expands her business activities. This indicates that, women entrepreneurs who were clients of WEDTF were active borrowers used their credit wisely for investment in business venture and hence promotes the development of entrepreneurs in Zanzibar.

4.4 Forms of supplementary services attached to the microcredit product

Various forms of supplementary services attached to microcredit product offered by WEDTF found includes: Saving, training, group formations, exhibition and trade fair (Table 3)

Table 3: Forms of supplementary services attached to Micro-credit (n=136)

Variables	Frequency	Percent
Saving	136	100
Training	136	100
Group formation	136	100
Exhibition & trade fair,	136	100

Source: Research Data (2015).

4.4.1 Access to saving facility

From Table 3 above, all respondents (100%) declared that they accessed with saving facility from WEDTF. This implies that, it is mandatory for the clients of WEDTF to open an account with WEDTF because saving may be either compulsory or voluntary. Through compulsory (mandatory) saving the clients of WEDTF are required to save as a condition of obtaining future loan. While voluntary saving the clients of WEDTF is not required as a condition to obtain loan. This also imply that savings services are valuable mechanisms to clients of WEDTF for liquidity management through accessibility to cash, rate of returns, security and divisibility of savings, reduce the financial cost of lending and secure a sustainable funds source; while on the other side saving are vital and attractive source of MFIs funds because can be easily obtained with lower cost. This is in line with the credit policy of WEDTF.

4.4.1.1 Contribution of saving to development of entrepreneurs

The respondents were asked to mention the contribution of saving facility from WEDTF to the development of entrepreneurs in Zanzibar. The mentioned contributions include the followings: Owned a personal saving and managed to build the saving culture trend at increasing rate in 12 months. The respondents disclosed that through WEDTF, managed to open saving account as a strategy to cope with business shocks; managed to build the saving cultures in their business operations; and hence saving provides protection against different risks to the clients. On the other side, saving trends in 12 months imply that women entrepreneurs are sensitized to saving cultures and hence build their capital base from internal sources and resulted to increased possibility of business expansion, increased sales volume and hence promotes the development of entrepreneurs in Zanzibar.

4.4.2 Access to training facility

From Table 3 above, all respondents (100%) declared that they accessed with training facility from WEDTF.

4.4.2.1 Contribution of training to development of entrepreneurs

The respondents were asked to mention the contribution of training facility from WEDTF to the development of entrepreneurs in Zanzibar. The mentioned contributions includes: increased capacity building in business skills, entrepreneurial skills and management skills. This indicates that the clients of WEDTF are capacitated in different basic skills to master their entrepreneurial activities; resulted to change in their business operations compared before and after the training. Clients managed to keep simple records of their business transactions; wisely use of credit for investment, timely loan repayment, managed to meet their customer's needs and hence increased sales volume of their business. Furthermore, there is a positive relationship between entrepreneurial training and clients output and productivity, after the trainings the respondents managed to control costs of operation (budgetary

control), minimization of total cost; uses promotion techniques and publicity effectively and hence captures the market resulted to increased total revenues from operation of related business ventures. Therefore, total revenues are greater than total costs and hence create profit from operation; entrepreneurial training are very effective when combined with microcredit services; entrepreneurial training has a potential to enhance the capacity of micro and small enterprises for job creation. From this scenario training is an investment and facilitates to the development of entrepreneurs;

This study is consistent with what was revealed by Kuzilwa that the enterprises whose owners received business training and extension advices performed better than those that did not.

4.4.3 Access to group formation

The results in the Table 4.3 above showed that, all respondents (100%) agreed that group formation play a critical role to the development of entrepreneurs in Zanzibar. WEDTF used the “Group lending model” whereby in order for the entrepreneurs to get loan he/she must be a member in a group of five self selected people. Group members had the flexibility in loan size and terms and allow the borrower (members) to access funds when needed by using the “peer pressure”. Peer pressure is the substitute collateral, reduced transaction costs in term of screening and monitoring and ensured the good loan repayment and hence the sustainability of MFIs and development of entrepreneurs in Zanzibar. The study found that group members were not registered as a cooperative society but they operate as an informal group of members, develop their own bylaws and had their own management elected by themselves. These imply that the disbursements of credit to clients are based on social collateral rather than physical collateral which opens the door for the poor women entrepreneurs to participate in the economic activities and hence exploits existing opportunities surrounding them. From this scenario, MFIs played a positive role towards the development of entrepreneurs in Zanzibar.

4.4.4 Access to Exhibition and Trade fair

The results in the Table 3 showed that all 136 (100%) respondents said that WEDTF coordinates and facilitates the Entrepreneurs to participate in different exhibitions and trade fair within Zanzibar and outside Zanzibar in collaborations with other Organization including Government.

4.4.4.1 Contribution of exhibition and trade fair

The finding showed that clients of WEDTF had the opportunities to attend different exhibition and trade fairs within and outside Zanzibar (Table 3).

It was reported that all (100%) respondents recognized the importance of exhibition and trade fairs to the development of entrepreneurs in Zanzibar. Through exhibition and trade fairs the entrepreneurs had a chance to exchange ideas, to create contact and linkage with prospective customers, make sales and hence increased sales volume. From this scenario, the activities undertaken during trade fair and exhibition , the risk taken ,and discovery of new market for ones products showed that WEDTF clients had become real entrepreneur , had exploited opportunities to improved products and services and hence a basis for development of entrepreneurs.

This finding is consistent with what was reported by Makombe (2006) concerning the benefits of participating in trade fairs and exhibition includes increasing exposures, creating awareness and increasing sales.

4.5 Factors which push Zanzibaris women to borrow microcredit

Following the second research question, required the factors which push Zanzibaris women entrepreneurs to borrow microcredit at WEDTF. The study revealed that there are different factors which push Zanzibaris women to borrow microcredit at WEDTF (Table 4).

Table 4: Factors pushed Zanzibaris women to borrow from WEDTF (n=136)

Variables	Frequency	Percent
Reasonable Interest rate	68	50.00
Access to entrepreneurship training	136	100
No bureaucracy on loan applications and disbursement	136	100
Access to group formation and group collateral	136	100
Access to exhibitions and trade fairs	136	100

Source: Research Data (2015)

4.5.1 Reasonable Interest rate

The study found that interest rate charged on loan to clients from WEDTF had a mixed feeling. From the data above, 68 (50%) of the respondents showed that the interest rate charged are reasonable and satisfactory. While 50% of the respondents showed interest rate charged by WEDTF are not reasonable and not satisfactory. Some of the entrepreneurs argued that the interest rates charged by the MFIs are not friendly to support the development of their business ventures and hence entrepreneurs in Zanzibar.

Furthermore, the findings showed that the interest rate charged to clients of WEDTF depends on the loan products (Table 5).

Table 5: Loan products and its Interest rate

Loan Product	Interest rate (Percent)
3 months	5.5
6 months	11
9 months	16.5
12 months (1 year)	22

Source: Research Data (2015)

From the table above, the researcher found that WEDTF offering different loan products to facilitates production and seasonal income generating activities for entrepreneurs depending on individual, group and centre requirement. This indicates that the larger the duration the greater the Interest charged to the entrepreneurs and vice versa. This implies that the lower the rate of interest enable the entrepreneurs to had the increased saving and hence increased investment to the business venture resulted to increased sales volume followed by increased profit margin and hence development of entrepreneurs.

This finding is consistency to what was reported by Makorere (2014) with regards to Interest rate that the owners of enterprise who received fair interest rate, enough grace period performed better than those that did not.

4.5.2 Access to entrepreneurship training

The results in the Table 4 showed that all 136 (100%) of respondents declared that WEDTF produced different training to entrepreneurs from pre loan training to after loan training. The training attracted the clients because it build their capacity to handle loan funds and managed to operate their business venture profitably, sustainably and resulted to improved their business performance and hence development of entrepreneurs. This finding is consistent with that of Kuzilwa (2005) on National Entrepreneurship Development Fund in Tanzania; the study revealed that enterprises whose owners received business training and extension advices performed better than those that did not.

4.5.3 No bureaucracy on loan application

The results in the Table 4 showed that all 136 (100%) of respondents declared that there is no bureaucracy in the process of loan application and disbursement. This is line with the best practice of MFIs on time of application and disbursement of credit. The study revealed that there are limited paper works in loan application to disbursement. This implies that the loan application attached with timely

disbursement of credit enables the entrepreneurs to take advantages on emerged business opportunities and niche market. This indicates increased sales volume to entrepreneurs had resulted to increased incomes from operation, increased employment opportunities, increased profit ,improved their standard of living and hence development of entrepreneurs in Zanzibar.

4.5.4 Access to group formation and group collateral

The results in Table 4 showed that all 136(100%) of respondents declared that WEDTF used the group lending model to its clients. The study revealed that group lending system simplified the assessment of clients and reduced the monitoring costs, ensures the timely loan repayment by entrepreneurs and substituted the formal collateral used by conventional commercial banks. This indicates that the entrepreneurs who are excluded are now included through group formation and resulted to increased working capital, increased investment opportunities, increased employment opportunities, increased sales volume, increased incomes, increased profit margin and hence development of entrepreneurs in Zanzibar.

4.5.5 Access to exhibitions and trade fairs

The results in Table 4 showed that all 136 (100%) of respondents declared that WEDTF used the exhibition and trade fair to promote the entrepreneurs. This indicates the entrepreneurs had strong linkage to the market opportunities and hence increased sales volume, increased incomes , increased profit margin, increased investment, increased employment opportunities, improved health and education , increased saving and hence development of entrepreneurs.

4.6 Challenges facing WEDTF clients to access microcredit

In this section, the study intended to answer the raised research question three that demanded respondents to disclose the challenges faced to access microcredit. The study found that there are different challenges summarized below (Table 6)

Table 6: Challenges facing clients of WEDTF**(n=136)**

Variables	Frequency	Percent
Inadequate loan funds	91	66.91
No grace period	26	19.12
Initial ceiling amount	10	7.35
Legal & regulatory framework (No Microfinance Policy)	5	3.68
Sales outlets	4	2.94

Source: Research Data (2015)

4.6.1 Inadequate loan fund

Finding showed that, majority 91 (66.91%) of respondents declared that the amount of loan disbursed to entrepreneurs was inadequate to facilitate the smooth implementation of their business ventures. This imply that majority of women entrepreneurs are accessed to under capitalization system which may limit the success in business ventures and small amount provided was not enough to make an investment on innovation . Business ventures among others needs sufficient capital to meet the basic inputs and costs of operation, to meet the increased demands of products (goods and services), to managed to had the sustainable productions and supply of products to the customers. Inadequate capital due to fact that amount requested not balanced with disbursement may results to poor production , customers dissatisfactions, un able to meet orders from customers and the increased demands of products, poor sales, poor incomes from operations, poor profit margin , poor saving , poor investment, poor standard of living and hence resulted to poor development to the entrepreneurs. This finding is supported by Kuzilwa (2005) revealed that due to limited financial capacities of most of MFIs operating in Tanzania, not all women operators of microenterprises have managed to access microcredit services.

4.6.2 No grace period

Finding showed that, 26 (19.12%) respondents said that there is no grace period granted to the clients of WEDTF and this had the negative impact to the project and investments which needs appropriate time to delivers outputs. This implies that the entrepreneurs with long term investment are not attracted to be clients of WEDTF and this is a limitation to entrepreneurs with innovation investments. The finding indicates that some business ventures needs sufficient time to give its appropriate returns on investment while others no needs of grace period. This finding is consistence with what was revealed by Diyamett (2012) with regards to pressing challenges facing micro and small enterprises associated with the terms and conditions that come with the loan. These were amount of the loan that was granted was very small, maturity period for starting repaying back the loan that was very short.

4.6.3 Initial ceiling amount

Finding showed that, 10 (7.35%) of respondents revealed that the amount of initial loan disbursed to WEDTF client is very small for developing their business ventures (Table 6).

Furthermore, results from the study sample show that amount of the first loan disbursed to clients amounting TSh.100, 000 is very small and limitation to facilitate the establishment and expansion of sustainable income generating activities and hence the development of entrepreneurs in Zanzibar (Table 7)

Table 7: Distribution of loan disbursed to clients (WEDTF) (n=136)

Distribution of loan	Frequency	Percent
Less than 500,000	75	55.15
500,000-2,000,000	61	44.85

Source: Research Data (2015)

From the Table above, 55.15% of the respondents received small loan size less than TSh.500, 000 followed by 44.85% who received TSh.500, 000 to 2,000,000; none of the respondents received above TSh.2, 000,000. This shows that small loans of less than TSh.500, 000 were the most common, an indication that most of the entrepreneurs owned small business. This is in line with the WEDTF credit policy of minimum loan of TSh.100, 000 and maximum loan of TSh.2, 000,000. This finding is consistent with what was reported by Makorere (2014), argued that one of the major complaints about credit issued by credit recipients (borrowers) is the low ceiling amount fixed by providers compared to actual business needs. The study showed that the amount of first loans received ranged from 50,000 shillings to 500,000shillings.

This implies that clients of WEDTF are informed properly on terms and condition of loan and hence stimulate the timely loan repayment and reduce the loan delinquency. Because the clients to get second loan must repaid timely the first loan and the system is to start with small loan size at increasing rate depending on performance of clients. As most of the respondents indicated that inadequate working capital is a big challenge and when asked clarification one client quoted said that:

"When I approached WEDTF I thought that i will be able to get lump sum of money from the beginning (first loan), but in real situation things are different, as a new member has to start from a small loan amount Tsh.100,000 to higher stage of 2,000,000 while the demand for my project was Tsh 500,000."

4.6.4 Legal and regulatory framework

Finding showed that 5 (3.68%) respondents had opinion that Legal and regulatory framework is a challenges in Zanzibar. They argue that there is a SME policy for the development of industry. But the there is no Microfinance policy to develop the Microfinance industry. And these two are among the basic tools for the development of entrepreneurs in Zanzibar and Tanzania in general.

According to Mudibo (2006), challenges facing MFIs and entrepreneurs includes legal and regulatory framework. This supported the finding raised by the researcher in the study of role of MFIs in the development of entrepreneurs in Zanzibar. Also according to Bikki & Joselito (2003), disclosed that National Microfinance Policy recognize the institutions providing Microfinance services as the real driving force behind the achievement of ultimate goal of development and sustainable microfinance. The issue is having the appropriate strategy for the development and strengthening of MFIs to make them sustainable and professional institutions that offer appropriate, quality financial products and service.

4.6.5 Sales outlets

Finding showed that 4 (2.94%) respondents disclosed that lack of permanent sales outlets among entrepreneurs is a challenge for entrepreneurs (Table 6). Furthermore, the study revealed that majority 102 (75%) of respondents lack permanent sales outlets and resulted to not satisfied while very few 34(25%) reported they are satisfied with the sales outlets for their products (Table 8).

Table 8: Satisfaction on sales outlets **(n=136)**

Level of satisfaction	Frequency	Percent
Satisfied	34	25
Not satisfied	102	75
Overall	136	100

Source: Research Data (2015)

This implies that majority of women entrepreneurs in Zanzibar have no owned permanent place for business operations to facilitate sustainable production and lack appropriate sales outlets to facilitate the marketing of goods and services and hence limit the development of entrepreneurs.

4.7 Role of microcredit to the development of entrepreneurs

After finding out: various forms of supplementary services attached to the microcredit product; factors pushed Zanzibaris women entrepreneurs to borrow microcredit at WEDTF and challenges facing women entrepreneurs to access microcredit in the study area, the study selected indicators to gauge the development of entrepreneurs in Zanzibar.

This section analyzed the role played by WEDTF in the development of entrepreneurs in the sample. To analyze the role of credit towards the development of entrepreneurs, the study used the following success indicators to gauge development of entrepreneurs: increased investment opportunity, increased sales volume, increased profit from operation, increased employment opportunities and increased capacity to meet health services, increased capacity to meet better access to education (Table 9).

Table 9: Role of microcredit to the development of entrepreneurs (n=136)

Role of microcredit	Frequency	Percent
Increased investment	136	100.00
Increased sales volume	136	100.00
Increased profit	136	100.00
Increased employment opportunity	136	100.00
Increased capacity to meet health services (increased health at family level)	134	98.53
Increased capacity to meet better education	135	99.26

Source: Research Data (2015)

4.7.1 Increased investment opportunity

From the Table 9 above, majority (100%) of the respondents showed that access to credit to the entrepreneurs resulted to the increased investment opportunity for the

entrepreneurs comparing before and after taking microcredit from WEDTF. This implies that access to credit resulted to increased investment.

4.7.2 Increased in sales volume

From the Table 9 above, all 136 (100%) respondents declared that had experienced increased sales volume comparing before and after taking microcredit from WEDTF. This finding is consistent with what was reported by Makorere (2014) with regards to the fact that credit access improved sales of the business.

4.7.3 Increased profit from operation

The finding showed that all 136 (100%) respondents managed to generate the increased profit from operation and none of the respondents showed that they experienced no increased profit from operation. This implies that access to MFI services to the women entrepreneurs resulted to increased profit from operation and hence development of entrepreneurs in Zanzibar.

4.7.4 Increased employment opportunities

The finding showed that, all (100%) respondents declared that access to MFIs had increased employment opportunity for the entrepreneurs and none of the respondents experienced no employment opportunity for the entrepreneurs. This implies that access of MFIs services to women entrepreneurs resulted to increased self employment opportunities for the entrepreneurs both fulltime and part time and vice versa (Plate 2).



Source: Research Data (2015)

Plate 2: Women entrepreneur in her small shop displaying goods for resale

From the plate above, one among the client of WEDTF who are self employed in small shop selling different consumers goods at the village. The shop includes among others the local home made products for resale.

As majority of respondents reported that microcredit had a positive role towards the development of entrepreneurs, one of the entrepreneurs quoted said that:

“As a women entrepreneur I managed to take a loan from WEDTF and invest in income generating activity. Then realized positive changes in terms of self employment, increased production, increased sales volume, increased profit margin, increased capacity to meet basic needs, increased capacity to meet better access to education”.

This finding supported the Masimba (2010) study on contribution of MFIs in improvement of women livelihood, he urged that "Microfinance have a positive

impact on women livelihood in Tanzania by increasing women employment opportunities in micro enterprises, improving productivity of women income generating activities, enhancing their self confidence and status within a family as independent producers and providers of valuable cash resources to the house hold economy."

4.7.4.1 Number of employee in business venture before taking credit

The study aimed to find out the number of employees in business venture before the clients taken the loan from WEDTF as a base line (Table 10)

Table 10: Number of employees before credit access to clients (n=136)

Employees	Frequency	Percent
None	129	94.85
1-2	6	4.41
2-5	1	0.74
Overall	136	100.00

Source: Research Data (2015)

The findings showed that majority 129 (94.85%) of respondents reported that they did not have any employee in their business venture ,either permanent nor part time, while 6 (4.41%) reported that they employed between 1-2 staff on part time basis, very few 1 (0.74%) of respondents reported that they had employee between 2- 5 in their business to support the business operation. This imply that, the majority of respondents were starting business as individual without any employees and if there is employment mainly on part time basis ; maybe they are financial weak to have additional staff and the volume of business are in infant stage and hence very costly to employ somebody at this stage of business growth or the entrepreneurs avoid to pay basic costs related to permanent employment of staff including Government monthly contributions to the Zanzibar Social Security Funds.

4.7.4.2 Current number of employee in business venture after taking credit

The study aimed to find out the number of employees in business venture after taking loans from WEDTF, to measure the role of credit in relation to employment creation and hence the development of entrepreneurs; the finding showed that currently the number of employees changed positively at increasing rate after access to microcredit facilities to entrepreneurs (Table 11).

Table 4.11: Current number of employees after credit access to clients (n=136)

Employees	Frequency	Percent
None	5	3.68
1-2	124	91.18
2-5	7	5.15
Overall	136	100.00

Source: Research Data (2015)

Table 4.11 above, majority (91.18%) of respondents declared that they had between 1-2 employees; followed by business ventures had between 2 and 5 employees occupied 5.15%. None of the respondents declared that their business venture had above 5 employees. Furthermore, study sample indicates that before the credit the clients were self employed as individual as seen in success indicators. While after the access of credit to the entrepreneurs they managed to employ supporting staff to facilitate the business operations.

This indicates that business ventures creates self employment opportunities for the entrepreneurs and job creation for the majority of youths and women and hence development of entrepreneurs.

4.7.5 Increased health at family level

From the table 9 above, majority of respondents (98.53%) showed that they increased healthy at family level. This implies that the clients managed to meet the

hospital bills smoothly and hence the nutritional status of the families had improved, the clients now managed to eat three meals per day instead of one or two meals and managed to take a healthy diet.

4.7.6 Increased capacity to meet better access to education

From the Table 9 above, majority (99.26%) of respondents showed that managed to increased capacity to meet better access to education. Very few (0.74%) had 'No' opinion .This implies that through WEDTF entrepreneurs were empowered and managed to meet the school fees for their children and hence send their children to school both to Private and Public school.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this chapter, summary of the study, conclusion, recommendations and suggestion for further research are presented.

5.2 Summary of the findings

This study established to analyze the role played by WEDTF (MFIs) in the development of entrepreneurs in the Urban West region Zanzibar, Tanzania. This guided by specific objectives that focused on: supplementary services attached to microcredit; factors pushed Zanzibaris women entrepreneurs to borrow microcredit and challenges faced by women entrepreneurs to access microcredit. To achieve this objectives, the researcher used both primary and secondary data collection methods. The questionnaires distributed to 136 respondents.

Based on respondents, the data collection followed by data analysis by the researcher and came up with findings that were used to make conclusion and recommendation.

Based on research findings, it was found that supplementary services attached to microcredit includes: saving, trainings, group formation, exhibition and trade fair played an important role towards the development of women entrepreneurs in Zanzibar. Furthermore, the research findings showed the factors pushed Zanzibaris women to borrow microcredit includes: Reasonable interest rate, Access to entrepreneurship training, no bureaucracy on loan applications and disbursement, access to group formation and group collateral, access to exhibitions and trade fair.

Finally the research findings showed the challenges faced women entrepreneurs includes: Inadequate loan fund; increased interest rate, no grace period, initial ceiling amount; legal and regulatory framework (lack of microfinance policy), lack of permanent sales outlets for their products.

5.3 Conclusion

This research aimed to answer the questions in line with the research objectives. The researcher used both qualitative and quantitative approach. Based on research questions number one of this study, on various forms of supplementary services that are attached to microcredit product offered by WEDTF. The study concludes that, there are various supplementary services attached to micro credit includes: saving, training, group formation, exhibitions and trade fair. And these played a important roles towards the development of entrepreneurs in Zanzibar. This implies that the integration of financial and non financial services boost the development of entrepreneurs.

With regards to research question number two, on factors which push Zanzibaris women entrepreneurs to borrow microcredit at WEDTF .The study concludes that there are different factors which includes the followings: Reasonable interest rate; access to entrepreneurship training; no bureaucracy on loan applications and disbursement; access to group formation and group collateral; access to exhibitions and trade fairs within and outside Zanzibar.

Based on research question number three, the study concludes that there are challenges faced women entrepreneurs includes: Inadequate loan fund; no grace period, initial ceiling amount; legal and regulatory framework (lack of microfinance policy), lack of permanent sales outlets for their products.

Finally the researcher concludes that by using different indicators related to development of entrepreneurs: increased investment increased sales volume, increased incomes from operation, increased employment opportunity, increased health, increased access to better education, increased production, and increased asset of the business. The researcher confirms that the microcredit is a major driving factor for the business development and development of entrepreneurs and hence MFIs played a positive role towards the development of women entrepreneurs in Zanzibar.

5.4 Recommendations

Basing on findings, the researcher recommends the followings:-

5.4.1 To WEDTF

The WEDTF should review the interest rate to be appropriate, affordable and reasonable; should strengthening its capacity to manage the loan delinquency; should review its minimum loan ceiling and its maximum ceiling to put into consideration times value of money.

5.4.2 To Government

The Government should create a conducive legal and regulatory framework including the development of Microfinance policy for Zanzibar; should create a comprehensive information exchange system (credit data bureau) to facilitate transparency among MFIs, clients , Government and stakeholders.

5.4.3 To Entrepreneurs

The entrepreneurs should change their mind set to explores the opportunities; should strengthening linkage and networking to different stakeholders.

5.5 Areas for further research

Basing on finding, the researcher proposed to conduct a study on impact of rural finance towards poverty reduction in Zanzibar.

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APPENDICES

APPENDIX 1: DODOSO KWA AJILI YA WATEJA WA “WEDTF”.

Ndugu muhusika,

Dodoso hili limekusudiwa kukusanya taarifa juu ya “Kazi za asasi za fedha katika kuwaendeleza wajasiriamali Zanzibar”; kupitia Mfuko wa kuwaendeleza wajasiriamali wanawake (WEDTF), mkoa mjini magharibi, Zanzibar. Taarifa zitakazokusanywa zitatumika kwa ajili ya matumizi ya kitaaluma tu na majibu yako yatachukuliwa kuwa ni siri kubwa. Unaombwa kujibu maswali yafuatayo kwa uhuru kabisa:-

SEHEMU YA KWANZA: Taarifa binafsi kwa wahojiwa.

1. Jina la mhojiwa.....2. Jinsia : (a) mume (01); (b) mke (02)

3. Umri wako?

(a) Chini ya miaka 20 (01); (b) Miaka 20 – 30 (02); (c) Miaka 30 - 40 (03) ;

(d) Miaka 40 – 50 (04) (e) Zaidi ya miaka 50 (05)

4. Hali ya ndoa ?

(a) sijaolewa/sijaoa (01) ; (b) Nimeolewa/nimeoa (02)

(c) Nimeachika/nimeacha (03) ; (d) Mjane (04)

5. Tafadhali taja kiwango chako cha elimu:

(a) Watu wazima (01); (b) Msingi (02); (c) Sekondari (03) ;

(d) Elimu ya juu (04); (e) Chuo kikuu (05)

6. Ukubwa wa familia yako inayokutegemea.

(a) Chini watu 2 (01); (b) Watu 2-5 ; (c) Watu 5-8, (d) Zaidi ya watu 8

7. Ulikuwa na kazi gani kabla ya kuazisha biashara hii?

- (a) Mama watoto/Baba watoto (01); (b) Nimeajiriwa. (02);
- (c) Nyengine. Fafanua(03)

8. Uzoefu wako wa kazi ukoje?

- (a) Chini ya mwaka 1 (01); (b) Mwaka 1- 5 ; (c) Miaka 6-10 ;
- (d) Miaka 11-15 ; (e) Zaidi ya miaka 16.

9. Mbali ya biashara hii, nini chanzo cha mapato yako?

- (a) Hapana (01); (b) Mshahara(02); (c) Biashara.(03);
- (d) Nyengine. Fafanua(04)

SEHEMU YA PILI: Taarifa za biashara:

1. Biashara yako ni mfumo gani?

- (a) Mtu binafsi (01); (b) Ubia (02); (c) Ushirika (03) ; (d) Kampuni (04)
- (e) Nyengine. Fafanua..... (05)

2. Nini chanzo cha mtaji wako wa kuanzia biashara?

- (a) Akiba (01) ; (b) Jamaa na marafiki (02); (c) Mkopo kutoka WEDTF (03) ;
- (d) Mkopo kutoka benki (04); (d) Nyengine. Fafanua (05)

3. Mkopo uliopata kutoka asasi ya fedha ni kiasi gani kama mjasiriamali?

- (a) Chini ya 500,000. (01) ; (b) 500,000 – 2,000,000 (02); (c) 2,000,000 – 3,500,000 (03) ; (d) 3,500,000 – 5,000,000. (04) ; (e) Zaidi ya 5,000,000. (05)

4. Mkopo uliopata kutoka asasi umetumika kwa shughuli gani kuu?

- (a) Kuanzisha biashara mpya (01) ; (b) Kukuza biashara iliyokuwepo (02);
- (c) Ujenzi wa nyumba (03); (d) Kufanikisha ndoa (04);
- (e) Nyengine. Fafanua(04)

5. Sekta kuu ya biashara yako ni ipi?

- (a) Biashara (01);(b) Uzalishaji (02); (c) Huduma (03);(d) Viwanda vidogo (04)
- (e) Nyengine . Fafanua.....05)

6. Shughuli gani kuu inakuingizia mapato?

- (a) Ufugaji wa kuku (01) ; (b) Ufugaji wa ngombe (02); (c) Kilimo cha mboga mboga (03) ; (d) Usarifu wa mazao (04); (e) Nyengine. Fafanua..... (05)

7. Jee unayo leseni ya biashara?

- (a) Ndio (01); (b) Hapana (02)

8. Hadhi yako kikazi ikoje?

- (a) Nimejijiri mwenyewe (01) ;(b) Nimeajiriwa (02); (c) Yote mawili(03).

9 (a) Biashara yako ilikuwa na wafanyakazi wangapi kabla ya mkopo?

9. (b) Biashara yako imeajiri wafanyakazi wangapi hivi sasa?

- (a) Chini ya watu 2 (01); (b) Watu 2-5 (02); (c) Watu 5 -8 (03); (d) Zaidi ya Watu 8(4).

10. Umewahi kupata mafunzo yoyote kutoka “WEDTF”?

- (a) Ndio (01) ; (b) Hapana (02).

11. Kama ndio, Jee ni mafunzo ya aina gani uliyopata kutoka mfuko (WEDTF)?

- (a) Ujasiriamali (01) ; (b) Mpango biashara (02); (c) Masoko (03) ;
(d) Utunzaji hesabu (04); (e) Nyengine. Fafanua(05)

12. Biashara yako umeianzisha tokea lini ?

- (a) Chini ya mwaka 1 (01) ; (b) Miaka 2 – 4 (02) ; (c) Miaka 5 – 7 (03) ;
(d) Miaka 8 – 10 (04) ; (e) Zaidi ya miaka 10 (05)

13. Jee ni aina gani ya Bidhaa/Huduma za ziada unazozipata kutoka WEDTF ambazo zinasaidia kuleta maendeleo ya ujasiriamali Zanzibar?

- (a) Akiba (01) ; (b) Mafunzo (02);(c) Bima (03) ;
(d) Nyengine . Fafanua..... (04)

14. Mambo gani ya msingi yaliokuvutia/yaliokusukuma kuchukua mkopo kutoka WEDTF?.....

.....

15. Masuala yafuatayo unatakiwa kutoa maoni yako kwa kusema ama kweli au si kweli kwa kuweka alama ya V kwenye kisanduku husika.

SNo.	Kiashiria	Kweli	Sikweli
15.1	Kupungua kwa kiwango cha umaskini		
15.2	Kuongezeka kwa uwezo wa kumudu mahitaji ya lazima		
15.3	Kuongezeka kwa uwezeshwaji na ushirikishwaji		
15.4	Kuongezeka kwa hali ya afya kifamilia		
15.5	Kuongezeka uwezo wa kumudu gharama za elimu		

	kifamilia		
15.6	Kuongezeka kwa uzalishaji na mauzo ya bidhaa		
15.7	Kuongezeka kwa faida itokanayo na biashara		
15.8	Kuongezeka kwa fursa za uwekezaji		
15.9	Kuongezeka kwa mapato yatokanayo na biashara		
15.10	Kuongezeka kwa fursa za ajira		
15.11	Kuwepo wa mazingira mazuri ya kisheria kuongoza na kusimamia asasi za kifedha.		
15.12	Mali za biashara zimeongezeka		
15.13	Masharti ya mkopo yanaridhisha		
15.14	Kiasi cha mkopo unaotolewa kinaridhisha na hakuna urasimu		
15.15	Ninamiliki jengo la ofisi na sehemu ya kuuzia bidhaa.		

16. Tafadhali taja mauzo yako kutokana na biashara kwa mwaka 2014 na 2013.....

17. Tafadhali taja matumizi yako kutokana na biashara kwa mwaka 2013, 2014.....

18. Taja Changamoto moja kubwa inayokukabili katika biashara yako.....

19. Toa maoni na ushauri wako kwa lengo la kuuendeleza ujasiriamali Zanzibar.....

AHSATE SANA KWA MASHIRIKIANO YAKO.

APPENDIX: II: QUESTIONNAIRE FOR WEDTF CLIENTS

Dear Respondent,

This questionnaire is meant to find information on the “Role of Micro-Finance Institutions in the development of entrepreneurship in Zanzibar”: The case of Women Entrepreneurship Development Trust Fund (WEDTF), urban west region of Zanzibar. The information collected will be used for academic purpose only and your response will be treated in highest degree of confidentiality. Therefore, I request you to respond to the following questions freely.

Part A: Personal information of respondents.

1. Name of respondent..... 2. Gender : (a) male (01) ; (b) female (02)

3. How old are you?

(a) Less than 20 years (01) ; (b) 20 – 30 years. (02); (c) 30 - 40 years (03)

(d) 40 – 50 years. (04) ; (e) Above 50 years (05)

4. What is your marital status?

(a) Single (01); (b) Married (02); (c) Divorced (03); (d) Widowed (04)

5. Please state your education level:

(a) Adult education (01); (b) Primary education (02); (c) Secondary (03)

(d) College education (04); (e) University education (05)

6. How many family members do you have?

(a) Less than 2 (01); (b) 2-5 (02); (c) 5-8 ; (d) Above 8

7. What work are you doing before you started this business?

(a) House wife (01); (b) Employed. 02); (c) Other. Specify(03)

8. What is your work experience?

(a) Less than 1 year (01); (b) 1-5 years (02); (c) 6-10 years (03); (d) 11-15 years (04); (e) Above 16 years.

9. Apart from this business, what is your other source of income?

(a) None (01); (b) Salary (02); (c) Business (03); (d) Others. Specify.....(04).

Part B: Profile of the business enterprise:

1. What type of your business venture?

(a) Sole trader (01); (b) Partnership (02); (c) Cooperative (03); (d) Company (04); (e) Others. Specify..... (05)

2. What are the sources of your initial capital for your business?

(a) Personal saving (01); (b) Friends and relatives (02); (c) Loans from MFIs (WEDTF) (03); (d) Loans from commercial bank (04)

; (d) Others. Specify.....(05)

3. What amount of loan (In TSh) you have received from MFI to support your venture?

(a) Less than 500,000. (01); (b) 500,000 – 2,000,000 (02); (c) 2,000,000-3,500,000. (03)

(d) 3,500,000-5,000,000. (04); (e) Above 5,000,000 (05)

4. What is your major purpose to take loan from WEDTF?

(a) To start new business venture (01); (b) To expand the existing business venture (02); (c) For house building (03); (d) For marriage (04)

; Other. Specify.....(05)

5. What is the main sector of your venture?

(a) Trade (01) ; (b) Production (02) ; (c) Services (03); (d) Cottage industry (04); (e) Other. Specify.....(05)

6. What is your main income generating activity?

(a) Poultry keeping (01); (b) Dairy and Livestock keeping (02); (c) Vegetable production (03); (d) Agro processing (04);

(e) Others. Specify..... (05)

7. Did you have the business licence?

(a) Yes (01); (b) No (02)

8. What is your occupation status?

(a) Self employed (01); (b) Formal employed (02); (c) Both (03)

9. Number of employees in your venture are.

(a) Less than 2 (01); (b) 2-5 (02) ; (c) 5-8 (03) ; (d) Above 8 (04).

10. Did you receive any training from WEDTF?

(a) Yes (01) ; (b) No (02).

(11) If Yes, what type of training did you received from WEDTF?

(a) Entrepreneurship (01); (b) Business Plan preparation (02); (c) Marketing (03) (d) Book keeping (04); (e) Others. Specify(05)

12. When did you start your business ?

(a) Less than 1 year (01) ; (b) 2 – 4 years (02) ; (c) 5 – 7 years (03)

(d) 8 – 10 years (04) ; (e) Above 10 years (05).

13. What are the supplementary services attached to microcredit product did you get from WEDTF? (a) Saving (1); (b) Training (02); (c) Insurance (03);

(d) Others. Specify (05)

14. What are the key factors which pushed Zanzibar women entrepreneurs to borrow microcredit at WEDTF?.....

15. From the following questions you are required to say either YES OR NO answer in an appropriate box:

SNo	Indicators/Item	YES	NO
15.1	Reduced poverty level		
15.2	Increased ability to meet basic needs		
15.3	Increased empowerment & participation		
15.4	Increased health at family level		
15.5	Increased capacity to meet better access to education		
15.6	Increased production and sales volume		
15.7	Increased profit from operation		
15.8	Increased investment opportunity		
15.9	Increased income from operation		
15.10	Increased employment opportunity		
15.11	Existence of conducive legal and regulatory framework		

15.12	Increased assets of the business		
15.13	Terms of credit are reasonable and satisfactory		
15.14	The amount of loan is adequate and no bureaucracy		
15.15	Have my own premises (land) & sales outlets.		

16. Please state your gross sale for your business in the year 2013 and 2014

.....

17. Please state your expenditures for your business in the year 2013 and 2014

.....

18. List one major challenge facing your business venture in its operation.....

19. Any other comment and advices to promote entrepreneurship in Zanzibar.....

Thanking you very much for your cooperation.

APPENDIX III: INTERVIEW GUIDES FOR WEDTF MANAGEMENT TEAM /CREDIT OFFICERS.

Dear Respondent,

The researcher is conducting a research on the topic the “Role of Microfinance Institutions in the development of entrepreneurship in Zanzibar, the case of Women Entrepreneurship Development Trust Funds”. These interview guides are only for the academic purpose and not otherwise; you are kindly requested to answer the questions so as to make this study successful and I guarantee you the high degree of confidentiality.

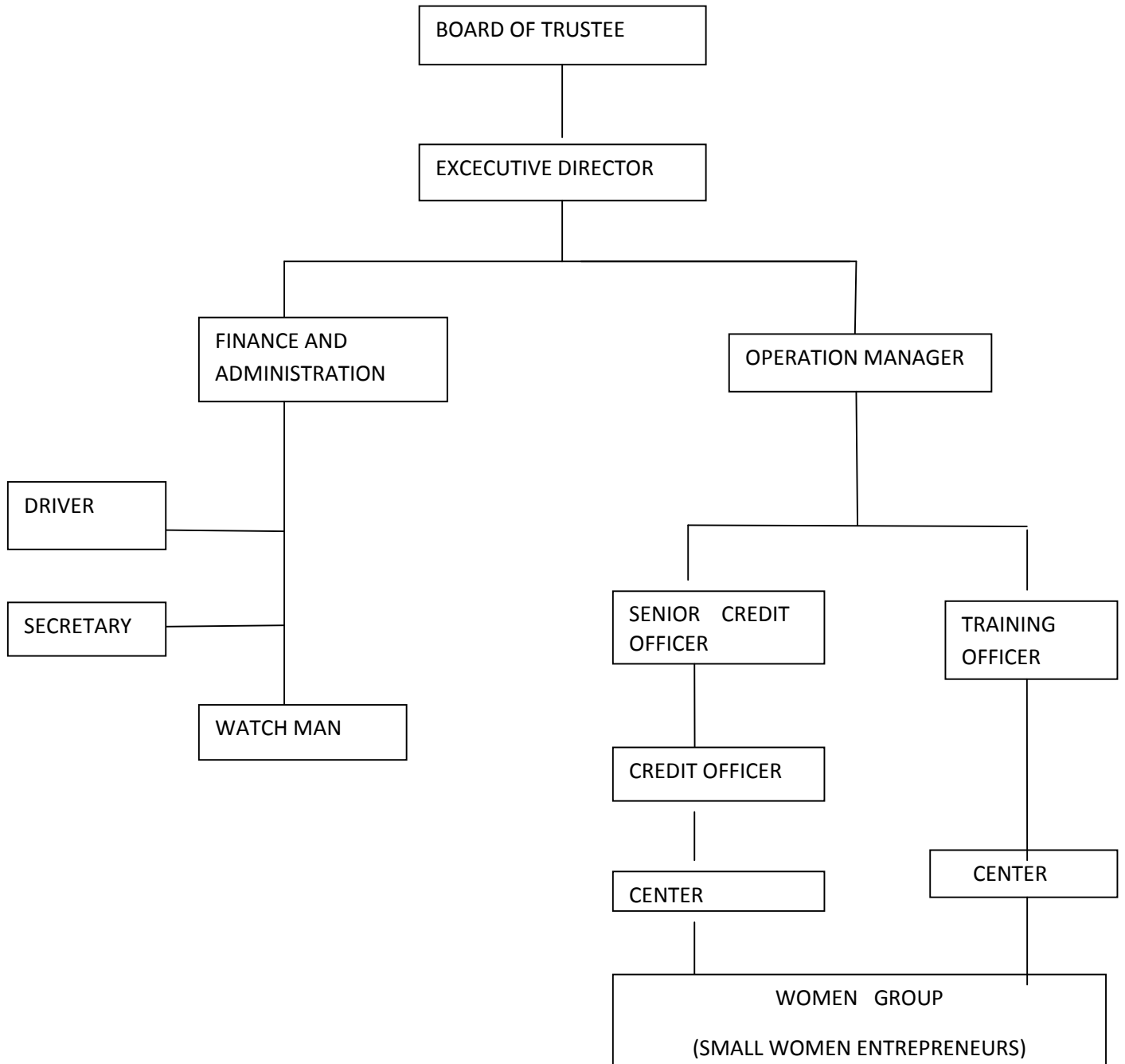
- 1.What is your name and title at WEDTF?.....
- 2.What is your experiences in Microfinance activities?.....
3. Please give me your academic profile and professional profile ?
4. What are the main objectives of your MFI?
5. What are the key roles of your organization to small women entrepreneurs (clients)?.....
6. What are the qualifying conditions /criteria before giving loans to clients?.....
7. What are the borrowing modality for your clients?
(a)In group (01); (b) Individual (02); (c) Both (03) ;(d) Other .Specify.....
8. What are the rate of interest charged by your MFI to its clients?.....
- 9.What are the main products produced by your MFI to its clients?.....
10. What are the main entrepreneurial activity done by your clients?.....
11. What are the range of loan amount disbursed to individual clients?

(a)Minimum..... (b) Maximum.....

12. What kind of loans do you provide to your clients?.....
13. What are total number of loans disbursed to clients in the period 2014, 2013
14. What are total value of loans disbursed to clients in the period 2014, 2013,
15. What are the total number of active borrowers (end of period) 2014, 2013.
16. Which criteria do you use in selecting clients.....
17. What are the value of loans written off during the period 2014,2013,.....
18. What are the outstanding balance of loans in arrears 2014, 2013,.....
19. How you can describe the repayment performance of your clients?.....
(a) Very good (01); (b) Satisfactory (02);(c) Good (03); (d) Bad (04)
20. What do you think are the causes of loan delinquency (if any) to your clients
21. What other non financial services do you provides to your clients?.....
22. What is your assessment concerning your MFI on the following criteria:-
(a) Strength :.....(01); (b)Area for improvement:.....(02
(c) Opportunities :.....(03) ; (d) Challenges:..... (04)
23. What is your comment, recommendations to the Government and clients of MFIs in the development of entrepreneurship and Microfinance industry in Zanzibar.....

Thanking you very much for your support and cooperation.

APPENDIX V: ORGANISATION STRUCTURE OF WEDTF.



Source: WEDTF Office (2015)

APPENDIX VI: BOARD OF TRUSTEE (WEDTF)

BOARD MEMBERS:

NAME	TITLE/DESINATION	ORGANISATION	GENDER
Mr.Jeuri Kassim	Chairperson	Ministry of Women	M
Ms.Alama Jumbe	Secretary	WEDTF	F
Mr.AbdulWakil Hafidh	Member	NGO	M
Ms.Sabah S. Ali	Member	Tourist Commission	F
Ms.Kidawa H.Saleh	Member	WEDTF	F
Ms.Time Idd Rajab	Member	Client	F
Mr.Suleiman Omar Lambart	Member	KATI	M

Source: WEDTF Office (2015)

TASKS FOR THE BOARD OF TRUSTEE (WEDTF)

- Approve Annual and Quarterly budget, plans, and audited financial reports.
- Formulate and approve policies.
- Provide guidance to Management.
- Follow up on implementing previously made decisions coming from the Annual General Meeting of Members.
- Hire and terminate services of the staff.
- Serve as custodians of all assets.

**APPENDIX VII: MEMBERS OF MANAGEMENT COMMITTEE
(EXECUTIVE COMMITTEE)**

Name	Title/Designation	Qualification & Experiences
Ms. Kidawa H. Saleh	Member	Master in Economics. Experienced in credit management.(10yrs)
Ms. Alama Jumbe	WEDTF Executive Director	Degree in Social Science. Experienced in credit management.(22yrs)
Mr.Hassan S. Salum	WEDTF Financial Manager	Advanced Diploma in Financial Management (10 yrs)
Mr.Ali.M. Karabai	WEDTF Credit Officer	Diploma in agriculture with short course in credit management; experienced in credit management.(22 yrs)
Ms.Tatu A. Kombo	WEDTF Credit officer	Form 1V and short course in credit management. Experienced in credit management (22yrs).

Source: WEDTF Office (2015)

APPENDIX IX: LETTER OF INTRODUCTION FOR RESEARCHER.



**MZUMBE UNIVERSITY
(CHUO KIKUU MZUMBE)
FACULTY OF COMMERCE**

E-mail: fcommerce@mzumbe.ac.tz
Tel: +255 (0) 23 2604380/1/3/4
Fax: +255 (0) 23 2604383
Cell: +255 (0) 754 694029
Website: www.mzumbe.ac.tz

P.O. BOX 6,
MZUMBE,
MOROGORO, TANZANIA

18/03/2015

**TO WHOM IT MAY CONCERN
RE: FIELD RESEARCH FOR MSc. THESIS
KIROBO K.K.**

Kirobo K. K. is our student pursuing a Master's Degree in Entrepreneurship (MSc. Entrepreneurship). All our graduate students are required to write a thesis as part of their evaluation. In this respect they need to conduct field research in organizations within the country.

Kirobo K.K's thesis topic is **"The Role of Microfinance Institutions in the Development of Women Entrepreneurship in Zanzibar, Tanzania. The Case of WEDTF in Urban West Region of Zanzibar."**

We kindly request you to provide him with the necessary information he may require from your organization in order to accomplish his study.

We wish to express our gratitude for your continued support to our graduate programmes.

Sincerely,

Moses Marko
For **VICE CHANCELLOR**

APPENDIX X: LETTER OF ACCEPTANCE TO THE RESEARCHER

WOMEN ENTREPRENEURSHIP DEVELOPMENT TRUST FUND
(WEDTF)
ZANZIBAR-TANZANIA.

23rd March, 2015.

Mr.KIROBO K. KIROBO,
POBOX 4256,
ZANZIBAR-TANZANIA.

RE: APPROVAL TO CONDUCT FIELD RESEARCH FOR MSc.THESIS.

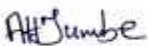
Please refer to the above topic which is the response of your letter dated 23rd March, 2015 and that from Mzumbe University attached.

After putting into consideration the relevance of the Research topic "Role of MicroFinance Institutions to the development of entrepreneurship in Zanzibar, The Case of WEDTF, Urban west region of Zanzibar". On behalf of our Organisation we take this chance to inform you that your application is approved and highly appreciated. We have no objection for you to conduct such research to our Organization and its clients.

It is our hope that the research findings and recommendations will give us new insight towards the development of entrepreneurship in Zanzibar.

Thanking you in advance.

Yours sincerely.


ALAMA JUMBE.
EXECUTIVE DIRECTOR,
WEDTF-ZANZIBAR.