

**THE CONTRIBUTION OF MICROFINANCE INSTITUTIONS IN
POVERTY ALLEVIATION IN TANZANIA: A CASE OF
ASSOCIATION OF SOCIAL ADVANCEMENT IN KINONDONI
MUNICIPALITY**

**By
Mwanamvua Bakari Muyongo**

**A Dissertation Submitted in Partial Fulfillment of the Requirements for the
Award of the Degree of Master of Public Administration (MPA) of Mzumbe
University**

2017

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance for Mzumbe University, a Dissertation entitled **The Contribution of Microfinance Institutions in Poverty Alleviation in Tanzania: A case of Association of Social Advancement in Kinondoni Municipality**, in partial fulfillment of the requirements for award of the degree of Master of Public Administration of Mzumbe University.

Major Supervisor

Internal Examiner

Accepted for Mzumbe University, Dar es salaam Campus College

CHAIRPERSON, CAMPUS COLLEGE BOARD

DECLARATION AND COPYRIGHT

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

Signature: _____

Date: _____

©

This Dissertation is a copyright material protected under the Berne Convention, the Copyright Act 1999 and other international and national enactments, in that behalf, on intellectual property. It may not be reproduced by any means in full or in part, except for short extracts in fair dealings, for research or private study, critical scholarly review or discourse with an acknowledgement, without the written permission of Mzumbe University, on behalf of the author.

ACKNOWLEDGEMENT

The people who tirelessly supported me, though it is difficult to mention all of them but permit me just to pick some of the few who will undoubtedly represent the rest, made the completion of my dissertation possible. First of all, I would like to give my sincere gratitude to Allah (SW) for providing me the blessings and efforts throughout my time of study at Mzumbe University without him I would never have been able to finish up.

My supervisor, Dr. Lucy Willy Massoi was an important pillar on which I learned. Her endless support, positive criticism and direction towards producing a sound output that would benefit the current and future generations. I will forever be grateful for the knowledge and skills I have been gaining working under her supervision you deserve much of my appreciation, thank you for the support and inspiration.

My sincerely appreciation goes to the Association of Social Advancement (ASA) microfinance together with the Branch Manager Alawi Rajab for allowing me to move from one center to another during the time of data collection, thank you very much. I would also like to extend my warmly special thanks to Wahabi Mohamed Matengo who provided the useful insights for which I am very grateful. His patience gave me strength to continue even at times when I was down as the work weighed on me, may you live longer.

Lastly I would like to thank my friends Hawa Msuguru and Mahija Jamal for the love, my classmates notably Anne Lyamuya and Alfred Mgondah were a great support to my work as we labored together to achieve what brought us to Mzumbe University.

For any shortcoming in the form of content to the work reported. I remain solely responsible as a researcher.

DEDICATION

To my Darling Mother Sophia Said, I dedicate this to you and thank you for the educational inspirations you instilled in me. I would also like to dedicate to my two young brothers Hamad Bakari Muyongo and Said Fundi for the love and support throughout the writing of my dissertation. I am constantly aware of your presence.

LIST OF ABBREVIATION AND ACRONYMS

ASA	Association of Social Advancement
BOT	Bank of Tanzania
CGAP	Consultative Group to Assist the Poor
FSRP	Financial Sector Reform Policy
GAD	Gender and Development
HIV/AIDS	Human Immunodeficiency Virus and Acquired Immunodeficiency Syndrome
MDAs	Ministry, Department and Agencies
MDGs	Millennium Development Goal
MFIs	Microfinance Institutions
MFOs	Micro Finance Organizations
NGOs	Non-Government Organizations
NPES	National Poverty Eradication Strategy
NSPGR	National Strategy for Growth and Poverty Alleviation
SDGs	Sustainable Development Goals
SIDA	Swedish International Development Agency
URT	United Republic of Tanzania

ABSTRACT

This dissertation aimed at assessing the contribution of Microfinance Institution (MFIs) to poverty alleviation, with the specific focus on the Association of Social advancement (ASA) in Kinondoni Municipality, Dar es Salaam, Tanzania. Several studies by different scholars exist on the contribution of MFIs to poverty alleviation, however, rudimentary information exists on the contribution of MFIs to poverty alleviation through women income generating activities thus a gap this dissertation intended to fill. Specifically, this work (1) analysed the criteria used by ASA in establishing the credits and loans facilities women to poverty alleviation, (2) established whether loans and credits provided by ASA have impacts to poverty alleviation and (3) examined challenges facing women on the loans and credits acquisition from the institution. Qualitative and quantitative approaches were deployed where questionnaires, interview and documentary reviews were assisted the process of data collection. The results were analysed from 50 respondents who participated in the questionnaires and 15 respondents were interviewed regarding the impacts and challenges of the provision of service to the household's. Generally, study findings revealed that, MFIs have been the viable and workable strategy to poverty alleviation. It has brought about positive impacts to the poor households since most of the peoples' lives and living standards were improved. The findings revealed that microfinance institutions have been confirmed a bit worthy. Nevertheless microfinance institution remains as a limited industry in the world despite its demonstrated efforts and impacts to poverty alleviation, economic growth and making profits.

This dissertation concluded that; the MFIs contributed to poverty alleviation in the study area. Besides, the given evidence shows an existence of the substantial barrier to entry into beneficiaries due to the kept basis criteria on the loans and credits acquisition. A need to restructure some of its policies regarding the criteria being used to acquire the services. By doing this the MFIs would enable the diversification of income of the poor which has association to growth and improvement of well-being indicators to the poverty alleviation in the society.

TABLE OF CONTENTS

CERTIFICATION	i
DECLARATION AND COPYRIGHT	ii
ACKNOWLEDGEMENT	iii
DEDICATION	iv
LIST OF ABBREVIATION AND ACRONYMS	v
ABSTRACT	vi
TABLE OF CONTENTS	vii
LIST OF TABLES	xi
LIST OF FIGURES	xii
CHAPTER ONE	1
PROBLEM SETTING	1
1.1 Introduction	1
1.2 The Background.....	1
1.2.1 The Concept of Poverty.....	3
1.2.2 Millennium Development Goals and the Poverty Alleviation	4
1.2.3 Sustainable Development Goals and the Poverty Alleviation.....	5
1.2.4 The Vision 2025and Poverty Alleviation in Tanzania.....	6
1.2.5 Microfinance Institutions, Poverty Alleviation and Women.....	7
1.2.6 Establishment of ASA microfinance and Poverty alleviation	8
1.3 Statement of the Problem	9
1.4 Research Objective	10
1.4.1 General Objective	10
1.4.2 Specific Objectives.....	10
1.5 Research Questions.....	11
1.6 Significance of the Study	11
1.7Scope of Study.....	12
1.8Limitation of the Study	12
1.9 Organisation of the study	12

CHAPTER TWO	13
LITERATURE REVIEW	13
2.1 Introduction	13
2.2 Conceptualization of key concepts in use	13
2.2.1 Poverty.....	13
2.2.2 Poverty Alleviation and the Microfinance	13
2.2.3 Microfinance.....	14
2.3 Microfinance Institution and Poverty Alleviation in Tanzania	15
2.3.1 An overview of the Microfinance Institutions in Tanzania.....	15
2.3.2 The National Microfinance Policy and Poverty Alleviationin Tanzania	15
2.3.3 ASA Microfinance and the Poverty Alleviation.....	16
2.4 Theories Underlying the Study.....	17
2.4.1 The Agency Theory.....	17
2.4.2 Cultural Modernity Theory: The Human Development Perspectives	18
2.4.3 Economic Modernity Theory: The Classical Modernization Perspective.....	19
2.5 Women Empowerment and Anti- Poverty Approaches towards Development...19	
2.5.1 TheAnti-Poverty Approach	20
2.5.2 Criticisms from the Approach	20
2.5.3 Women Empowerment and Gender Policy	21
2.6The Performance and Experience of Microfinance Roles in Africa.....	22
2.6.1 Experience in Tanzanian context on Microfinance.....	23
2.7 Research Gap.....	24
2.8 Conceptual Framework	26
2.8.1 Research Variables.....	26
2.8.1.1 Independent variables.....	26
2.8.1.2 Dependent Variables	27
2.9 Chapter Summary	28
CHAPTER THREE	30
METHODOLOGY	30
3.1 Introduction	30

3.2 Research Approach	30
3.2.1 Qualitative approach	30
3.2.2 Quantitative Approach	30
3.3 Research Design	31
3.4 Study Area and Population size	31
3.5 Sampling size Techniques and Procedures	31
3.6 Data Sources and Methods	33
3.6.1 Sources of Data	33
3.6.2 Methods of Data Collection.....	34
3.6.2.1 Questionnaire	34
3.6.2.2 Interview.....	35
3.6.2.3 Documentary review	35
3.7 Data processing, analysis and interpretation	35
3.8 Data Validity and Reliability	35
3.9 Ethical Considerations	36
3.10 Summary of the Chapter.....	36
CHAPTER FOUR.....	37
PRESENTATION OF FINDINGS.....	37
4.1 Introduction	37
4.2 Demographic characteristics of the Respondents	37
4.2.1 Age Composition of the Respondents.....	37
4.2.2 Respondents Distribution by their level of Education	38
4.2.3 Occupation of the Respondents	39
4.2.4 Economic Activities of the Respondents.....	40
4.2.5 Income of the Respondents.....	41
4.3 Criteria used in establishing loans and credits to Women	42
4.3.1 Loan Disbursement Criteria under the Group Lending.....	43
4.3.2 ASA and its Model of service Delivery	45
4.3.2.1 Solidarity Group Formation or peer Lending Model of service Delivery.....	45
4.4 Effects of Loans and Credits to Women on Poverty Alleviation	46

4.4.1 Income Change of the Clients.....	46
4.5 Constraints Facing Women on Loans and Credits Acquisition.....	48
4.6 Summary of the Chapter	49
CHAPTER FIVE	51
DISCUSSION OF THE FINDINGS.....	51
5.1 Introduction	51
5.2 Criteria used on Loan and Credits Acquisition.....	51
5.3 Effects of the Loans and credits to Poverty Alleviation	52
5.4 Challenges Facing Women on the Loans and Credits Acquisition	54
5.5 Summary of the Chapter.....	56
CHAPTER SIX.....	57
SUMMARY, CONCLUSION AND IMPLICATIONS	57
6.1 Introduction	57
6.2 Summary of the Main Findings	57
6.3 Conclusion.....	58
6.3.1 Conclusion on the Basis Criteria used on Loans and Credits Acquisition.....	59
6.3.2 Conclusion on the Effects of the Loans and Credits to Poverty Alleviation.....	59
6.3.3 Conclusion on the Constraints Facing Women on Loans and Credits Acquisition	60
6.4 Policy Implication.....	61
6.4.1 Policy Implication Based on the Findings.....	62
6.4.2 Policy Implication Based on the Existing Theories	62
6.4.3 Area for further Research	63
REFERENCES	64
APPENDICES.....	71

LIST OF TABLES

Table 4.1: Respondents by Age groups	38
Table 4.2: Respondents by their level of education.....	38
Table 4.3: Economic Activities of the Respondents.....	40
Table 4.4: Income of the Respondents.....	42
Table 4.5: Loan Disbursement of ASA Microfinance.....	44
Table 4.6: Amount of Loan Disbursed by the Institution to the Respondentsfulfilled the criteria.....	45
Table 4.7: Estimation of Variables Included on Respondents income Change and living condition.....	47
Table 4.8: Respondents change of Income	47
Table 4.9: Respondent Views.....	49

LIST OF FIGURES

Figure 2.1: Conceptual framework on the Contribution of MFIs	28
Figure 4.1: Percentage of Respondents by their Level of Education	39
Figure 4.2: Respondents by Occupation	40
Figure 4.3: Composition of Respondents by Economic Activities	41
Figure 4.4: Income Change of the Respondents.....	48
Figure 4.5: Category Response from the Respondents.....	49

CHAPTER ONE

PROBLEM SETTING

1.1 Introduction

This chapter presents the background information of the study. It also includes the statement of the problem, objective of the study, significance of the study, the scope, and the organisation of the study.

1.2 The Background

The concepts microcredit and microfinance are often used interchangeably within existing literature. In this regard therefore, this work finds it important to highlight the difference between them for clarity purposes. Sinha (2011) views microcredit as small loans, whereas microfinance is appropriate where Non-Government Organisation (NGOs) and Microfinance Institutions (MFIs) supplement the loans with other financial services such as savings, insurance and others. Therefore microcredit is a component of microfinance in that it involves providing credit to the poor, but microfinance also involves additional non-credit financial services such as savings, insurance, pensions and payment services (OikoCredit,2005).

Microcredit and Microfinance are relatively new terms in the field of development from the 1950s to 1970s, the provision of financial services by donors or a government was mainly in the form of subsidized rural credit programmes. These often resulted in high loan defaults, high lose and an inability to reach poor rural households (Robinson, 2001). Robinson notes that the 1980s represented a turning point in the history of microfinance in that MFIs such as Grameen Bank and Bank Rakyat Indonesia (BRI) began to show that they could provide small loans and savings services profitably on a large scale. They received no continuing subsidies, were commercially funded and fully sustainable, and could attain wide outreach to clients (Robinson, 2001). It was also at this time that the term microcredit came to prominence in development. The difference between microcredit and the subsidized rural credit programmes of the 1950s and 1960s was that microcredit insisted on repayment, on charging interest rates that covered the cost of credit delivery and by focusing on clients who were dependent on the informal sector for credit. It was now

clear for the first time that microcredit could provide large-scale outreach profitably. The 1990s saw accelerated growth in the number of microfinance institutions created and an increased emphasis on reaching scale (Robinson, 2001). Ditcher (1999) refers to the 1990s as the microfinance decade, as it had now turned into an industry. According to Robinson (2001) along with the growth in microcredit institutions, attention changed from just the provision of credit to the poor, to the provision of other financial services such as savings and pensions (microfinance) when it became clear that the poor had a demand for these other services.

The current use of microfinance concepts can also be traced back to the 1970s when the Grameen Bank of Bangladesh with the microfinance pioneer and the awarded Noble Peace Prize in 2006, Prof. Muhammad Yunus started and shaped the modern industry of microfinance. Most of the established enterprises began experiment on loaning services to the underserved people since then this is what so far has been done, can the services be relied on people in making repayment and if possible the financial services can be provided to the poor through market based enterprises without subsidy (Lami, 2009). In 1974 there was the first microfinance and community Bank founded in Chicago to see whether the service has impacts to the societies.

The World Bank report shows that more than 16 million people are served by some 700 microfinance institutions (MFIs) over the world, this illustrates that there is still a great demand to serve these people all over. While the Consultative Group to Assist the Poor (CGAP) experts revealed that about 500 million families benefit from these small loans, which led to creation of new businesses. In the Microcredit Summit in Washington DC there was a goal set as to reach 100 million of the world poorest people by providing credits from the world leaders and major financial institutions, hence the year 2005 was proclaimed as the International year of Microcredit by the economic and social council of the United Nations (UN). The aim was to fuel the strong entrepreneurial spirit of the poor people around the world with specific goals. Amongst them was to assess and promote the contribution of MIFs, to make the

MIFs more visible for the public awareness and understanding as a very important part of development (Yunus, 2010).

Schreiner and Colombet (2001) defined microfinance as the attempt to improve access to small deposits and small loans for poor households neglected by banks. Thus, microfinance involves the provision of financial services such as savings, loans and insurance to low-income poor in both urban and rural settings who are unable to obtain such services from the formal financial sector. Most of those who promoted microfinance, including the members who participated in the Microcredit Summit Campaign believed that such access had been helping the poor households out of poverty, (Bygrave, 2006).

Although the concept of microfinance institution is relatively new its activities began to be active in Tanzania since it began in 1995. During its inception they operated as the Non- Government Organizations (NGOs) and Savings and Credits Cooperative Organizations (SACCOS) which aiming at reducing poverty. It's where the Government took the incentive measures and convincing the commercial banks to support the small and medium income earners. On one occasion the Microfinance policy was implemented in 2001, the microfinance was officially acknowledged as the tool for poverty eradication and most of the financial institutions like FINCA, PRIDE, Postal Bank as well as the Savings and credits Associations (CASAs) started to take interests in offering microfinance services (BoT, 2006).

Microfinance is a measure of promoting economic development, employment and growth of economy through the support provided to micro-entrepreneurs and small businesspersons. Microfinance has the wide-ranging category of services, which includes microcredit. On the other hand Microcredit and microfinance services are both dealing with the provision of credit services to poor clients or customers.

1.2.1 The Concept of Poverty

Poverty relates to the situation in life that is characterized by malnutrition, illiteracy and disease as to beneath any reasonable definition of human decency(World Bank,

2003). It is the situation whereby the person is deprived of the basic essentials and necessities for a living standard of life. Since poverty is understood in various aspects such as material resources like food, shelter, safe drinking water it can also be of social resources as the access to information, education, health care, and social status or political power as the position and opportunity to develop meaningful with other people in society (Maanen, 2004).

Although people may experience different problems like homeless due to catastrophes and being insufficient to fight against poverty since those needs are still clearly important as the primary indicators of poverty hence it can also be defined then as the existence of the deprivations, lack of basic security and the situation where people are not capable enough to constitute the poverty (Whelan, 1996). Poverty as the economic condition primarily to an income or resource driven concept having relatively low income and the poor living standards where by the vulnerable people live under struggle to obtain the necessities of life while the chronic poor live under the chronic state of want and they has been both affected when the state prolonged and seriously compromise peoples chance of getting their rights in the foreseeable future.

1.2.2 Millennium Development Goals and the Poverty Alleviation

United Nations General Assembly adopted the Millennium Development Goal (MDGs) to replace the global commitments to human development or domestic strategies and policy initiatives that guide national development efforts focusing on poverty alleviation. Since 2000 when the MDGs were announced and developed the eight goals that was supported by the local and international development agencies focusing on poverty alleviation on making sure it has to be successful reached in 2015. Tanzania as one amongst the UN member established the Tanzania's National Poverty Eradication Strategy (NPES) that aimed at cutting up the extreme poverty by 2010 and eradicate all forms of poverty that measured by income and expenditure by 2025.

While the great efforts were made in approaching those eight goals such as eradicate extreme poverty, halting the spread of HIV/ AIDS, providing the Universal Primary education, women empowerment and others regarding given available data showed the basic needs poverty line stood at 48% while the food poverty line stood at 26% suggest the little progress towards reducing the income poverty in the 1990's (URT, 2008). Reducing poverty and eradicating the extreme are the key all-embracing national priorities hence the Poverty Alleviation Strategy Programm set out the targets that would seek to achieve the ambitious national poverty eradication where the government currently developing the private sectors in enhancing the growth of economy or microeconomic policies and market where by microcredits started to access the financial services in increasing the peoples's access to to credits and improving their living standard.

1.2.3 Sustainable Development Goals and the Poverty Alleviation

People are at the centre of sustainable development, in this regard the promise was made to strive for a world that is just equitable and inclusive growth, social development and environment protection so as to benefit all without any discrimination of any kind such as of age, disability, race, ethnicity, migratory status, religion and economic or any other status. The Commitment to fully implement the Rio Declaration, Agenda 21, and the Plan of Implementation of the World Summit on Sustainable Development, the Monterrey Consensus of the International Conference on Financing for Development, the Beijing Declaration and Platform for Action and the outcome was reaffirmed. Hence the focus was to follow the made efforts of MDGs and the UNs need to be guided by the principles and purposes of each country has the primary responsibility for its own economic, social protection and the role of national policies, domestic resources and the development strategies as for developing countries need additional resources for the sustainable development in terms of resource mobilization, effective use of financing so as to promote sustainable development (Liu, 2015).

As its agenda was reaffirmed, there are different approaches, visions, models and tools used to each country in accordance with its national circumstances, priorities so

as to achieve the sustainable development by reaching the Goals. One among the goal of SDGs is to End Poverty in all its forms everywhere that by 2030 every country member has to ensure that its people do not live below the poverty line. Each member state has the role of implementing the national appropriate social protection systems and the measures to achieve substantial coverage of the poor and the vulnerable to have equal rights to economic resources, the access to basic services, ownership and control over land and other forms of property, appropriate new technology and financial service including Microfinance.

1.2.4 The Vision 2025 and Poverty Alleviation in Tanzania

The need to articulate the new socio-economic development vision 2025 Tanzania originated from the Millennium Development Goals (MDGs) and the economic reforms as the measures to the economic crisis and the government realized that those earlier developmental policies and strategies were not that consonance with the principles of the market economy and technological development occurring in the world. The economy have been transformed from low productivity economy to semi industrialized led by modernized and highly productive activities which are effectively integrated and services in the rural and urban areas. And the vision 2025 contained the high quality live hood, peace, stability and unity, good governance, a well-educated and learning society and a competitive economy capable of producing sustainable growth and shared benefits. Ideally the national development means that people are centered based on sustainable and shared growth that kept them free from poverty since the creation of wealth and distribution in the society has to be equitable to both men and women and people has to be free from inequality and all forms of social, political relations that inhibit empowerment and effective democratic participation (MoF, 2015).

The driving forces for the realization of the vision 2025 with the culture of savings and investment productively in generating wealth for individuals, households and the community at large is where establishment of microfinance started in Tanzania. Hence the introduction of private sectors together with the sound micro economic management aims at empowering the culture in promoting the attitudes of self and

community development (MoF, 2015). While the private sectors make an extra effort of promoting and empowerment the societies the public sector introduces the strategy measure of alleviating poverty in the households and the community called the National Strategy for Growth and Reduction of Poverty (NSGRP) which was implemented on two phases, phase 1 was from 2005/2010 and that of 2010/2015 with the three Clusters as: -

- a) The Growth of economy and alleviation of poverty
- b) Improved of life and social well-being and
- c) Governance and Accountability

NSGRP emphasis on the vulnerability and social protection issues from the national to households, recognition of cross-sectorial contribution to outcomes, deeper integration of MDGs policy and priority growth to poverty alleviation sectors as it aligned strategies plan of Ministries, Department and Agencies (MDAs).

1.2.5 Microfinance Institutions, Poverty Alleviation and Women

While the microfinance institutions do offer number of services on ensuring the different poor groups living conditions have been improved, women are amongst them. The study focused itself on women, the fact that they are playing the fundamental role especially that of reproduction and production to the societies (Lott, 2009). As we normally say empowering a woman is empowering the whole family, it's the only woman who can take it to the last drop and make it happens and that's what makes them fight for their own families. Hence the MFIs see the importance of supporting them towards performing their duties in such societies and this is the reason to why most of the MFIs major clients or beneficiaries are women. The fact that microfinance institutions mostly serve women raises the question whether the MFI are different since majority of its beneficiaries are women or its impacts is being noticed only for women and not for the both and is there a difference in term of programme administering? These were some of the questions raised since most of the MFIs focus its provision of financial services to women.

Despite having positive impacts to the communities, scholars still contest on its focus

on women and provision of financial services. Scully (2004) on the study of women no panacea for poor women argues that, the empowerment of women is restricted by male-controlled system that undermine the women in the societies. Hence the woman access to credits would not resolve structural fixed ailment of male control deeply rooted in the traditions, values and customs. While Goetz and Gupta(2004) on their comprehensive review of microfinance they argued those women who are taking loans and credits are controlled by their husbands though it is women who suffers the most on making repayment from those financial services. This shows that directed at female clients raising a burden towards making repayments or collaterals since most of them are under the male control because the one who decides on the money usage are men and not women.

1.2.6 Establishment of ASA microfinance and Poverty alleviation

The institution has considered scaling up with sustainability and steady growth that enhances most of its low income earners from working towards their strength and create opportunities for improving the poor from alleviating poverty. ASA microfinance aims to establish poverty free society by mostly supporting and strengthen the societies economy from the bottom to the top. ASA see the importance of supporting them cause despite the fact that they are poor but they have power to produce since the fact that when woman is empowered the whole family is going to be benefited from such empowerment, but the second is trust and faithfulness the woman has since she cant leave her family over the loans and credits. In its effeciency and effectiveness ASA microfinance started to empower women since its establishment in Kinondoni municipality started with the 100 number of clients in the year of 2013 and up to now its 10000 members (ASA, 2007).

ASA started its programme of the provision of loans and credits to the self-employed poor on enabling them to start up or expanding the small income generating activities so as to make them diversify of their source of income, increase of efficiency since their hard work has been categorized as the informal one hence having difficult when comes to access on financial services. Usually Banks are providing financial services to those clients with little sources of income they always incur cost of managing

those kinds of clients that's why the establishment of the MFIs seemed as the blessing to the most poor as the ASA came to deliver its services (ASA, 2013).

1.3 Statement of the Problem

In an effort to alleviate poverty and empowering local communities in Africa, majority of Microfinance institutions have for decades been providing financial services to the poor (Stiglertz, 2003; Blumberg, 2005; Bosompem, 2013). In Tanzania for example, Kinondoni Municipality in particular, these efforts are increasingly extended to women by facilitating sustainable access to financial services. The goal is to enable the poor women earn a living through generating income activities and ensuring these women are performing their essential roles in the societies. While these efforts are widely noted and much is documented on microcredit's lending for women, very rudimentary data exists on the how these MFIs help them from performing their economic and social roles in the societies. A study by Irobi (2008) on the establishment of Microfinance institutions and their impacts to poverty reduction revealed that, some of the poor households experienced an income growth and therefore their economic, political and social status has been improved as a result of loans and credits provision from various microfinance institutions. However, most of the households are such poor that they could not qualify to have access to loans and credits.

The MFIs consider an applicant eligible for loan if has a guarantors, business, salaried employment, saving account in banks, and ability to make pre-loans deposit which are essential as collaterals (Zacharia, 2008). Chowdhury (2009) on the study of Microfinance as a poverty reduction tool showed microfinance as playing unimportant role towards poverty reduction regarding the fact that the microfinance may not be beneficial to the majority of poor households.

However the municipal having forty two registered microfinance institutions by Tanzania Association of Microfinance Institutions (TAMFI) that aimed at serving as active and effective organisation in poverty alleviation in Kinondoni, the problem of uneasy access still exist in the society (REPOA, 2012). Following the 2007 ASA report of establishing poverty free society the microfinance started to provide loans

and credits to poor women who lack the access to banks. The question is why most of the women have troubled accessing credits to these microfinance institutions despite being the major beneficiaries? Thus the study intends to establish the basis criteria used by these MFIs on the loans and credits acquisition, exploring on whether the provisions of loans and credits has impacts to these women in terms of savings, income generating, decision making power and social status and what exact are the challenges facing them on loans and credits acquirement.

The fact that on our households women act as the catalyst to poverty since they are playing the fundamental role of performing productive and reproductive tasks in the societies at large. Once they lack access of financial services to these MFIs means that both essential roles would not be performed. In making sure that they production is increasing in the societies women need to be supported economically and socially. In an African perception we believe that once you mistreat women you will have no food at home (Mishi & Kapingura, 2012). This shows that women are regarding as key fundamental aspect in sustaining livelihood in the household though they have not been empowered on financial access. This is the reason after the establishment of microfinance institutions and the women empowerment the most considered clients were women, aiming at assisting them as much as they can on performing their responsibilities towards poverty alleviation.

1.4 Research Objective

1.4.1 General Objective

Generally this study intended to explore the contribution of microfinance institutions in poverty alleviation through women income generating activities. The study focus on the financial services provided by the Association of Social Advancement (ASA) located in Kinondoni municipality. The objective aimed to establish how the microfinance institutions can help the women to generate income through loans and credits provided by the ASA microfinance.

1.4.2 Specific Objectives

Specifically, this research study aimed at achieving the following objectives:-

- i. To analyse the criteria used by ASA in establishing the loans and credit facilities to women for poverty alleviation.
- ii. To find out whether the loans and credits provided by ASA have impacts to poverty alleviation
- iii. To examine the challenges facing women on the loans and credits acquisition from Microfinance institutions.

1.5 Research Questions

This research study was guided by the following research questions:-

- i. What are the criteria used by ASA microfinance in establishing the loans and credits facilities to women for poverty alleviation?
- ii. Do the loans and credits provided by ASA help women in poverty alleviation?
- iii. What are the challenges facing women on loan acquirement from financial institutions?

1.6 Significance of the Study

The study is projected to provide an insight on the contribution of microfinance to poverty alleviation in Tanzania as it is playing a substance role of improving the quality of life of women who are low-income earners. The study will serve and bring about significant role for the owners to come up with the strategies which will facilitate the decision and policy makers, the NGOs personnel, Donors and programme managers to provide the sounding policy towards strengthening the microfinance services, to effectively alleviate poverty

The study will also help stakeholders in MFIs learn some of the challenges that the poor women are facing which may help to restructure their loaning systems, including lowering interest rates, increasing loan grace periods and others just for positive impact on poverty reduction. The study will greatly help clients increase their income as well as capital and eventually expand their businesses as having gone through the report the microfinance's and other stakeholders will gain a lot of inputs to improve the industry and contribute to poverty reduction.

1.7 Scope of Study

This study focuses on microfinance institutions in Tanzania, where by the researcher aimed at exploring the Contribution of microfinance to poverty alleviation through women income generating activities in Kinondoni Municipality. The study was conducted in Kinondoni municipality since it could not be easy to conduct it in the whole country due to time factor as there was a limited time for the study. Kinondoni has been chosen due the fact that there is ASA microfinance institution in the area, the study intends also to find out how does it contribute to poverty alleviation.

1.8 Limitation of the Study

The study had been limited to selected households in Kinondoni municipality involving the members of ASA microfinance who receive loan services and product scheme of selected branch. The process of data collection was not that smooth since most of the visited respondents were living in the remote areas and some of them are illiterate, The other limitations was reluctance of some respondents to give information on time, this took a lot of researchers time making follow up to complete the study. However, these constraints were solved as all potential respondents were reached and those unwilling to give data were convinced and gave information for the study.

1.9 Organisation of the study

The study is organized in six chapters whereby chapter one includes problem setting the background of the study, statement of the problem, objectives of the study, significance and organisation of the study. Chapter two includes literature reviews which providing the linkage between microfinance and poverty alleviation while chapter three presents the methodology chapter of this dissertation. In chapter four findings in relation to the contribution of microfinance institutions in alleviating poverty is presented, while chapter five presents the analysis and discussion of the findings. Chapter six is about the general summary, conclusion and policy implications drawn in relation to the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter strives for addressing the issues of microfinance institution and its policy linked to poverty alleviation. It then presents the review of literature related to the study, which includes both the theoretical literature review and empirical literature review.

2.2 Conceptualization of key concepts in use

2.2.1 Poverty

Poverty has been conceptualized in terms of lack of (a)income, (b)vulnerability such as defenseless and security that is linked with assets like education, health, houses and domestic equipment and (c)powerlessness within households and community which lead by gender, wealth, ethnicity and age as the it has been shown on World Bank World Development Report of 2000/20001 (Rogaly, 2000). Poverty can therefore be understood as the broader context, which includes empowerment, access to power and the opportunity to participate in social and political activities.

Poverty was also conceptualized as the context of assets, which includes living standard, good health, savings, access to credits, social network that can be called on time of need and political influence over resources. From the point of view poverty may be specified in terms of various indicators including savings and access to credits, income, living standard and decision making power to know whether the household is under poverty or not (World Bank, 2000).

2.2.2 Poverty Alleviation and the Microfinance

Poverty Alleviation has been defined as the idea that concentrate on what helps and what works in the alleviation of poverty that include most of those who are affected by it. Various indicators have been used such as income and consumption, social

indicators, vulnerable risks and political access have measured poverty. The records has shown that poverty can be alleviated through the policy action of the Government and International Institutions though the efforts made engender many complications and difficulties. The World Bank report perceives that while current global trends in economy and society present extraordinary opportunities for poverty reduction, they also pose extraordinary risks of growing inequalities, marginalization and social explosion (Atkinson, 2016).

In Alleviating Poverty, there is nothing automatic about it; there should be sustained strong public policies and a Governmental institution that is required at all levels of government to the households. Though the presence of microfinance has been tailored, the needs of poor households and those with low income earning from bring the economic growth, securing against shocks and risks while the voice and participation in term of decision making has been increasing.

2.2.3 Microfinance

Microfinance defined as the formal financial services to poor households and low-income people who lack the access to banks. Microfinance holds the range of credit products for business purposes, savings and insurance besides it's the formal financial service delivered by registered or licensed providers issued by the government (Rosenberg, 2013). Microfinance deals most with people, who are regarded as vulnerable poor, have insufficient savings and assets on obtaining the service or loans. It first started its informal activities as the economies institutions, local savings, credits groups and cooperatives across the world in 1970s whereby later policy makers reach the ideal of microfinance into conclusion, that enhanced recognition of the contribution by a broad based financial system in developing an effective social protection strategy in securing the basic needs as the pre-condition of human and social development (Meagher, 2002).

Most of developing countries, microfinance activities has grown to the point where financial regulators see the need to frame the policyas the general regulatory structure and approach that would have been most needed to ensure the financial

service institutions. Microfinance raises up the image of Donor funded Non-Governmental Organizations (NGOs) providing small loans to low-income households to develop their economic activities. It has been estimated more than 500 million economically active poor people in the world operating the microenterprises and small business and most of them lack access to financial services (Ledgerwood, 1999). Despite the sudden flow of grants from the donors and organizations the current thinking among the development stakeholders including government and non-government is that microfinance as the broad based financial system should mainly address to poverty alleviation and income generation to development.

2.3 Microfinance Institution and Poverty Alleviation in Tanzania

2.3.1 An overview of the Microfinance Institutions in Tanzania

Microfinance institutions in Tanzania were established to finance the poor communities and households so as to help them sustain the living, acquire the basic necessities like better house, education and fight against poverty. The performance of microfinance were measured by social impact to the welfare of the intended community with such primary mission. It has been recently experienced remarkable growth due to the increase number of companies engaging in microfinance services (Woller, 2004). The recent statistics show that there is still a high need of financial services though the number of Microfinance institutions has been increased but the outreach to the poor is still low.

2.3.2 The National Microfinance Policy and Poverty Alleviation in Tanzania

It was introduced in May 2000 as the government considers the microfinance system as an important part of financial sector that falls within the general framework of its Financial Sector Reform Policy Statement of 1991 (FSRP) to establish a basis for the evolution of an efficient and effective micro financial system in the country that serves the low income earners in the society to contribute the economic growth and alleviation of poverty. It thereby contributes to economic growth and poverty by establishing the microfinance operations that has developed out the principles to guide the operations, serving as a guide for coordinated intervention by the

perspective participants in the system and describing the roles of the implementing agencies and the tools to be applied to facilitate the development (MoF,2000).

Most of the Tanzanians are facing very low income earnings while the access to financial services offers the possibility of handling scarce households and resources more efficiently and effectively, protection against risks, provision for the future and taking advantage of opportunities. For those whose households allow higher standards of living to be achieved within the same resource based accessing to bank is very easier while the entrepreneurs and farmers can facilitate the financial services to pursue the income growth. Savings services are the most beneficial for the low-income earners since the households needed to save and protect themselves against period of emergencies and cover the large expected expenses such as fees and others (Seibel, 2005). And the entrepreneurs are needed to store the value they always accumulate from their profits or business until then they can invest themselves to earn a higher very broad earnings and values. Microfinance addresses the financial needs of major sectors of the population in Tanzania; they are primarily facilitators rather than creators of the underlying the economic opportunities that lead to extensive economic success that can contribute to poverty alleviation and improvement of income distribution.

2.3.3 ASA Microfinance and the Poverty Alleviation

Association of Social Advancement Microfinance as one of the leading microfinance institutions was established in Bangladesh aims to serve the densely populated countries especially in Asia and Africa to a large number of low income earners who cannot access the financial services from the mainstream banks and financial institutions with its motto of seing the end of poverty (ASA, 2007).

ASA microfinance aimed at establishing poverty free society by mostly supporting and strengthern the socities economy from the bottom to the top. In the provision of its service ASA microfinance deals with women who are active poor and with the above age of 18years. ASA see the importance of supporting them cause despite the fact that they are poor but they have power to produce as if the certain woman is

empowered the whole family is going to be benefited from such empowerment, but the second is trust and faithfulness the woman has since she cant leave her family over the loans and credits. In its effeciency and effectiveness ASA microfinance started to empower women since its establishment in Kinondoni municipality started with the 100 number of clients in the year of 2013 and up to now its 10000 members (ASA, 2007).

2.4 Theories Underlying the Study

The Agency economic modernity and cultural modernity theories have been used in this study to show the relationship between the microfinance institutions on how they can well be developed and managed in provision of services to bring about the impacts on poverty alleviation while explaining the status of women in a society and the decision making power as the mechanism to align the peoples interests towards solving their problems.

2.4.1 The Agency Theory

The theory proposes that as the results of information asymmetries and self-interests, owners or principals lack reasons to trust to their agents or employees, as they were seeking to resolve these concerns by putting into place the mechanisms to line up the interests of their agents and that of principals so as to reduce the scope of information and opportunistic behavior. The theory highlights to separate between the ownership and management for the incentive control and organizational goals to be achieved in maximisation of profits in the organisation since they all have common goal of maximizing the returns and income correspondingly (Woradithee, 2011). Since the agents are likely to have different purposes with that of principals that are influenced by various factors such as financial rewards, labor market opportunities, relationship with other parties that are not directly applicable to principals hence this can result the tendency of agent to be more positive about economic performance under the contract than the reality would suggest and more risk to principals.

The theory is intended to provide the mechanism of resolving the agency problems as it both brings into line the agents and principals interests and allows the principals to measure, control of the agents behavior and reinforce trust amongst them (Adams,

2005). Hence the theory is linked with the financial sustainability as one of the MFIs performance indicator where by the board of directors are made-up to develop the mechanisms and techniques that in enabling the managers to achieve financial sustainability. Managing the MFIs needs trust and strong managers or employees that without cooperation amongst them or otherwise clients are going to have the chance of bringing about inappropriate information while providing the service. And since differing in Agents interests may have an incentive to bias information flows of their clients and the principals may also direct concerns about information asymmetries where agents are in possession of information to which the principals do not have access. For the MFIs to perform better the owners, employees and the customers or clients' interests should be involved as they depend each other in the provision of its services since when there is no microfinance no customers and employees and when there is no customers and employees no microfinance.

2.4.2 Cultural Modernity Theory: The Human Development Perspectives

The human development perspectives emphasizes the economic development into the culture process of human development that gives an anticipated view as the increase of self-effort or ability of individuals to guide and control their career and work life. The cultural aspects initiate the women choice and autonomy that gives rise and values in bringing about the women empowerment or equality between genders on accessing various services in the society (Inglehart, 2005). The theory links the social modernization and human resources as the contributing factor to the change of values that helped to reduce constraints in everyday people's life. It highlights the changes of modern societies and particularly to women empowerment and how they give raise to new quality of life value changes corresponding the socio-economic forces that shaped the individuals environment (Norris, 2003). Hence the human development perspective adjusts each generation and how it experiences the scarce values and resources and how replacement can transform into economic and social goals in the modern societies from authoritative, security and materials in reaching the self- fulfilling.

2.4.3 Economic Modernity Theory: The Classical Modernization Perspective

The classical modernization perspective emphasizes on how modernization thinking leads to democracy and human choice as the direct effect to economic development. It initiates the theoretical link between the increase of economic resources and the human choice as the tool to economic development. The approach provides that gender equality together with the provision of occupational and educational resources enhance chances to women empowerment and development as the suitable aspects for social power positions (Siaroff, 2000). Through the levels of economic development, alleviation of costs in labor and time can bring about provision of more social services associated with care giving as the pursuit to women's lives.

2.5 Women Empowerment and Anti- Poverty Approaches towards Development

The empowerment of women and gender promoting emerged during the 1980s and in the context the approach designated women empowerment and the Gender And Development (GAD) acknowledged the importance of women in increasing their decision making power and ownership preserved on the global development objectives within the MDGs as agreed on 2000s. Despite the fact that women are seen as an important part of the international development agenda and widely being viewed as the good thing but the question is how this development involvement can contribute to making progress a long and winding road of women empowerment and enable them to make more choices about their own lives.

It is normally argued that microfinance is playing an energetic role to rural and urban women's standard of living since it mobilizes and organizes most of them by planned interference on the provisions of loans for poverty alleviation. In developing countries like Tanzania has been understood as the state of women taking control and ownership of their lives since they have ability to define goals and act upon them (Mugambe, 2008). They have gender awareness, self-esteem and confidence, as they are aware of the forces and structures working against them. Women are vulnerable, subordinated and endangered to different kinds of oppression, which makes them see their own powerlessness as natural. And the following are the approaches used to

promote gender as the central needs to gender equality and efforts of satisfying the process effects of women social and economic roles in societies.

2.5.1 The Anti-Poverty Approach

The anti-poverty raised the women in development approach that was developed in 1970's as the growth strategies of modernization theory, which evidenced inadequate way of solving the problem of poverty and unemployment. The approach demonstrated that the problem of poverty and unemployment was the seen as the consequence of disregarding the women in development planning. This led the World Bank to shift its emphasis on economic growth with the extensive concern to extermination of obsolete poverty on women of low income households who were described as the poorest of the poor through the donation of basic and social needs (Young, 2002). Women in development was seen as a result of paid much attention to gender equality together with the provision of occupational and educational resources enhance chances to women empowerment and development suitable for social power positions.

2.5.2 Criticisms from the Approach

The approach has been condemned due to various limitations of the concrete income generating projects that have been created in the anti- poverty spirit as its focus was on the provision of both basic and social needs. Since its focus was just an assumed theory as the participatory approach in which women and gender awareness was involved though was not real practiced in the actual field at it was intended and bring about the fundamental conditions affecting the ending of the projects. Hence the project was further been small scale and under financed which aimed at increasing production at traditional activities occupied by women rather than introducing them in new areas of works (Hannan, 2000).

Moreover, the less deep-seated attitude towards gender inequalities of the anti-poverty approach has been criticized due to its ineffectiveness to perform and addressing the fundamental problems facing women to poverty alleviation. Since the major focus was on the productive functions and other responsibilities occasioning in an inherent assumption that women targeted for participation in the projects which

have free time to spare created even more burden on women to carry. While the problem was connected to the focus of women with low income on the household level especially women who headed the households have also been put forward to the criticism.

2.5.3 Women Empowerment and Gender Policy

The gender policy and women empowerment was the essential tool, which introduced by the United Nations in realization of the human rights and a key to Millennium Development Goals (Clinton, 2012). The policy aimed at in providing guidance on careering effective, evidence based-savings on gender equality and women empowerment in corporation with the UN members and the following was the crucial matters:

- a) Reducing gender disparities in access to control over and benefit from resources and services
- b) Reduce gender-based violence and mitigate harmful effects on individuals and
- c) Increase the women capacity in realizing their rights, determining their outcome and influence decision making in households, communities and societies.

The policy was also well acknowledged by the Swedish International Development Agency (SIDA) and the United States Agency International Development (USAID) which emphasized on the systematic, structural causes and the challenges facing imposes on women likelihoods of obtaining favorable position in the society.

In Tanzania, policy has undergone substantial changeover in the social and economic aspects since its independence and unity. Whereas the late former president Julius Nyerere on his assertiveness towards equality has been as important from gender perspective as it is shown on various writings of socialism and agricultural development. However the empirical evidence shows that gendered poverty and inequality in Tanzania has close relationship with poor governance and special

poverty problems though there are hopeful signs of progress on these few years (McFerson, 2010).

However this has also shown on Tanzania's current constitution under Article 66 (1) (e) wants the President to appoint ten Members of Parliaments and amongst them at least five shall be women (URT, 2008). This is to say the Government goes hand with hand in supporting the gender and women empowerment on leadership and decision making power from the bottom to up. The empowerment and gender equality wasn't seen as the government task hence most of the private institution like ASA microfinance engaged on the empowering women at grassroots level or households and they truly believed that if you empower single women in the household you are empowering the whole family and this has shown on the findings of the study most of the families has been benefited from the programme.

2.6 The Performance and Experience of Microfinance Roles in Africa

Despite the growth and contribution of the provision of financial services to poor households there are studies conducted particularly on microfinance and the poverty alleviation. Irobi (2008) applied Questionnaire as the method of data collection and found that the establishment of microfinance has positive impacts to alleviation of poverty among poor households. Moreover, the study found that most of the poor households experienced the increase of generating income and therefore their economic, political and social status has been improved after the provision of loans and credits from various microfinance institutions.

While the study by Zacharia (2008) which examined critical look at the role of microfinance banks in poverty alleviation a case of Tanzania based on questionnaire, observations, semi structured interviews and documentary the findings showed most of the poor households do not have chances on accessing the microfinance services due to non-existence of assets, guarantors, business, salaried employment, savings account in banks, ability to make pre- loans deposit which are essential as collaterals. Investigated the study of Dupas and Robinson (2009) investigated on the effects of better access to micro savings opportunities on business investment in Kenya used

the technique of randomly selected sample of respondents who were offered the interest free savings accounts in a village bank. They found out that accessing to a savings account may have indirect impact to respondents by influencing their reaction to the advice and support provided in filling out those log books used to record their financial activity. Through the usage of accounts was high amongst women and that of business investment but the savings accounts did not seem to crowd out use of other accounts due to lack of education and awareness, little effects on business investment and income poverty.

Moreover, a case of Meehan (2001) studied on Debit Credit and Saving Institution (DECSI) analyses the effects of microcredit provision at household level in rural areas. The study came up with the findings that the provision of credits had positive impacts on poverty alleviation where by the depth interviews and observations used as the tool for collecting data on the study area. Although the impacts were perceived by increasing the economic activities and income levels of the beneficiaries but weakens to sustain a long run positive impact. The positive impacts at households appeared to be highly linked with the continuous access to credits as the rural clients or customers were recorded at an advantage compared to urban clients. The study identified the important factors determining the effectiveness of the package as per differential type of economic activities, income in which the customer has involved, sex and dependence on vulnerable agriculture.

Generally most of the studies engaged the approaches on evaluating the effectiveness of microfinance organizations and they assessed on the impacts of MFIs from the owners side as the high loan rescue rate considered as the sign of sustainability and indirectly implied welfare improvement. However some of the above studies showed that the rise of income wasn't resulted to MFIs intervention (Alemayehu, 2008).

2.6.1 Experience in Tanzanian context on Microfinance

In 1991 the Government of United Republic of Tanzania introduced the FSRP to create an effective and efficiency of financial system as per governor of the Central Bank. The principal elements of the financial sector reforms included the interest

rates, elimination of administrative credit and foreign exchange allocation, strengthening of the Bank of Tanzania role of providing the formulation and implementation of monetary policy, regulating and supervising of banks and financial institutions, restructuring the state owned financial institutions and allowing the entry of local and foreign private banks (BoT,2006). Though the provision of financial services to small business and other sectors depend much on the state and its financial system, existing study advised that despite the undergoing progress of various financial institutions and the growth small businesses in Tanzania there are still the constrains on accessing the services from those institutions (Satta, 2002).

However in 1996 the URT took the initiatives in restructuring the major banks and financial institutions in creating conducive business environment so as to enable for other banks to take room on provision of such services. It's whereby the process included the downsizing the National Bank of Commerce (NBC) and the recapitalization of the Cooperative and Rural Development Bank (CRBD) through selling of its shares to the general public together with the introduction of new local and foreign banks as the competition that has been resulted to provision of quality and quantity financial services. As the National Microfinance Policy established in 2000 with the aim of accelerating the economic growth and assisting the private sectors in playing the key role of promoting the entrepreneurship and enterprise development (URT,2004).

Generally the combined case studies with a sample survey of business that expanded access to credits from government of Tanzania financial sources, since the findings disclose that most of the institutions whose owners receive business training and extra time advice perform better than those that did not. The studies went further by looking at the challenges facing the small business societies with their poor economic situations, the role of the microfinance institutions while providing the financial services.

2.7 Research Gap

Microfinance means the provision of financial services to low-income poor and very poor self-employed people. These financial services according to Ledgerwood

(1999) generally include savings and credit but can also include other financial services such as insurance and payment services.

There are various studies on microfinance's institutions, for example the study conducted by Kuzilwa (2005) that investigated on the role of credits to small business and entrepreneurs and came up with suggestions that for the microfinance institutions to perform better and better, it should not only provide credits and loans to its client but business training skills and advice should also be provided so as to ensure the effective collections of their collaterals from them. The study of Liheta and Mosha (2014) concludes that though there is an increasing number of microfinance institutions in Tanzania, their overall performance has become poor since few of them have clear goals, objectives and resilient organisational structure. Meehan (2001) studied on Debit Credit and Saving Institution (DECSI) and analyses the effects of microcredit provision at household level in rural areas.

There is an increasing demand of MFIs in our societies but in the meantime, there are similar studies conducted by other researchers on the effects of MFIs and poverty reduction in Tanzania. The study of Kaseva (2015) targeted on the small scale entrepreneurs since most of the formal banks and other large financial institutions are scarcely accessible to low income earners. On the findings the study revealed that microfinance institutions have contributed towards poverty reduction especially in terms of income generated by those small businesses. As the effectiveness of the MFIs policy is measured by the income generated from those small business to laid-back the acquisition of the services the amount given should be increased. While the study of Haji (2013) on the contribution of MFIs and poverty reduction has so far observed that MFIs have changed the life of poor people in a constructive way as majority of the client's income has been increased, capital invested and therefore the expansion of their businesses. He suggests that since the Policy of MFIs is to serve those active poor hence the implication of it is to direct such financial services to the rural areas in enhancing the income generating activities of the poor women.

In fact there are studies by different scholars in this area but from the studies I have done, I did not come across one study that dealt on exploring the Contribution of microfinance to poverty alleviation through women income generating activities in Kinondoni Municipality seeing how the microfinance institutions can help the women to generate income through loans and credits provided by the ASA microfinance. This study therefore is intended to fill this gap specifically focusing at analysing the criteria used by ASA in establishing the credits and loans facilities to women for poverty alleviation, finding out whether the loans and credits provided by ASA have impacts to poverty alleviation and examining the challenges facing women on the loans and credits acquisition from Microfinance institutions.

2.8 Conceptual Framework

Conceptual framework is set of intelligible concepts structured in a manner that showing the connection and make easy communication to others (Shea, 2015). In the conceptual framework the three variables has been used to identify the pursuing investigation and these are independent and dependent variables. It is thus the stage for the demonstration of particular research questions and objectives that initiates the investigation being testified based on the statement of the problem whereby its context and issues caused the researcher to conduct the study.

2.8.1 Research Variables

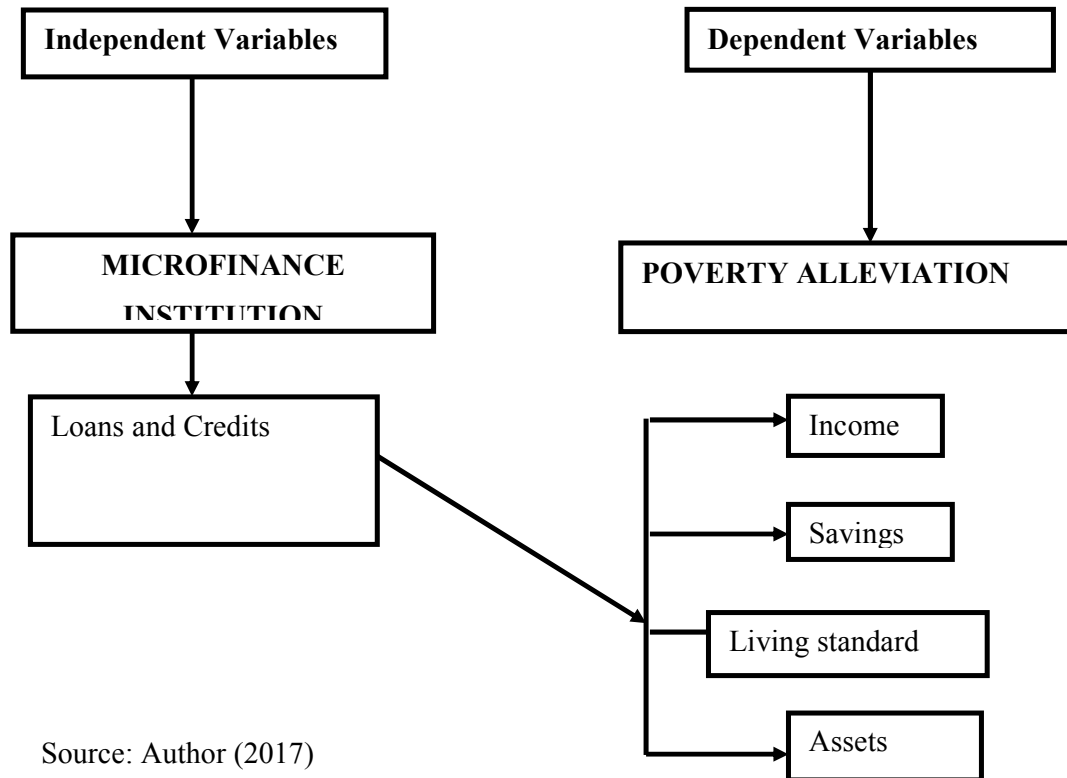
2.8.1.1 Independent variables

Independent variable refers to when one variable depend or have consequence on another variable. Like when the independent variable is present the dependent variable is also supposed to be present and if there is the independent variable increased or decreased then the depend variable has to be increased or decreased (Kothari, 2004). Based on the study comprises the microfinance institutions as the independent variable which is composed of loans and credits, savings and policies governing the operation of the institution. Hence all these variables has been measured by amount of loans and credits provided by the institution resulted to savings, clients business development, generating income, improving the living standards and assets accumulation.

2.8.1.2 Dependent Variables

Dependent variables are variables that are being measured throughout the experiment or which appear and vary as a result of the variations in the independent variables (Nalaila & Msabila, 2013). The goal of the study is to understand and describe its variability or predict it, while the dependent variable is poverty alleviation which has been measured by the increase of income, ability of making savings, ability of starting the business venture, improving the living standard which provided the access to food, assets accumulation, education, health services, clothing and shelter for the households after the provision financial services from microfinance institution.

Figure 2.1: Conceptual framework on the Contribution of MFIs in Poverty Alleviation



Source: Author (2017)

As discussed earlier on chapter 2 section 2.2 on the specified poverty indicators used by the world bank to testify whether poverty has been alleviated. The study used figure 2.1 to illustrate the microfinance institution as the independent variable which provides loans and credits to it's clients. While the dependent variable is poverty alleviation which is measured by the income, savings, assests and living standards after the provision of loans and credits to these women from the microfinance institution. The conceptual framework tesfied the contribution of ASA microfinance towards poverty alleviation amongst those women who provided loans and credits from such institution by using the poverty indicators.

2.9 Chapter Summary

The findings from this review show that the poverty line in the poor households is still the society and national phenomena. The study has also focused on the position

of women on the contribution of microfinance institutions to poverty alleviation. Added to this, the study has been testified and that the variables used on the model to provide the description have relevant connection to the stated problem.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter provides the methodology of the study. It includes the research approach, study area, research design, population size, and methods of data collection, data analysis that has been used in meeting the research specific objectives towards microfinance and poverty alleviation. It does also provide the comprehensive descriptions of the sample size and sampling procedures and research techniques.

3.2 Research Approach

According to Johnson and Gill (2010) there is no one best approach in determining appropriate approach in the social science research, it depends much on a large number of factors like the nature the phenomena, how does the phenomena affect and the various measures undertaken against the occurrence of such phenomena. In this regard therefore, this study employed a mixed approach; the qualitative and quantitative research approach for it provides answers to the questions from a number of perspectives.

3.2.1 Qualitative approach

John and Grill (2010) defined qualitative approach as a method that uses non-numerical data or data that have not been quantified. The study used the qualitative approach in acquiring information from the beneficiaries and that of the institution to attest the criteria used by the institution and what impact does the service has to these women.

3.2.2 Quantitative Approach

This approach uses numerical data or data that have been quantified. The researcher in this study used this technique to analyse and describe numerical information given by the beneficiaries.

3.3 Research Design

Research design means a plan accompanying a study with maximum control over factors that may interfere with the validity of the findings it can be thought as the master plan of the research that throws light on how the study is going to be conducted (Grove, 2010). On the other hand Kothari (2004) well defined as the arrangement of conditions for data collection and analysis that aims to combine applicability to the purpose of the study. It is thus the study used the cross sectional research design since it compiles the information from the benefited households, providers or officials and the clients themselves. All these information's or data collected responding to questionnaires interests regarding the criteria used by the microfinance institutions, its effects to the households and the challenges that most of the beneficiaries face. Hence the designs provides the conceptual structure within the study conducted, which is microfinance and the poverty alleviation as it deals much on low-income earners accessing financial services from MFIs.

3.4 Study Area and Population size

ASA microfinance institution is located at kinondoni municipal council in Dar es salaam. It covers the area of 531 square kilometres and according to the national census of 2012 has the residents of 1,800,000 with the growth rate of 5% and the population density of 2051 per square kilometre (NBS, 2012). ASA institution covers the population size of 185 on a branch towards its provision of service. The reason for selecting this area of the study is the evidence that there are MFIs providing financial services to low-income earners in the area, therefore, it was possible to get respondents to provide data for the study. It could also not be possible to conduct the study covering the whole country or all areas in the country with MFIs providing financial services to small business owners due to time factor. The geographical location of the study area also allowed the easy collection of data for this study.

3.5 Sampling size Techniques and Procedures

According to Kothari (2004) sample size is the number of items, which are selected from the universe to constitute a sample. The sample selected should neither be extremely large nor small hence the sample size of this study comprised of 65

members of households in ASA Sinza branch which were used in collecting data about how the microfinance institutions lead to women empowerment. The Sample size was determined using the formulae by Yamani (Clue, 2015) as follows:-

$$N = \frac{N}{1 + N(e)^2}$$

Where

N = Sample Size

N= Total population size

1= Constant

e= the assume margin error or tolerable error which is taken as 10% (0.1)

Thus, n = 185

$$\frac{185}{1 + 185(0.1)^2}$$
$$= 64.91$$

Therefore, 65 respondents were selected by as a representative sample size for the study. The reason to why margin error of 10% was used it is because 0.9% was expected as the succession of this study since it was accurate on data organizing, filling, presenting and analyzing on producing the report. Only that 0.1% was the error or failure and this is to say that the report was successfully produced for 0.9% of the selected sample size while 0.1% was counted as the error.

Sampling Techniques and procedures - This has been defined as the procedures used by the researcher in getting the people, units and elements for findings of the study by selecting number of individuals or respondents from the population such that the selected groups contained the elements or representativeness found on the entire population. Its range of methods that simplify to reduce the amount of data needed to be collected by considering the data from sub group rather than all possible elements or respondents (Tromp, 2006).

Tromp (2006) defined sampling as the process of selecting a group of subjects for a study in such a way that individuals represent the large group from which they were selected. In this study the researcher involved two sampling techniques; random

sampling and in few cases purposeful sampling. In the sampling procedure both probability and non-probability sampling techniques was used in selecting the study sample. Probability sampling techniques usually give equal chances to select every member of the population. Non-probability sampling was employed so that the researcher decides who to include and who to exclude from the sample.

From the 65 selected respondents of the study there are 10 to 20 respondents from four groups. Since the study employed the simple random sampling and purposive sampling as the sampling techniques that determined the important features of the empirical study in which the goal was to make interpretation about the population from the sample. Those 65 respondents used as sample fulfilled the requirements of efficiency, representativeness, reliability and flexibility, which made the less cost as compared to the entire population.

3.6 Data Sources and Methods

Data sources directed the researcher where to go through in gathering all the needy information or data while interpreting and providing the understanding of the concepts underlying the methods and key aspects of the data quality.

3.6.1 Sources of Data

The data were collected from the two sources, which were;-

- a) Primary data these are data collected by the researcher himself or herself or by assistant researcher from the field for the purpose of answering the research questions or issues (Adam, 2008). Primary data is always collected from the first source, a new and for the first time hence happen to be original in character and is used for both qualitative and quantitative approaches. The data happens to be collected through questionnaires and interviews in a distinguishing setting that has been demonstrated in the controlled or uncontrolled situation. Hence questionnaires and interviews were used in this study as the primary methods to obtain the first hand information from the respondents on how far had the microfinance institutions brought about positive impacts to the households.

- b) Secondary data are data which have already been collected, appearing in other documents, any other literature sources, collected by other people for some other purposes and probably already filtered and interpreted in some ways (Adam, 2008). The study used the ASA report and article of 2007 and that of 2013 as the literature sources in establishing the criteria used by the ASA microfinance institution to loans and credits acquirement.

3.6.2 Methods of Data Collection

Data collection is the standout amongst the most vital stages in conducting research. In the event that the researcher has collected the needed data for the study he or she is definitely having the capacity of completing his or her study. The following methods were used to collect data.

3.6.2.1 Questionnaire

It refers to the series number of questions in a definite order that is used to ask the respondents in order to obtain the beneficial information about the given topic (Babbie, 2004). It required the researcher to prepare a number of questions to get the needed information from the respondents or households. The questionnaires involved the self-explanatory and self-directed instructions that helped the respondents to answer them clearly.

The questionnaire included open-ended questions in collecting data aiming at involving about 50 respondents to testify the second and third research objectives of the study, looking at the impacts of the services provided by the institution and the challenges facing these women on the loans and credits acquisition. Thus the respondents were given the questionnaires, which required them to provide the detailed information on the impacts and the challenges of the financial services provided by ASA for their businesses. The instrument used allowed the respondents to be free and flexible from arising issues asked by the researcher on the open ended questions

3.6.2.2 Interview

Interview discusses to the direct contact between the researcher and the respondents whereby the engagement of oral questioning and discussion is more considered while the researcher collecting various information to the respondents (Tromp, 2006). Thus the 15 respondents were interviewed to obtain the first hand information by using the structured interview to address the research objectives on whether the service has impacts to their households and the challenges they are facing on accessing the service. In administering this some of the ASA officials were interviewed and the benefited members of the households.

3.6.2.3 Documentary review

The study used the ASA reports of 2013 of Impacts assessment of ASA microfinance programme and that of 2007 establishing the poverty free society to testify specific objective one of analysing the criteria used by the institution on the loans and credits acquisition to collect data for this study.

3.7 Data processing, analysis and interpretation

Data analysis and processing was done through various methods. There was data editing, coding, and also data verification so as to ensure completeness, accuracy, clarity and uniformity in the data collected. These helped the researcher to have proper recording and also enabled the researcher to discover if the collected data was in line with the research objectives. The study use both qualitative and quantitative analysis. The data has been analysed and processed by using Microsoft words tables or tabulation, it also contains the use of tables, charts and figures. On the other hand, it included searching patterns of data on the contribution of microfinance institutions in poverty alleviation to make interpretation of meaning; after that the researcher analysed the facts and converted the data into statements and concluded answering the research objectives.

3.8 Data Validity and Reliability

Data validity means the degree to which the research findings can be in real world beyond the controlled or observed effects that are actually the result of the certain

condition. It includes the components or elements that are going to be used or needs to be tested in this study like the economic status amongst the members or clients that provides the conclusion on whether questions was clear, unambiguous or has been understood by the respondents during the findings of the study (Hungler, 2001). While the reliability means the degree in which the study provides pre-requisite in measuring instruments or producing the same results which successively addressing by the other researcher. It is thus the measure of how the consistency the results from the test which involves accuracy of the research methods and techniques (Hungler, 2001). For the case of this study the collected data were valid and reliable since the researcher went to the field and was very careful while collecting, analysing and processing data from the respondents.

3.9 Ethical Considerations

Research ethics can be defined as the application of fundamental ethics, values, principles and norms of conducts in a scientific study that differentiate the acceptable and unacceptable behaviors (Kothari, 2004). The research work has considered all the research values, norms, and principles of voluntary participation, confidentiality and anonymity in ensuring full protection of the respondents with any likely harm that may be caused by his or her participation in the findings of the study. The study considered ethical issues in research, some of which as additions were the consideration of the willingness of respondents to give data, provision of letters, and telling them clearly and precisely about the study.

3.10 Summary of the Chapter

Chapter three shows the methodology by which the researcher employed in developing the study through various data and information collected from the area of study. Those methods, techniques and procedures used by the researcher provided us with the feedback on the impacts of microfinance to poverty alleviation.

CHAPTER FOUR

PRESENTATION OF FINDINGS

4.1 Introduction

This chapter presents the findings of the study based on the objectives of the study. The objectives were intended to analyse the criteria used by Association of Social Advancement in establishing credits and loans facilities to women in alleviating poverty, find out whether the loans and credits provided by institution have impacts to poverty alleviation, and examine the challenges facing women on the loans and credits acquisition from microfinance institution.

4.2 Demographic characteristics of the Respondents

This section discusses the background characteristics of the respondents. The parameters included are like age, education level, occupation and income level of the respondents or households, which has impacts to the provision of service.

4.2.1 Age Composition of the Respondents

The study sought to establish the age structure as having direct impact on the loans and credits provision from the institution. The study aimed at observing whether the loans and credits provided focus much on respondent's age and if they look at respondent's production capacity regarding their age on the utilization of loans and credits provided. From the findings it shows the respondents' age ranging from above 18 to 60 years of age. Respondents above the age of 18 to 30 years were the minority as they constitute 20%, those aged 31 to 40 constitute 24% while with 41 to 50 years of age constitute 13% and those whose age range from 51 to 60 years of age constitute 3%. The findings show that about 50 respondents were at the age between 20 – 60years age group, this reveals that most of the members joining the programmes are neither so young nor elders. During the interview conducted with the ASA officials, one of them said that, *“Most of our clients are at the middle age of 30s and 40s and they are capable enough to make production and utilization of the credits and loans provided by us”* (Respondent1, 2017). Hence we as the institution

and the service provider we have the duty of facilitating the loans and credits towards our clients as per ASA rules and regulations. From the given questionnaires Table 4.1 shows the respondents by their age group.

Table 4.1: Respondents by Age groups

Age	Number of Respondent	Percentage
10 – 30	10	20
31 – 40	24	48
41 – 50	13	26
51 – 60	03	06
Total	50	100

Source: Author (2017)

4.2.2 Respondents Distribution by their level of Education

Education is always valued as a means of liberation from ignorance as it is the only principal mechanism for developing human skills and knowledge (URT, 2002). Education is one of the most important characteristics that might affect the person's attitudes and the way of looking and understanding any particular social phenomena. In a way, the response of an individual is likely to be determined by his or her educational status and therefore it becomes imperative to know the educational background of the respondents. Hence the researcher through the questionnaire investigated the variable 'Educational level' the data pertaining to education is presented in Table 4.2 as follows:-

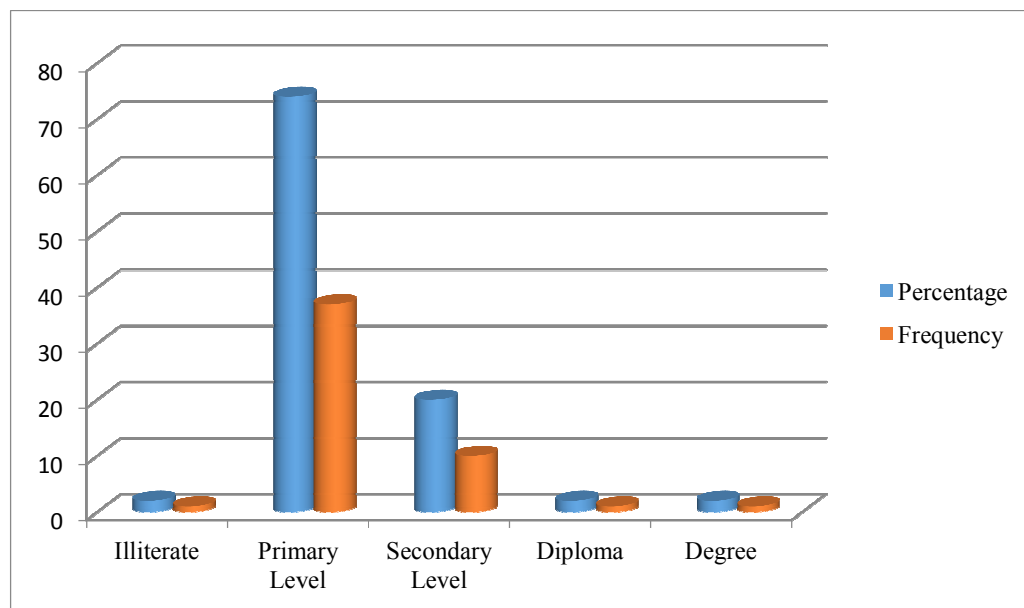
Table 4.2: Respondents by their level of education

Level of Education	Number of Respondent	Percentage
Illiterate	01	02
Primary Level	37	74
Secondary Level	10	20
Diploma	01	02
Degree	01	03
Total	50	100

Source: Author (2017)

Figure 4.1 shows the percentage of Respondents by their level of education grouped into five categories. The categories were illiterate, primary, and secondary, college after completing secondary education and degree level. The findings revealed that the majority of respondents about 74% attained a primary level of education while 20% of the respondents attained the secondary education level, college level was only 2% of the respondents and rest were illiterate.

Figure 4.1: Percentage of Respondents by their Level of Education

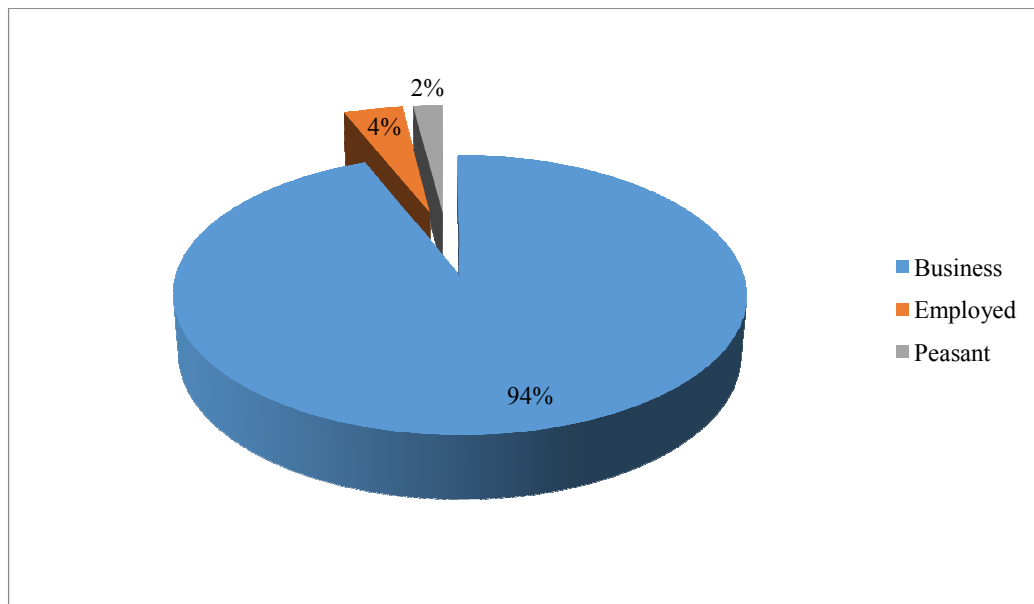


Source: Author (2017)

4.2.3 Occupation of the Respondents

Occupation of respondents shown in figure 4.2 is characterized into three segments as those who are dealing with business, employed ones and the peasants. The loans and credits are provided on the basis of generating activities, which are legally accepted by the Government. Hence the results from the study shows that 94% of the 47 household respondents were business women while 4% of the 2 respondents were employed and 2% of the them were those who dealing with the farming activities or peasant as shown on the figure 4.2 which pertained from the given questionnaires.

Figure 4.2: Respondents by Occupation



Source: Author (2017)

4.2.4 Economic Activities of the Respondents

The people of Kinondoni municipality were engaged in businesses and women were the most active participants in such businesses especially of food vendors, tailoring, min-shops, hair dressers, making ice creams and so on. Their families were not that large since they were about three to four members of the households as it has been revealed by the findings of the study. Despite the small economic activities the respondents were engaged in, they found the competition so stiff to earn something for their households. From the given questionnaires Table 4.3 illustrates as follows:-

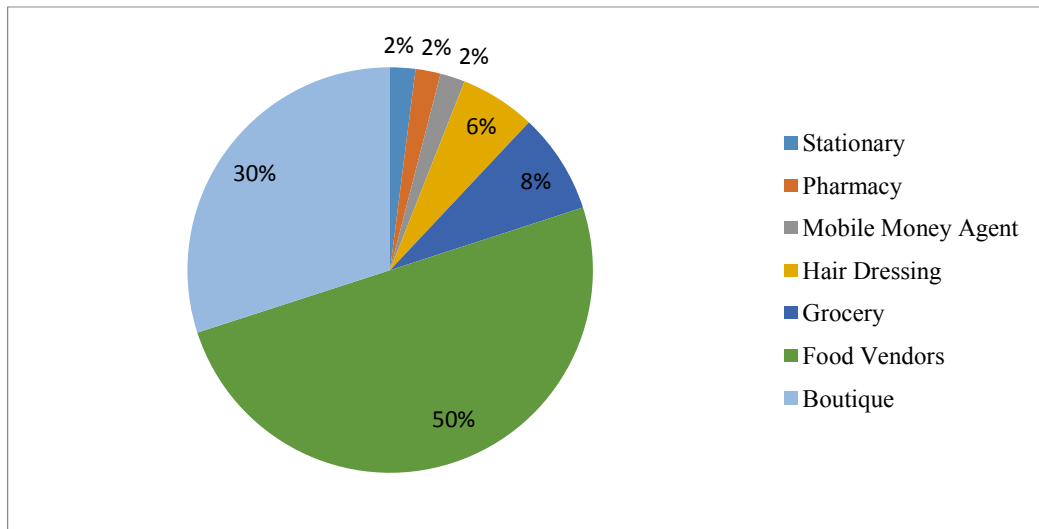
Table 4.3: Economic Activities of the Respondents

Type of Business	Frequency	Percent
Stationery	1	2
Pharmacy	1	2
Mobile Money Agent	1	2
Hair Dressing	3	6
Grocery	4	8
Boutique	15	30
Food Vendors	25	50
Total	50	100

Source: Author (2017)

The figure 4.3 shows the percentage composition or category of the respondents by their economic activities as follows:-

Figure 4.3: Composition of Respondents by Economic Activities



Source: Author (2017)

4.2.5 Income of the Respondents

Income means a regular flow or addition to one's stock of wealth and generally one considers a person to be poor if his income is low (Hanson, 2011). According to Ellis (2000) enlightened that income comprises both cash and in-kind contributions to the materials welfare of the individual or household deriving from the set of livelihood activities in which household members are engaged. Information about household income in the study was very important as they could reveal whether the community's living standards has been improved or not. During the study the respondents were asked to select option representing their income per month as provided by the researcher in the questionnaire. The results indicated that most of the respondent's income had increased after the provision of loans and credits for their businesses as shown on Table 4.4

Table 4.4: Income of the Respondents

Income in Tshs	Number of Respondent	Percent
0 – 100,000	10	20
101,000 – 300,000	22	44
301,000 – 500,000	4	8
501,000 – 800,000	9	18
801,000 – 1,000,000	2	4
Above 1,000,000	3	6
Total	50	100

Source: Author (2017)

From the Table 4.4 the findings of the study show that after the provision of service to its client's, the respondent's income increased such that about 10 respondents their average monthly income increased for 20%.

4.3 Criteria used in establishing loans and credits to Women

Central to this first objective the researcher's need was to determine the fundamental criteria used by the institution on the loans and credits acquisition towards its clients. The findings of the study through documentary sources such as the ASA reports of (2007) and that of (2013) as the instrument used to solicit this data found that there were some basic criteria laid down as a measure to find out if an applicant qualifies to be a beneficiary member of ASA were as follows:-

- a) An applicant must be a citizen of Tanzania and permanent resident of the operational area
- b) The service is accessible to those women of 18-55 years of age regardless of their marital status
- c) She must invest the loans and credits provided on income generating activities which are legally accepted by the Government
- d) One needs to be accepted socially from where she lives and only one member is allowed to join from one family or household
- e) She must take loan and credits on peer or group collateral
- f) She must pay 1% of Death Risk Premium as the loan insurance from each application of the service
- g) ASA members are not allowed to access the same service from other institutions.

- h) Every member of ASA must have three guarantors
- i) Guarantors and ASA members should be confirmed through the local Government letters from their respective areas.

4.3.1 Loan Disbursement Criteria under the Group Lending

Under the Solidarity group lending ASA microfinance adheres to the following procedures as the term and conditions one has to adhere by during the loan disbursement:-

- i) To be ASA member one ought to be living 8 kilometres from the respective branch. And during the member selection, loan officers have to ensure that they have collected information of the targeted groups.
- ii) Group Formation, ASA required loan applicants to form a group of self selected people of 15 to 20 and every member is required to look for three guarantors inside or outside the group. And the group formed should get approval from the local government
- iii) Training of two weeks had to be provided to the client that included the financial management, loan management, business education and entrepreneurship skills.
- iv) Verification and evaluation had to be done for each member of the group formed to see whether the clients meet all the institution requirements.
- v) Loan application and approval had to be conducted where by the client was required to pay 10% as the loan security and 2% as the loan processing fees to the respective branch.
- vi) A loan officer has to disburse the loan to the clients immediately after the approval from the Branch manager.

It was further observed that in monitoring and repayment mode the institution wants every member of ASA to make sure that she attends the weekly meetings in the respective centre whereby all loan installment or collaterals are collected (ASA, 2013). They were also needed to observe time of loan repayments and failure to do so the whole group had to be responsible in paying a member's installments to the loan officer. Through the delivered of their service from the financial institutions

send the noticeable message that being poor is not the reason one not one to develop they can count the same services from the MFIs and make their dream comes true. Hence ASA as the institution aims at alleviating poverty and improving the quality of living standard on creating the opportunities to those poor for self-employment from securing the financial base to their households as it has been shown since its establishment in Tanzania in Table 4.5

Table 4.5: Loan Disbursement of ASA Microfinance

Year	2013	2014	2015	2016	2017
Repayment Rates (%)	30	69	80	98.9	90

Source: ASA Report (2017)

For example, when a member applied for loan of 400,000/= for the first time she should make an installment of 25 weeks which would take 6 months to finish all the installments; besides this applicant had to make sure the following payments are also done:-

Admission fee which was 1000/-

2% payment of the requested loan which amounted to 8000/- this was the loan processing fee, others were the Death risk premium 1%, the Loan Interest rate of 15% for six months, and Loan Security of 10%, see the illustrations:-

Since,

$$I = \frac{PRT}{100}$$

whereby $400,000 \times 15/100 = 60,000/$ interests rate

(400,000 + 60,000 = 460,000/) Principal amount with interest

The collections was done on weekly basis

$$\text{Weekly installment} = \frac{P+I}{\text{Number of Installment}}$$

$460,000/25 = 18,400/-$

Following the formular such client was needed to make weekly payment of 18400/- for the amount of 460,000/- as the requested loan of 6months.

The finding of the study shows that it took a long time for loans and credits to be disbursed especially for those who claimed for large amount of money from the institution to meet their household and business needs as the Table 4.6 illustrates

Table 4.6: Amount of Loan Disbursed by the Institution to the Respondents fulfilled the criteria

Amount in Tshs	Respondents	Percent
250,000 – 400,000	15	30
450,000 – 600,000	20	40
650,000 – 800,000	10	20
850,000 – 1,000,000	5	10
Total	50	100

Source: Author (2017)

4.3.2 ASA and its Model of service Delivery

The key informants interviewed disclosed that the institution provided both financial and non-financial services to the poor. The financial services provided to the lending group formed by the clients while the institution as well took into account the non-financial services in terms of orientation, training, monitoring and supervision. The study shows that in the provision of services ASA microfinance used the following model in ensuring that its weekly collections or collaterals from its clients are well handled.

4.3.2.1 Solidarity Group Formation or peer Lending Model of service Delivery

Loans are borrowed funds which contains terms for repayment whereby the clients ought to fulfil. Lending model of ASA microfinance institution service delivered might differ from other institutions due to its uniqueness criteria of group formation as the model of its service delivery. As most of the Microfinance institutions provide its service on a solidarity group lending basis, there should be the group of four to five individuals who organise themselves in a solidarity borrowing a loan from the institution (Guntz, 2011). These members are self selected based on their relationship and status what the matters most to members here is self screening and group pressures enforced upon every group member, urging each and every one to contribute on his or her part solidaritly as agreed so as to ensure the loan are secured

and recovered. The burden of such loan or credit spreaded on more shoulders than being to a single client and it is therefore the responsibility of the entire group to make sure that the installments are paid on time to avoid a such burden. This implies that the whole group has to suffer incase they fail to pay installment schedule as the most severe consequence to poor households are loss of credit worthiness and reputation since they are in need for the service while they are using the same loan to secure the loan once the member fails to contribute. ASA institution applies this model on its provision of loans and credits to its clients whereby the members are held accountable for the less contribution of their group member.

4.4 Effects of Loans and Credits to Women on Poverty Alleviation

While looking at the effects of the service provision towards these women and their households the study wanted to testify whether these loans and credits have any impacts to these vulnerable poor. During the interview some of the respondents were asked on whether the loans and credits provided have effects to their households they said that *“since the institution decided to provide loans and credits to poor households they found that their income and the living standards has been improved as compared to the previous times”* (Respondent2, 2017). Whereas the next benefited house interviewed regarding the impacts of the services respondent three quoted said *“Through it i managed meeting my family needs and demands, even sending my kids to school and once am done with this taken amount am thinking of increasing security so as to acquire the medium loan scale”*(Respondent3, 2017).

4.4.1 Income Change of the Clients

In determining whether there was any benefits to the clients from the microfinance services the study shows that there were some benefits to the beneficiaries as it enabled some of them to send their children to school and improve their businesses. Table 4.7 shows the various variables included on the income change of the respondents from the study.

Table 4.7: Estimation of Variables Included on Respondents income Change and living condition

Variables	Frequency	Percent
Income	20	40
Savings	10	20
Decision making Power	5	10
Assets Accumulation after the loan	5	10
Assets Accumulation before the loan	0	0
Level of Education	2	4
Housing Improvement	8	16
Total	50	100

Source: Author(2017)

The Table 4.7 shows various variables used to identify potential effects of ASA microfinance institution towards its provision of services by conducting the triangulation analysis that facilitated validation of data from the more than two sources particularly to the clients, households benefited, ASA officials and the Local government officials. The findings of the study provided the results that the clients and their households have been for so far benefiting from the programme to fight against poverty, decision making power has been increased in the households level since majority of the women are the ones deciding on the use of loans and credits they get from such institution. The researcher also observed that the majority of the clients through that income their businesses and living standard got improved.

Table 4.8: Respondents change of Income

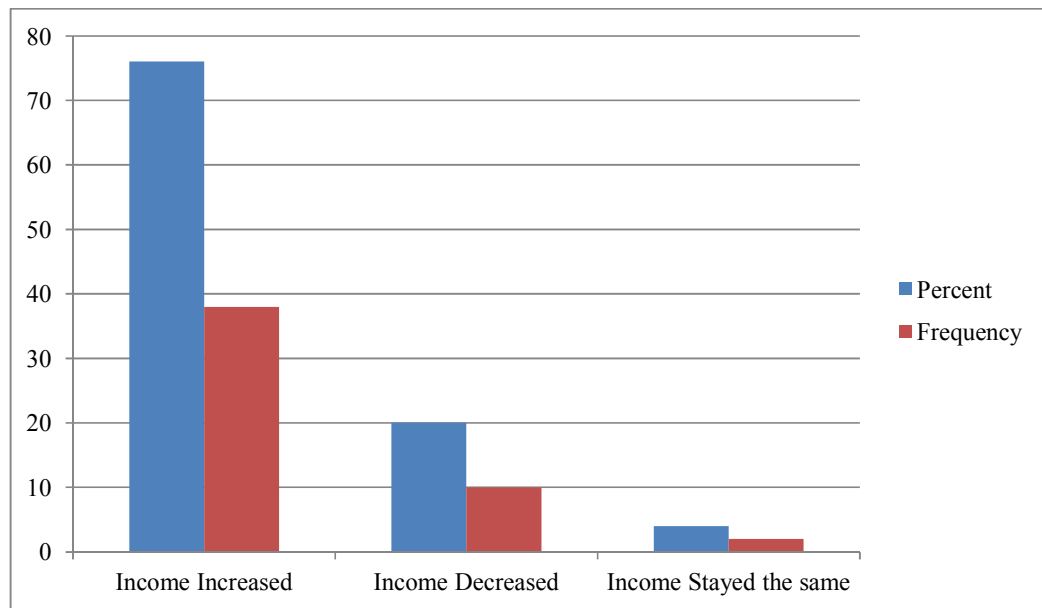
Income Change of Respondents	Number of Respondent	Percent
Income Increased	38	76
Income Decreased	10	20
Income stayed the same	02	04
Total	50	100

Source: Author(2017)

On income change of respondents about 76% agreed that there has been an improvement, their income increased and the living standard also showed improvement after the participation in the programme. On the interview conducted by one of the ASA official regarding the impacts of their services on economic status of

their clients said “So far we weigh up the impacts of the services by noticing changes from our clients business activities, income changes, assets owned as we conduct verification before and after the provision of service”(Respondent4, 2017). Figure 4.4 shows the Income Change of the Respondents as a result of the MFIs services provided to clients.

Figure 4.4: Income Change of the Respondents



Source: Author (2017)

4.5 Constraints Facing Women on Loans and Credits Acquisition

The study shows that majority of respondents disagreed on the presence of challenges to loan acquisition but few of them agreed and one among the respondent interviewed said that “there are too much conditions for loan and credit acquisition we are sometimes not able to pay for the services which costs 20,000/- per member as the admission fee”(Respondent5, 2017). The other respondent interviewed said that “The other challenge is that the amount we are given as a loan is not sufficient enough to make changes to our households”(Respondent6, 2017).

Findings also showed that the majority of the respondents disagreed that there was a challenge during the loans and credits acquisition process from the institution as the Table 4.9 illustrates the respondents views

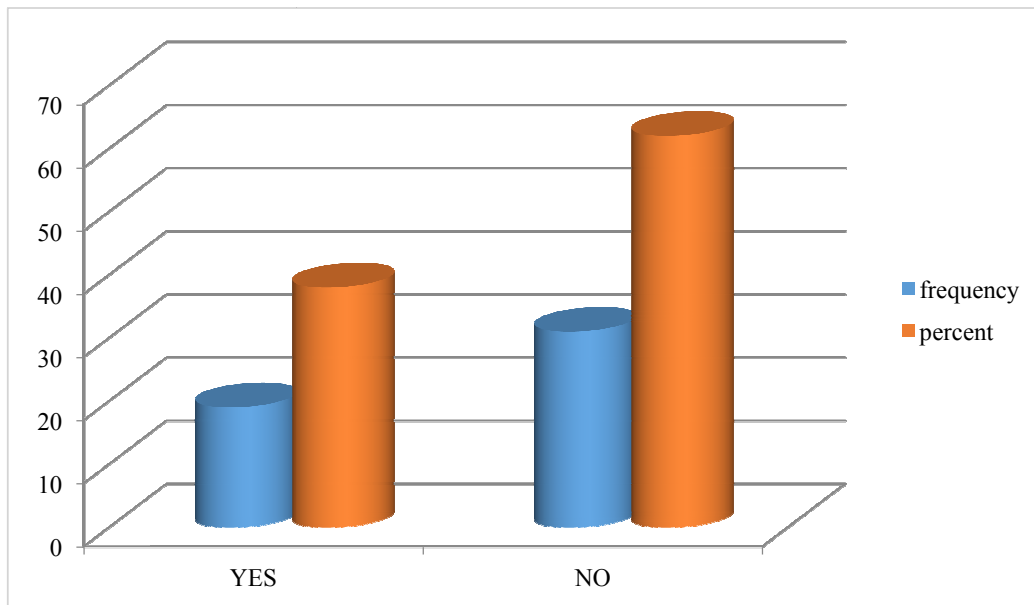
Table 4.9: Respondent Views

Category of response	Frequency	Percent
YES	19	38
NO	31	62
Total	50	100

Source: Author (2017)

The study shows admission fee giving the loan burden to group members especially when one of them fails to repay the loan, amount approved being not sufficient to invest in business for profit making as some of the challenges facing the MFIs clients in the study area.

Figure 4.5: Category Response from the Respondents



Source: Author (2017)

4.6 Summary of the Chapter

The chapter has summarized the significant role played by Association Social Advancement microfinance institution towards its effort to poverty alleviation in the society ever since the institution was moved from donor dependency to an institution it has been capable enough to meet its all operational needs by its own generated

income over the past 4 years. Most of the visited clients proved that they have benefited through the provision of loans and credits offered by the institution.

So far the programme has brought about positive impacts to women empowerment in the society since its policy is to make sure its only women who are allowed to participate hence found the great potential for main streaming the development activities, increasing of decision making power at household level, resources ownership and control. Despite its good performance in the fight against poverty at household to national level some of the clients claimed that the admission fees is sometimes a challenge to them, a client may loose service just because of lacking the admission.

CHAPTER FIVE

DISCUSSION OF THE FINDINGS

5.1 Introduction

This chapter covers the discussion of the findings, which is in line with the specific objectives of the study. However, this chapter provides a detailed discussion with arguments integrated with the literatures sources related to microfinance institutions and poverty alleviation. It is then focusing on criteria used to acquire loans and credits, impacts of the services provided by microfinance institution to the members and the challenges facing on the loan and credits acquisition.

5.2 Criteria used on Loan and Credits Acquisition

As noted earlier in chapter 4 section 4.3 the study shows that there were criteria laid down for loans and credits acquisition from the institution. The noted criteria have been shown in the ASA report 2007 and that of 2013.

The findings show that the institution makes most of clients acquire small and few medium loans and credits. The more the clients make the repayment the more the the amount is provided one of the respondents said that

when I firstly joined the ASA microfinance I thought I would be able to get any amount I would request but as per rules and policies I had to start with 300,000/= and kept advancing up to 1,000,000/- though it took me long to get there but finally here I am (Respondent7, 2017).

While the other ASA officials said

as we look forward to adding new members in our institution, clients are screened, selected and recruited on the criteria to make beneficiaries of ASA get added, there is a sense of humanity since some applicants may have just a half of the criteria, so we sometimes have to consider that (Respondent8, 2017).

This shows that despite the fundamental criteria used by the institution on the loans and credits acquisition the officials consider a sense of humanity in handling the loan issues for the institution.

From the mentioned criteria under section 4.3 of this study there are some other studies on microfinance institutions. For example Irobi (2008) on the Role of microfinance banks in poverty reduction, a case of Tanzania revealed that most of the poor failed to access financial services from the MFIs due to the terms applied and conditions such as clients savings, collateral and guarantors were contributing factors. While Omari (2013) on the microfinance and poverty reduction among women the case of Bangladesh Rural Advancement Committee in Dodoma municipal council exposed the most important requirement that beneficiaries should have on the loan acquirement are home furniture and guarantors.

In general the kept basis criteria seemed to be the challenge regarding the loans and credits acquisition to most of the microfinance institutions, thus if the goal is to serve the poor who are low income earners towards poverty alleviation it's better to review those criteria and look on other controlling mechanism that would make easy access to financial services by this group of small businesses.

5.3 Effects of the Loans and credits to Poverty Alleviation

In determining the impacts of the service provision to the society as it was illustrated on chapter 4 sections 4.5 the findings of the study showed that ASA microfinance was initiated giving its services to the active poor households in the municipality and that there were changes by women attached to ASA. Most of the respondents appreciated the contribution by ASA in improving their living standards, income generating, savings, assets accumulation and decision making power in their households. The study shows that majority of the clients' income increased by 40% though few of them did not do very well due to various factors like inflation, lack of business skills, and commitment to business.

In terms of savings the study found that about 20% of the respondents savings had increased compared to before the provision of service. Though the study discovered that since women were playing the two important roles in the societies such as reproductive and that of productive savings they had challenges. The study shows that women were able to save but if they could be assisted much by their spouses they could be able to save more. Despite the facts that most of them were widow,

others were abandoned by their husband, few were married but there was those who were married but their spouses were not providing their full support to their families hence women were supposed to make sure that their families were able to get something to eat and dress. It is obvious that, this becomes quite challenging for these women to make savings from the loans and credits provided by the institution. The study validated with that by Maceda (2013), which exposed the saving culture in many of poor societies, has not yet expanded. It insisted much on the importance of savings since it plays as the sense of security when one happens of losing his assets, retrenched from work or gets into an accident and loan repayment. However it shows that most of the MFIs do not encouraging the members on the importance of savings rather than being entirely focus on the credit repayment on the borrowed loans and credits.

Moreover the study found that about 10% of the women decision making power has been increased on their households and this was due to fact that they were contributing something on family basis requirements and needs compared to before the provision of financial service. The study shows that about 10% of the women assets have been accumulated and the 16% was on the housing improvement. This shows that women's assets accumulation had increased. They could now provide basic needs for their families. The MFIs has become an important tool in fighting poor living condition to most of the women in those poor households

Morduch (2000) on the study conducted on MFIs and poverty reduction engaged the Consultative Group to Assist the Poor (CGAP) as the poverty assessment tool. On its findings he used independent variables like decision making power, education and family size and income households as the dependent variable in revealing its findings of the study those MFIs has impacts to poverty reduction in the society. Thus from the provision of loans from the microfinance institutions people are enabled to increase their income and family size. The study of Asemelash (2008) observed that microfinance has impacted positively on the income and medical facilities in the study area while decreases the vulnerability of its clients. These studies tried to

demonstrate the various variables used to testify how MFIs can lead to the alleviation of poverty.

Although previous studies has shown various variables that was used to test whether the MFIs brought about impacts in then societies or not, this study has absolutely showed different variables that have been used to testify and hence display that MFIs has been produced certain successes on poverty alleviation to the poor households. On the other hand the findings of this study corroborated with the study of Kessy and Urrio (2006) which was conducted to cover four regions of Arusha, Dar es Salaam, Mwanza and Zanzibar in Tanzania revealed that microfinance institutions brought about positive changes to small business owners.

Therefore the findings of the study releaved that the programme has impacts to poverty alleviation in the households since majority of the respondents benefited from the ASA programme as it has been illustrated in the study. Thus the findings of the study together with the other literatures show that the MFIs bring about positive effects to the beneficiaries as most of their lives showed improvement, there were now able to accessing the family needs, the income has increased and even the decision making power by women has been observed positively.

5.4 Challenges Facing Women on the Loans and Credits Acquisition

In defining the various challenges facing these women on the loans and credits acquisition from the institution as it was noted on chapter 4 section 4.6. The respondents showed that the basic criteria, conditions and policies are the main challenges to them during the process of acquiring the service. It most of the poor fail to acquire the service.

However, the study shows that although the institution was providing small scale loans, it took a long time to experience changes, especially economic changes. The loans and credits provided are little compared to family needs and demands as we know that these small income earners are using the loans for both expanding their business and for family issues. This is whereby the small income earners try to

access the same service from other financial institutions so that they can meet their demands. It was observed that most of them are found in complex situations as the both institutions hold an interest and strict repayment schedule. The findings also show that though the majority seemed to appreciate the efficient and effectiveness of financial services but the challenges are there and they need to come up with the workable mechanisms to create more customers from the field. As it has been shown in figure 4.5 shows the category percentage of the response from the respondents as it was collected from the study.

Yunus (2010) on the study focusing on the challenges and opportunities facing MFIs in Pakistan shows that the Microfinance sector faces challenges like improper regulations, increase of competition, profitability stability, innovation and diversified products on its provision of service. Dahir (2015) revealed the subsequent challenges that MFIs face while distributing its services to societies such as default risk inherited from the clients, insufficient donor funding and lack of understanding of the definition and concept of microfinance.

In addition, the study found that while the institution is considering on making profit through the provision of services and since the policy wanted the clients to form the groups of 15 to 20 people it was real hard to find the trustworthy and willing individuals. Subsequently, there was no thorough investigation and verification pilot done by the ASA officials into the background of the beneficiary, this was the reason why some of the clients sometimes cheated on the officers and the group leaders just to obtain the service.

Generally, one can see that the institution provides a small scale loaning system which obstructs the expansion of business activities of the clients and since most of them are active poor, they may sometimes not be able to pay for the service admission which costs 20,000/- per member though they entirely need the financial services. Since the MFIs targeted its provision of services to the poor, it's better to look for the suitable specific criteria that allows them from easier access of service from the institutions.

5.5 Summary of the Chapter

This chapter has presented the role played by MFIs to poverty alleviation in the households and community at large. The detailed discussion was on the basic criteria used on the credits and loans acquisition, it went further by showing the impacts of the service provision to the beneficiaries and their households and the challenges facing them while acquiring the service. The results showed that the MFIs have positive impacts to the societies towards poverty alleviation. The findings show that the MFIs had positive impacts on the targeted poor households since there were remarkable changes that have been noticed since its establishment.

CHAPTER SIX

SUMMARY, CONCLUSION AND IMPLICATIONS

6.1 Introduction

This chapter presents the summary, conclusion and implications of the study derived from the empirical analysis generated from the study conducted on the MFIs and the poverty alleviation. The key focus was on the contribution MFIs towards its efforts to poverty alleviation from the household's level.

6.2 Summary of the Main Findings

The importance of microfinance institutions to poverty alleviation extended the motion on the policy agenda to serve the local poor. The most important thing the microfinance institutions was doing was increasing the income to the households, improving their living conditions, assets accumulation and enhancing decision making power. As the study revealed on chapter one section 1.3 on the statement of the problem that despite the efforts made by these MFIs the problem still persists in the societies. Thus the study conducted aimed at exploring on the microfinance institutions towards its efforts to poverty alleviation in Tanzania particularly on the case of women in Kinondoni municipality. The study was conducted regarding the specific objectives of finding out what are the basis criteria used on the loans and credits acquisition, looking whether the service has the impacts the the beneficiaries and the challenges facing these women on loans and credits acquisition. MFIs can alleviate poverty to the poor households, it employed both qualitative and quantitative approaches to collect data for the study.

The undegone study was made possible by employing the simple random and purposive sampling with the used sample of 65 respondents to fulfil the requirement of efficiency, representativeness, reliability and flexibility to get the desired data. Usually the study provides equal chances on the selection of every member for the random sampling and on the purposive sampling the ASA officials were the most concerned.

Generally the findings of the study exposed that microfinance institutions as the viable and workable strategy to poverty alleviation, contributed much on changing the life of the active poor through its provision of services towards them. The MFIs has been expanding its business which resulted from invested capital and income, increasing number of clients or customers and savings as the achievements of their business activities. Although the programme based primarily on loans of small size and allocates its service on urban centres to a large extent the programme has brought about positive impacts to the households in Kinondoni municipality since most of the peoples' lives and living standards have changed and improved.

Descriptive results display that most of them have benefited from the programme but there are some of them who haven't benefited and complained about the high admission fees and critical conditions by the institution on the loans and credits acquisition. It was further observed that on the surveyed MFIs pre lending training programme conducted by the officials, they are not of the business skills but much on how you can handle the repayment or collateral from the loans and credits received. Those training provided familiarized the members on the policies, rules, terms and conditions as per loans borrowed rather than that of business skills and other necessary skills.

6.3 Conclusion

By comparing the general objectives and the findings of the study, it was displayed that there is contribution led by MFIs with regards to poverty alleviation. Referring figure 2.1 on the conceptual framework, the study collaborated with the assumed variables that attested on the contribution of microfinance to poverty alleviation on the society and national levels. The assumed variables and specific objectives of the study revealed that microfinance has confirmed worthwhile as majority of beneficiaries stated. Nevertheless microfinance institutions remains as the limited industry in the world despite its demonstrated efforts and impacts to poverty alleviation, economic growth and making profits. Then from the findings of the study

there are conclusion that drawn from every specific objective of the study as follows:-

6.3.1 Conclusion on the Basis Criteria used on Loans and Credits Acquisition

The most crucial thing that hinders the increasing flow of credits to MFIs is on the basis criteria kept by the institution on the loans and credits acquisition. Since the MFIs focus is on strengthening the poor households and societies from improving their living standards, empowering them to resource control and decision making power. As noted on chapter 4 section 4.3 on the criteria used, it was observed that clients are charged high interest rates and admission fees which absolutely affect their business from developing. However, the high admission fees charged by the institution on the loans acquisitions ingest the minimum profits that would be earned by the clients. As it stated on the objectives of the study that ASA has been hundred percent serving the women as the organisation policy in providing financial support to those poor women who lack the access to banks in conducting their business. This is particularly given that women are amongst the poorest segments of the community since they seem to be excluded from the formal banking system as the institution started to make an extra effort to find out what are the cause and decided to help them out.

Moreover the training intervention conducted by the officials showed some improvement to the clients since it covers on the loan usage as per intended purposes and loan repayment in accordance with the time basis for the amount requested from the institution. Besides sharpening the clients as per rules and regulation of the institution regarding the repayments, it also creates interpersonal skills and awareness of the clients. Most of them are aware that when one requests for say 300,000 how many weeks should she make the repayment, and how much she is supposed to pay on each week as per collateral of such loan.

6.3.2 Conclusion on the Effects of the Loans and Credits to Poverty Alleviation

By comparing the general objectives and the findings of the study, it was displayed that there is contribution of MFIs with regards to poverty alleviation. From the

findings of the study as noted on chapter 4 section 4.4 that microfinance has confirmed worthwhile. Nevertheless microfinance institutions remains as the limited industry in the world despite its demonstrated efforts and impacts to poverty alleviation, economic growth and making profits. Its impact was noticed from their business activities, income changes and assets owned as the verification conducted before and after the provision of financial services as shown on table 4.8 on the income change.

Furthermore the findings showed that most of the clients have benefited from the provided services and these benefits wasn't only in terms of savings and the improvement of the living standards but that of decision making power of the households. The good thing is the findings of the study revealed that the empowerment of women was real since most of the women decision making power has been increased in terms of deciding on the loan usage, they are even now considered on the family related matters especially of the economic and development issues.

Generally the study then revealed on the reasons to why most of the women were not having power on their households, simply because they were contributing nothing. But soon after the provision of financial services from the MFIs their power and respects to their households was noticed. Hence they were able to meet the family needs and demands and even sending their kids to schools while thinking on initiative measures on how to increase their security so as to acquire the medium loan scale.

6.3.3 Conclusion on the Constraints Facing Women on Loans and Credits Acquisition

Though microfinance institutions as seen as the practicable strategy towards poverty alleviation on the societies in such kind as it choose the active poor as their clients the criteria kept should be considered. Despite the attempted efforts of microfinance institution on then societies, as it has been noted on chapter 4 section 4.5 the study

shows various challenges that most of the clients face before and after the provision of service.

The basis criteria kept by the institution are the greatest challenge that makes most of the active poor fails from acquiring the service from such financial institution. Most of the mentioned challenge was that of high admission fees charged by the institution towards the beneficiaries. Despite the fact that loan processing is taking few days but the tot much conditions kept on the loans and acquisition are strong to enable the active poor from being the beneficiaries. On the other the study revealed that regarding with the provision of small size loans to its clients in reflecting the changes in purchasing power of money over time it's not worth. Since the goal is to increase earning and improving the poor living standards the amount given should be increased to the beneficiaries. The clients would be sufficient whether they would provided such amount so long most of the clients found able in conducting income generating activities and making repayment.

Furthermore the findings of the study showed that most of the clients claimed on the loan burden of payment to group members as one among them failed to make payment on time. They found themselves in hard situation to make their own collaterals and then to contribute on the loan burden of other members this resulted to most of the clients saving seemed to be reduced. Those amount contributed to other memebers once saved she would find herself in better position in the households.

6.4 Policy Implication

Based on the findings of the study, emperical evidences, theories and the conclusion drawn from the justification shows that there is the diversification of income which has association to growth and improvement of well-being indicators. It is clear that now than ever before microfinance institutions through its policy has been emerging financial services and products to the poor to unmeet demands as its potential to go to weighing scale commercially is more multifarious and costly though it has been

observing that the MFIs has already had two decades on effective service of benefiting the poor.

6.4.1 Policy Implication Based on the Findings

Besides the given evidence, it shows that there exists a substantial barrier to entry into beneficiary members hence microfinance policy should restructure its existing policies so as to enlarge the number of clients on the provision of financial service towards the active poor on alleviation of poverty. Hence the presence of basis criteria becomes the barrier since most of the poor seemed not to afford the service as resulted to low improvement of well being indictaors despite the fact that changes has been observed. On the other hand MFIs should make sure that the groups accepted as loan beneficiaries are reached for capacity building skills on business issues for them to do profitable businesses and not just conducting seminars on repayments of loans given by the institution.

Moreover, MFIs interventions ought to reposes beneficial for inclusive development in inspiring rural financial systems since it has practicable strategies towards poverty alleviation, if the programme has to do on outreach and depth, seems most of the microfinance are town based rather than establishing them to rural areas where there is a large number of active poor.

6.4.2 Policy Implication Based on the Existing Theories

Based on the existing theories used on chapter two section 2.4 insights the separation of the ownership and the mangement for incentive controll of the financial institutions to achieve the maximum profits. Since the employees have different values and purposes that would favour them to meet the organisational goals and objectives which goes hand with hand with the financial rewards, labour markets and establishing the other parties that are not directly applicable. Furthermore the implication of the theory is to the institution and its policies, it should give trust to its employees as they are the ones who have direct contacts with the clients from various centres of the institution. It has been observed that most of the owners of microfinance institutions have no trust to their employees despite the fact that they

are the ones who have all required information of such clients. They should give some space to make incentive control of such clients while achieving the organisational goal of maximizing profits and that of increasing number of beneficiaries.

While on section 2.4.2 the theory implies the conditions and criteria that would allow the institutions to create more clients or beneficiaries and one among them was that of allowing more women to access the services from those institutions. Its implication would result to the changes of modern societies particularly to women empowerment on acquiring financial services from various institutions. This has been also noted on chapter 4 section 4.3 of the findings of the study and on the chapter 5 section 5.2 the study found that the criteria and conditions used by the financial institutions are the challenges to the most of the clients. If it was not for the sense of humanity used by the officials number of beneficiaries would decreased there is a need for the MFI's to restructure its policies regarding the basis criteria used for acquiring the financial services to their institutions. They should also be aware with the type of clients and the services required to provide not of maximizing profits but whether the criteria is challenge for the poor how can the institution empower such person.

6.4.3 Area for further Research

However this study aimed at exploring the contribution of microfinance to poverty alleviation through women income generating activities in Kinondoni Municipality. The findings from this study claims on the admission fees and loan burden to group members to be the serious the problem, then the area for further research has to be conducted on determining the rate charged by the institution towards the beneficiaries. And that should favour the operating expenses of microfinance institutions while facilitating the income generating activities and improving the living standards of the beneficiaries.

REFERENCES

- Adam, F. R. (2008). *Research Methods For Business and Social Studies*. Morogoro: Mzumbe Book Project.
- Adams, M. B. (2005). Agency Theory and Role of Audit. *Audit Quality Forum*.
- Alemayehu, Y. (2008). "The Performance of Micro Finance Institutions in Ethiopia: A case of Six Microfinance Institutions" Thesis of Accounting and Finance. *Addis Ababa University, Addis Ababa*.
- ASA. (2007). Microfinance as a specialized program. *ASA Magazine*.
- ASA. (2013). Impact Assessment of ASA Microfinance Program. *A Unique Endeavour to End Poverty*.
- Atkinson, A. B. (2016). *Monitoring Global Poverty*. Washington, DC: World Bank Group.
- Babbie, E. R. (2004). *The Practice of Social Research: 10th Edition*. India : Thomson Learning Inc.
- Bank, W. (2003). *Attacking Poverty: World Development Report 2000/2001*. New York: World Bank.
- Blumberg, R. L. (2005). Women's Economic Empowerment as the "Magic Potion" of Development. *University of Virginia and University of Carifornia*.
- Bosompem, E. A. (2013). Micro-Credit Lending and Wome's Empowerment: The Experience of Rural Kasoa Women. *The Journal of Global Gender Studies*.
- Chowdhury, A. (2009). Microfinance as a Poverty Reduction Tool. *Economic and Social Affairs*.
- Clinton, H. (2012). Gender Equality and Female Empowerment Policy. *The Unite States Agency International Development*.

- Council, K. M. (2017, April 29). *The United Republic of Tanzania President's Office Regional Administration ad Local Government*.
- D.Bygrave, W. (2006). Financing Report. *Global Enterprenuership Monitor*.
- Dahir, A. M. (2015). The Challenges Facing Microfinance Institutions in Poverty Eradication: A case study in Mogadishu. *International Journal of Humanities and Education*, page 56-60.
- Ditcher, T. (1999). Questioning the Future of NGOs in Microfinance. *Journal of International Development*, Pp 12.
- Ellis, F. (2000). The Determinants of Rural Livelihood Diversification in Developing Countries. *Journal of Agricultural Economics*, Pp 289-302.
- Finance, M. o. (May 2000). National Micro-Finance Policy. *The United Republic of Tanzania* , page 1-7.
- Grove, N. B. (2010). *Understanding Nursing Research: Building an Evidence -Based Practice*. United State of America: Services Manager: Jeff Patterson.
- Guntz, S. (2011). Sustainability and Profitability of Microfinance Institutions. *International Business Programs*, Pp 7-9.
- Gupta, A. M. (2004). Microfinance: A Comprehensive Review. *Journal of Enterprenurial Finance*.
- Haji, H. Y. (2013). *The Contribution of Microfinance Institutions to Poverty Reduction at South District in Zanzibar*. Dar es Salaam: Open University.
- Hannan, C. (2002). Transforming Empowerment and Gender Mainstreaming. *United Nations*.
- Hanson, G. H. (2011). Income Maximization and the Selectionand Sorting of International Migrants. *Journal of Development Economics*, Pp 42-57.

- Hassan, A. (Performer). (2017). Microfinance Insitutions and Poverty Alleviation: The case of ASA microfinance in KInondoni Municipality. [M. Bakari, Conductor] Dar Es Salaam, Kinondoni, Tanzania.
- Hungler, C. F. (2001). *Essentials of Nursing Research Methods, Appraisal and Utilization*. New York : Baltimore.
- Inglehart, C. W. (2005). *Modernization, Cultural Chnge and Democracy:The Human Development Sequence*. UK: Cambridge University Press.
- Irobi, N. C. (2008). Microfinance and Poverty Alleviation in Nigeria. *ARC Journals*.
- Johnson, J. G. (2010). *Research Methods for Managers*. United Kingdom: SAGE Publication.
- Kamal, M. (2006). Introducing ASA Innovative and Sustainable Microfinance Model. *ASA Magazine*.
- Kapingura, S. M. (2012). Women's access to Microfinance and Ppoverty Alleviation in Zimbabwe: Case of Chinhoyi Town. *African Journal of Business Management* .
- Kaseva, J. M. (2014). Effect of Microfinance on Poverty Eradiction in Tanzania: A case study of the African Microfinance Limited. *Tanzania Economic Review*.
- Kothari, C. (2004). *Research Methodology: Methods and Techniques*. New Delhi: New Age International (P) Ltd, Publishers.
- Kuzilwa, J. A. (2005). The Role of Credit for Small Business Success: A Study of National Enterprenuership Deveolpment Fund in Tanzania.
- Lami, N. (2009). Defination and Evolution of Microfinance. *Fiji National Microfinance workshop*.

- Ledgerwood, J. (1999). *Microfinance Handbook: An Institutional and Financial Perspective*. Washington, DC: World Bank.
- Liu, Q.-Q. (2015). Poverty Reduction within the framework of SDGs and Post 2015 Development Agenda. *Advances in Climate Change Research*, 67-73.
- Lott, C. E. (2009). Why Women Matter: The Story of Microcredit. *Journal of Law and Commerce*.
- Maanen, G. V. (2004). Microcredit: Sound Business or Development Instrument. *International Development Journal*.
- Maceda, C. (2013). Middle to High-Income Residents Struggle to Keep up with Savings Goals. *Gulf News*.
- McFerson, H. M. (2010). Poverty among Women in Sub-Saharan Africa: A Review of Selected Issues. *Journal of International Women Studies*.
- Meagher, P. (2002). Microfinance Regulation in Developing Countries. *A Comparative Review of Current Practice*.
- Meehan, F. (2001). "Usage and Impact of Microcredit Provision: A case study based on the Credit Operations of Dedebit Credit and Saving Institution (DECSI), Tigray, Ethiopia" A Paper submitted to an International Workshop on Dimensions of Microfinance in Sub-Saharan Africa. *Relevance of International Experience Makelle University*.
- Mosha, B. L. (2014). Impacts of Microfinance on Households Welfare: The Case of Dodoma Region, Tanzania. *Moshi Cooperative University (MoCU)*.
- Mugambe, K. (2008). Poverty Eradication Action Plan. *Uganda's Economic Reforms*, Pp 29.
- Nalaila, D. T. (2013). *Research Proposal and Dissertation Writing Principles and Practice*. Dar es salaam: Nyambari Nyangwine Publisher.

- Norris, R. I. (2003). *Gender Equality and Cultural Change around the World*. New York: Cambridge University Press.
- OikoCredit, B. (10th June,2005, April). *Small Loans great change: Building a future with Microfinance*. Bonn, Germany.
- Planning, M. o. (2010). National Strategy for Growth and Reductio of Poverty. *United Republic of Tanzania*, Pp 22-96.
- Respondent1. (2017, April 17th, Monday). Who are the beneficiaries of ASA program? (M. Bakari, Interviewer)
- Respondent2. (2017, April 17th Monday). The Contribution of microfinance institution and Poverty Alleviation. (M. Bakari, Interviewer)
- Respondent3. (2017, April 18th Tuesday). The Contribution of Microfinannce Institutions and Poverty Alleviation. (M. Bakari, Interviewer)
- Respondent4. (2017, April 17th Monday). How do you view the impact of ASA nad its services on the economic status of teh clients? (M. Bakari, Interviewer)
- Respondent5. (2017, April 18th Tuesday). Challenges faced on the loans and credits acquisition. (M. Bakari, Interviewer)
- Respondent6. (2017, April 19th Wednesday). Challenges faced on the loans and credits acquisition. (M. Bakari, Interviewer)
- Respondent7. (2017, April 18th Tuesday). How did you become the beneficiary member of ASA program? (M. Bakari, Interviewer)
- Respondent8. (2017, April 18th Tuesday). Mechanisms used to get the beneficiaries. (M. Bakari, Interviewer)
- Ricahrd Rosenberg, S. G. (2013). Microcredit Interest Rates and Their Determinants. *Access*.

- Rogaly, S. J. (2000). *Microfinance and Poverty Reduction*. Australia: Oxfam Publication.
- Satta, T. (2002). *"A Multidimensional Strategy Approach to Improving Small Businesses"- Access to Finance in Tanzania*. London: ITDG Publishing.
- Seibel, H. D. (2005). Does History Matter? The Old and the New World of Microfinance in Europe and Asia. *Development Research Center*.
- Shea, C. W. (2015). Problem Statement, Conceptual framework and Research Question. *In Simply Educate*.
- Siaroff, A. (2000). Women Representation in Legislatures and Cabinets in Industrial Democracies. *International Political Science and Politique*, Pp 197-215.
- Stiglertz, J. E. (2003). Globalization and Its Discontents. *Economic Notes*.
- Tanzania, B. o. (2006). *BoT Act* . United Republic of Tanzania.
- Tanzania, T. u. (2008). *The Constitution of the United Republic of Tanzania*. Dodoma.
- Tanzania, U. R. (2002). Primary Education Development Plan. *International Bureau of Education*.
- Tanzania, U. R. (2004). The National Economic Empowerment Act No.16 . *Parliament of Tanzania* .
- Tanzania, U. R. (2008). The United Nations and the International/Millennium Declaration Development Goals. *International/Millennium Declaration Development Golas*, Page 6-20.
- Tromp, K. D. (2006). *Proposal and Thesis Writing: An Introduction*. Nairobi: Paulines Publications Africa.

- Urio, S. K. (2006). *The Contribution of Microfinance Institutions to Poverty Reduction in Tanzania*. Research on Poverty Alleviation.
- Whelan, B. N. (1996). *Resources, Deprivation and Poverty*. New York: Clarendon Press.
- Woller, J. C. (2004). Microfinance: A Comprehensive Review of the Existing Literature. *The Journal of Entrepreneurial Finance*.
- Woradithee, W. (2011). Financial Sustainability of Microfinance : A zero case study of the Chanthaburi Province Savings Group. *Swedish University of Agriculture Science*.
- Yunus, M. (2010). Muhammad Yunus on Microfinance. *Forbes*.
- Zacharia, P. J. (2008). A critical look at the Role of Micro Finance Banks in Poverty Reduction in Tanzania: A case of Akiba Commercial Bank Limited. *Journal of Political Economy*.

APPENDICES

Appendix I

Research Instruments

1. Questionnaire Guide

Dear Sir/ Madam

My name is Mwanamvua Bakari Muyongo, a student of Mzumbe University Dar es salaam Campus College pursuing Master's Degree of Public Administration as the partial fulfillment of the requirement for the award of the degree, a student is required to do conduct research and thereafter submit a dissertation. This questionnaire serves the purpose of the data collection.

The study is about '**The Contribution of Microfinance institutions in Poverty alleviation in Tanzania**' through women generating activities in Kinondoni Municipality. This questionnaire aims to acquire data and response that has been obtained to serve the stated purpose and confidentiality is guaranteed. Since answering the questionnaire is not time consuming and due to limited time of conducting the research a timely response has been respected you are requested to assist as much as you can.

Kindly please answer the following questions as honestly and openly as you can

1. Age below 18 years

20 – 30 years []

31 – 40 years []

41 – 50 years []

51 – 60 years []

2. Level of Education

Primary level []

Ordinary level []

Advanced level []

Diploma []

Degree []

3. Occupation

- Business []
- Salaried employment []
- Peasant []

4. Average monthly income

- 0 – 100,000/- []
- 101,000 – 300,000/- []
- 301, 000 – 500, 000/- []
- 501,000 – 8000, 000/- []
- 801,000 - 1,000,000/- []

5. What kind of business do you own? And how long have you been in such business

.....

6. What was your income level in comparison to the prior joining to ASA membership?

.....

7. How did you become the member of ASA program?

.....

8. How much do you get?

9. How do you spend the money?

.....

10. What's your current saving amount?

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

11. Amount of the current loan

12. What is your source of income before joining the program

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

13. Do you have saving at ASA Microfinance? Yes () No ()

14. What type of saving? Voluntary () Compulsory ()

15. Where does the source of saving come from? a) From business profit
financed by the loan b) From other sources of income c) Borrowed from
relatives d) Borrowed at cost()

16. Who decides on the use of loan you take from ASA?

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

17. How do you see yourself before and after the loan provided?

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

18. How does your family benefit from the money you receive from such
institution?

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

19. How about resource ownership and control before and after joining the
program?

.....
.....

Appendix II

Interviews Questions

Branch

Key informer interview identification number.....

Researcher's Name.....sign

Name of Supervisor..... sign.....

Date of Interview

Interview started at ____:____ hrs

Interview finished at ____:____ hrs

Dear Respondent,

I am one of the student of Mzumbe University pursuing the Master's degree of Public Administration as the partial fulfillment of the requirement for the award of the Master's degree, am undertaking the research entitled "**The Contribution of Microfinance institutions in Poverty Alleviation in Tanzania**" People (clients) has been interviewed here so as to know the impacts of the loans and credits to poverty alleviation since the purpose is to generate the necessary information for the planning of the appropriate intervention and its productions has been used in filling the knowledge gap. Consequently it has aspired informing the practitioners, planners, decision makers and other researchers regarding the impacts of MFIs in poverty alleviation.

Thank you for your cooperation

Section I:Basic Information of the respondent

1. How many living children do you have?

Number of children.....

2. Level of education a) None/ illiterate b) Basic education/pre education c) Secondary d) Advanced e) Degree ()
3. Date of joining the program _____
4. Number of Loans you have taken _____

Section II:Information about sources of income, level of household income and membership

5. What's your average monthly income from your all sources
.....
.....
6. And if increases why did it increase?
.....
.....
7. What information were you provided with after becoming the beneficiary of the program
.....
.....
8. Did you face any challenge while acquiring the loan from the Institution? Yes
() No ()
If yes what are those challenges?
.....
.....
9. Is there any change in the income and living condition at your household as the result of ASA?
.....
.....

10. Discuss if you have an asset and capital accumulation as a result of ASA service provided

.....
.....

11. Have you faced any difficulty on paying the loan Yes () No ()
If yes what are those difficulties

.....
.....

12. How do you manage solving them?

.....
.....

13. Do you have any support among the group members? Explain

.....
.....

Section III: ASA officials

Key Informant Interview for ASA officials

Branch

Key Informant Interview Identification number

Researcher Signature

Date of Interview

Interview started at: hrs

Finished at:hrs

1. What was the historical background of ASA and its service provided?

.....
.....

2. Who are the beneficiaries of ASA program?

.....
.....

3. What type of loan does the ASA currently provide?

.....
.....

4. Explain the mechanism used in addressing the poor?
.....
.....
5. Do you conduct needs assessment in identifying loan needy? Do you require clients in developing business plan in applying the loan?
.....
.....
6. What are the main sources of income for the institution?
.....
.....
7. How do you treat women in credits and loans provision?
.....
.....
8. Does the institution conduct the training before and the loan acquirement?
.....
.....
.....
9. What type of lending system does the Institution apply? And why?
.....
.....
10. Describe the term Loan and repayment
.....
.....
11. Is there any controlling mechanism for client in ensuring the loans and credits provided used for intended purpose?
.....
.....
12. What is the impact of ASA performance regarding outreach? (Please attach the annual report and relevant documents)
.....
.....

13. How do you view the impact of ASA and its services on the economic status of the clients? (comparing the situation before and after the join)

.....
.....

14. How do you weigh up the impacts of ASA on empowerment and social development of women as your clients?

.....
.....

15. Have there been any incidents of client's dropout? If so what are the main reasons of this?

.....
.....

16. What are the client's opinions about your service provision?

.....
.....

17. How do you suggest the role of institution in poverty alleviation? (Discuss it with the living condition of your clients)

.....
.....

18. What are the main constraints and challenges faced by the institution?

.....
.....

Thank you for your Cooperation